

3-25A

AN ORDINANCE AUTHORIZING THE ISSUANCE OF “CITY OF DEVINE, TEXAS COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2025B (TWDB-DWSRF)”; PROVIDING FOR THE PAYMENT OF SAID CERTIFICATES BY LEVYING A CONTINUED DIRECT ANNUAL AD VALOREM TAX UPON ALL TAXABLE PROPERTY WITHIN THE LIMITATIONS PRESCRIBED BY LAW AND FURTHER SECURING SAID CERTIFICATES BY A LIEN ON AND PLEDGE OF CERTAIN REVENUES OF THE CITY’S UTILITY SYSTEM; PROVIDING THE TERMS AND CONDITIONS OF SAID CERTIFICATES AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SAID CERTIFICATES, INCLUDING THE APPROVAL OF AN APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT; COMPLYING WITH THE REQUIREMENTS OF THE LETTER OF REPRESENTATIONS PREVIOUSLY EXECUTED WITH THE DEPOSITORY TRUST COMPANY; COMPLYING WITH THE REGULATIONS PROMULGATED BY THE TEXAS WATER DEVELOPMENT BOARD; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City Council of the City of Devine, Texas (the *City* or the *Issuer*) has caused notice to be given of its intention to issue certificates of obligation for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) designing, acquiring, constructing, renovating, improving, equipping, repairing, enlarging, and/or extending the City’s utility system, (2) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, (3) acquisition and construction of water lines, service connections, pumps, valves, fittings, related infrastructure improvements, and related testing, inventory, and studies, and (4) the payment of professional services related to the acquisition, design, construction, project management, and financing of the aforementioned projects and the costs of issuance related to such hereinafter-defined Certificates. The notice has been duly published in a newspaper hereby found and determined to be of general circulation in the City, once a week for two (2) consecutive weeks, the date of the first publication of such notice being not less than forty-five (45) days prior to the tentative date stated therein for the passage of the ordinance authorizing the issuance of such certificates of obligation, and the notice was also posted with the City’s website continuously for at least forty-five (45) days before the date set for the passage of this Ordinance; and

WHEREAS, no petition protesting the issuance of the certificates of obligation described in this notice, signed by at least 5% of the qualified electors of the City, has been presented to or filed with the City Secretary prior to the date tentatively set in such notice for the passage of this Ordinance; and

WHEREAS, the Texas Water Development Board (the *Purchaser*) has agreed to purchase the Certificates, thereby making a loan to the City at the interest rates set out in Section 2 below,

which will enable the City to complete the proposed improvements to the System, as further set forth in its resolution (the *TWDB Resolution*), dated as of May 9, 2024; and

WHEREAS, the City Council hereby finds and determines that the issuance of the certificates of obligation, under the terms herein specified, is in the best interests of the City and its residents; and

WHEREAS, the City Council hereby finds and determines that certificates of obligation in the principal amount of \$ _____ described in such notice should be issued and sold at this time; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DEVINE, TEXAS THAT:

SECTION 1: Authorization - Designation - Principal Amount - Purpose. The certificates of obligation of the City shall be and are hereby authorized to be issued in the aggregate principal amount of _____ THOUSAND AND NO/100 DOLLARS (\$ _____), to be designated and bear the title of “CITY OF DEVINE, TEXAS COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2025B (TWDB-DWSRF)” (the *Certificates*), for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) designing, acquiring, constructing, renovating, improving, equipping, repairing, enlarging, and/or extending the City’s utility system, (2) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, (3) acquisition and construction of water lines, service connections, pumps, valves, fittings, related infrastructure improvements, and related testing, inventory, and studies, and (4) the payment of professional services related to the acquisition, design, construction, project management, and financing of the aforementioned projects, and for paying all or a portion of the legal, financial and engineering fees in connection with the projects and the costs of issuance related to such hereinafter-defined Certificates, pursuant to the authority conferred by and in conformity with the general laws of the State of Texas, particularly the Certificate of Obligation Act of 1971 set forth in Texas Local Government Code Section 271.041 through 271.064, as amended, and Chapter 1502, as amended, Texas Government Code.

SECTION 2: Fully Registered Obligations - Authorized Denominations - Stated Maturities – Interest Rates - Certificate Date. The Certificates are issuable in fully registered form only; shall be dated April 1, 2025 (the *Certificate Date*) and shall be issued in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity), and the Certificates shall become due and payable on August 1 in each of the years and in principal amounts (the *Stated Maturities*) and bear interest on the unpaid principal amounts, from the Closing Date, or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity, at the per annum rates, while Outstanding, in accordance with the following schedule:

<u>Years of Stated Maturity</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		
2044		
2045		
2046		
2047		
2048		
2049		
2050		
2051		
2052		
2053		
2054		
2055		

The Certificates shall bear interest on the unpaid principal amounts from the Closing Date (anticipated to occur on or about April 16, 2025), or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, to Stated Maturity or prior redemption, while Outstanding, at the rates per annum shown in the above schedule (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Certificates shall be payable on February 1 and August 1 of each year (each, an *Interest Payment Date*), commencing February 1, 2026.

SECTION 3: Payment of Certificates - Paying Agent/Registrar. The principal of, and premium, if any, and interest on the Certificates, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable 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 such

payment of principal interest, and premium if any, on the Certificates shall be without exchange or collection charges to the Holder (hereinafter defined) of the Certificates.

The selection and appointment of BOKF, NA, Dallas, Texas (the *Paying Agent/Registrar*) to serve as the initial Paying Agent/Registrar, for the Certificates is hereby approved and confirmed, and the City agrees and covenants to cause to be kept and maintained at the corporate trust office of the Paying Agent/Registrar books and records (the *Security Register*) for the registration, payment and transfer of the Certificates, all as provided herein, in accordance with the terms and provisions of a Paying Agent/Registrar Agreement, attached, in substantially final form, as Exhibit A hereto, and such reasonable rules and regulations as the Paying Agent/Registrar and City may prescribe. The City covenants to maintain and provide a Paying Agent/Registrar at all times while the Certificates are Outstanding, and any successor Paying Agent/Registrar shall be (i) a national or state banking institution or (ii) an association or a corporation organized and doing business under the laws of the United States or of any state, authorized under such laws to exercise trust powers. The Paying Agent/Registrar shall be subject to supervision or examination by federal or state authority and authorized by law to serve as a Paying Agent/Registrar.

The City reserves the right to appoint a successor Paying Agent/Registrar upon providing the previous Paying Agent/Registrar with a certified copy of a resolution or ordinance terminating such agency. Additionally, the City agrees to promptly cause a written notice of this substitution to be sent to each Holder of the Certificates by United States mail, first-class postage prepaid, which notice shall also give the address of the corporate office of the successor Paying Agent/Registrar.

Principal of, interest, and premium, if any, on the Certificates, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable only to the registered owner of the Certificates appearing on the Security Register (the *Holder* or *Holder*s) maintained on behalf of the City by the Paying Agent/Registrar as hereinafter provided (i) on the Record Date (hereinafter defined) for purposes of payment thereon, (ii) on the date of surrender of the Certificates for purposes of receiving payment of principal thereof upon redemption of the Certificates or at the Certificates' Stated Maturity, and (iii) on any other date for any other purpose. The City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder as the owner of a Certificate for purposes of receiving payment and all other purposes whatsoever, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary.

Principal of and premium, if any, and interest on the Certificates, shall be payable only upon presentation and surrender of the Certificates to the Paying Agent/Registrar at its corporate trust office. Payment on the Certificates shall be paid to the Holder whose name appears in the Security Register at the close of business on the fifteenth day of the month next preceding an Interest Payment Date for the Certificates (the *Record Date*) and shall be paid (i) by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, by the Paying Agent/Registrar, to the address of the Holder appearing in the Security Register, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by the Holder at the Holder's risk and expense.

If the date for the payment of the principal of, and premium, if any, on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where

the corporate trust 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 day. The payment on such date shall have the same force and effect as if made on the original date any such payment on the Certificates was due.

In the event of a non-payment on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such payment (a *Special Record Date*) will be established by the Paying Agent/Registrar, if and when funds for the payment have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due (the *Special Payment Date* -- which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder of a Certificate 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 4: Redemption.

A. Optional Redemption. The Certificates having Stated Maturities on and after August 1, 2036 shall be subject to redemption prior to Stated Maturity, at the option of the City, on August 1, 2035, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date of redemption.

B. Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the redemption of Certificates (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of its decision to exercise the right to redeem Certificates, the principal amount of each Stated Maturity to be redeemed, and the date set for the redemption thereof. The decision of the City to exercise the right to redeem Certificates shall be entered in the minutes of the governing body of the City.

C. Selection of Certificates for Redemption. If less than all Outstanding Certificates of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall select at random and by lot the Certificates to be redeemed, provided that if less than the entire principal amount of a Certificate is to be redeemed, the Paying Agent/Registrar shall treat such Certificate then subject to redemption as representing the number of Certificates Outstanding which is obtained by dividing the principal amount of such Certificate by \$5,000.

D. Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Certificates, the Paying Agent/Registrar shall cause a notice of redemption to be sent by United States mail, first-class postage prepaid, in the name of the City and at the City's expense, by the Paying Agent/Registrar 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. This notice may also be published once in a financial publication, journal, or reporter of general circulation among securities dealers in the City of New York, New York (including, but not limited

to, *The Bond Buyer* and *The Wall Street Journal*), or in the State of Texas (including, but not limited to, *The Texas Bond Reporter*).

All notices of redemption shall (i) specify the date of redemption for the Certificates, (ii) identify the Certificates to be redeemed and, 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 Certificates, 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 Certificates, or the principal amount thereof to be redeemed, shall be made at the corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder.

If a Certificate is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as herein provided, such Certificate (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and if money sufficient for the payment of such Certificates (or of the principal amount thereof to be redeemed) at the then applicable redemption price is held for the purpose of such payment by the Paying Agent/Registrar, then on the redemption date designated in such notice, interest on the Certificates (or the principal amount thereof to be redeemed) called for redemption shall cease to accrue and such Certificates shall not be deemed to be Outstanding in accordance with the provisions of this Ordinance.

E. Transfer/Exchange of Certificates. Neither the City nor the Paying Agent/Registrar shall be required (i) to transfer or exchange any Certificate during a period beginning forty-five days prior to the date fixed for redemption of the Certificates, or (ii) to transfer or exchange any Certificate selected for redemption, provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance of a Certificate which is subject to redemption in part.

SECTION 5: Execution - Registration. The Certificates shall be executed on behalf of the City by its Mayor, or Mayor Pro-Tem, under the seal of the City reproduced or impressed thereon and attested by its City Secretary. The signature of any of said officers on the Certificates may be manual, electronic or facsimile. Certificates bearing the manual, electronic, or facsimile signatures of individuals who were, at the time of the Certificate Date, the proper officers of the City shall bind the City, notwithstanding that such individuals or either of them shall cease to hold such offices prior to the delivery of the Certificates to the Purchaser (hereinafter defined), all as authorized and provided in Chapter 1201, as amended, Texas Government Code.

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 Section 8C, executed by the Comptroller of Public Accounts of Texas or his duly authorized agent by manual signature, or a certificate of registration substantially in the form provided in Section 8D, executed by the Paying Agent/Registrar by manual signature, and either such certificate upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly certified or registered and delivered.

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 every owner of the Certificates, or if appropriate, the nominee thereof. Any Certificate may, in accordance with its terms and the terms hereof, be transferred or exchanged for Certificates of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, 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.

Upon surrender for transfer of any Certificate at the corporate trust office of the Paying Agent/Registrar, the City shall execute and the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Certificates executed on behalf of, and furnished by, the City of authorized denominations and having the same Stated Maturity and of a like interest rate and aggregate principal amount as the Certificate or Certificates surrendered for transfer.

At the option of the Holder, Certificates may be exchanged for other Certificates of authorized denominations and having the same Stated Maturity, bearing the same rate of interest, and of like aggregate principal amount as the Certificates surrendered for exchange, upon surrender of the Certificates to be exchanged at the corporate trust office of the Paying Agent/Registrar. Whenever any Certificates are surrendered for exchange, the City shall execute and the Paying Agent/Registrar shall register and deliver the new Certificates executed on behalf of, and furnished by, the City to the Holder requesting the exchange.

All Certificates issued upon any transfer or exchange of Certificates shall be delivered at the corporate trust office of the Paying Agent/Registrar, or be sent by registered mail to the Holder at his request, risk, and expense, and upon the delivery thereof, the same shall be the valid and binding obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Certificates surrendered upon such transfer or exchange.

All transfers or exchanges of Certificates 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 canceled 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 debt evidenced by the new Certificate or Certificates registered and delivered in the exchange or transfer therefor. Additionally, the term Predecessor Certificates shall include any Certificate registered and delivered pursuant to Section 22 in lieu of a mutilated, lost, destroyed, or stolen Certificate which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Certificate.

SECTION 7: Initial Certificate. The Certificates herein authorized shall be issued initially either (i) as a single fully registered Certificate in the total principal amount of \$____ with

principal installments to become due and payable as provided in Section 2 and numbered T-1 (the *Initial Certificate*), or (ii) as one (1) fully registered Certificate for each year of Stated Maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 upward, and, in either case, the Initial Certificate shall be registered in the name of the Purchaser or the designee thereof. The Initial Certificate shall be the Certificates submitted to the Office of the Attorney General of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of Texas, and delivered to the Purchaser. Any time after the delivery of the Initial Certificate to the Purchaser, the Paying Agent/Registrar, pursuant to written instructions from the Purchaser, or its designee, shall cancel the Initial Certificate delivered hereunder and exchange therefor definitive Certificates of authorized denominations, Stated Maturities, principal amounts, and bearing applicable interest rates on the unpaid principal amounts from the Closing Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to Stated Maturity, and shall be lettered "R" and numbered consecutively from one (1) upward, 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 Purchaser, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 8: Forms.

A. Forms Generally. The Certificates, the Registration Certificate of the Comptroller of Public Accounts of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on each of the Certificates shall be substantially in the forms set forth in this Section 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 (including insurance legends in the event the Certificates, or any Stated Maturities thereof, are insured, and any reproduction of an opinion of Bond Counsel and identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends in the event the Certificates, or any Stated Maturities thereof, are insured, and any reproduction of an opinion of Bond Counsel hereinafter referenced) thereon as may, consistent herewith, be established by the City or determined by the officers executing the Certificates as evidenced by their execution thereof. 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 shall be printed, lithographed, or engraved, produced by any combination of these methods, or produced in any other similar manner, all as determined by the officers executing the Certificates as evidenced by their execution thereof, but the Initial Certificate submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

[The remainder of this page intentionally left blank.]

B. Form of Definitive Certificate.

REGISTERED
NO. _____

PRINCIPAL AMOUNT
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF MEDINA
CITY OF DEVINE, TEXAS
COMBINATION TAX AND SURPLUS REVENUE
CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2025B (TWDB-DWSRF)

Certificate Date: Interest Rate: Stated Maturity: CUSIP No.:
April 1, 2025

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Devine, Texas (the *City*), a body corporate and municipal corporation in the County of Medina, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner specified above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount specified above (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the Closing Date (currently scheduled for April 16, 2025), or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for until such Principal Amount has become due and payment thereof has been made or duly provided for, to the earlier of redemption or Stated Maturity, while Outstanding, 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 1 and August 1 of each year (each, an *Interest Payment Date*), commencing February 1, 2026.

Principal, and premium, if any, of this Certificate shall be payable to the Registered Owner hereof (the *Holder*), upon presentation and surrender, at the corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon or a successor thereof. Interest shall be payable to the Holder of this Certificate (or one or more Predecessor Certificates, as defined in the Ordinance hereinafter referenced) 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 fifteenth day of the month next preceding each Interest Payment Date. All payments of principal and interest on this Certificate 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. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by the United States mail, first class postage prepaid, to the Holder hereof at the

address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by the Holder hereof at the Holder's risk and expense.

This Certificate is one of the series specified in its title issued in the aggregate principal amount of \$ _____ (the *Certificates*) pursuant to an Ordinance adopted by the Governing Body of the City (the *Ordinance*), for the purpose or purposes of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) designing, acquiring, constructing, renovating, improving, equipping, repairing, enlarging, and/or extending the City's utility system, (2) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, (3) acquisition and construction of water lines, service connections, pumps, valves, fittings, related infrastructure improvements, and related testing, inventory, and studies, and (4) the payment of professional services related to the acquisition, design, construction, project management, and financing of the aforementioned projects and for paying all or a portion of the legal, financial and engineering fees in connection with the projects and the costs of issuance related to such hereinafter-defined Certificates, under and in strict conformity with the laws of the State of Texas, particularly Chapter 1502, Texas Government Code, as amended, and the Certificate of Obligation Act of 1971 set forth in Texas Local Government Code, Section 271.041 through 271.064, as amended.

As provided in the Ordinance, the Certificates having Stated Maturities on and after August 1, 2036 shall be subject to redemption prior to Stated Maturity, at the option of the City, on August 1, 2035, or on any date thereafter, as a whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date of redemption; provided, however, that at least thirty (30) days prior written shall be sent to the Holders of the Certificates to be redeemed, given by United States mail, first-class postage prepaid, and subject to the terms and provisions relating thereto contained in the Ordinance. If this Certificate is subject to redemption prior to Stated Maturity and is in a denomination in excess of \$5,000, portions of the principal sum hereof in installments of \$5,000 or any integral multiple thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Holder hereof, upon the surrender of this Certificate to the Paying Agent/Registrar at its corporate trust office, a new Certificate or Certificates of like Stated Maturity and interest rate in any authorized denominations provided in the Ordinance for the then unredeemed balance of the principal sum hereof.

If this Certificate (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption has been duly given, then upon such redemption date this Certificate (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if the money for the payment of the redemption price, and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed. If this Certificate is called for redemption, in whole or in part, the City or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange this Certificate within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

The Certificates of this series are payable from the proceeds of an ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and are further payable from and secured by a lien on and pledge of the Surplus Revenues (identified and defined in the Ordinance) of the System.

Reference is hereby made to the Ordinance, a copy of which is on file in the corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied and the revenues pledged for the payment of the Certificates; the terms and conditions relating to the transfer or exchange of the Certificates; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holder; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Certificate may be redeemed or discharged at or prior to the Stated Maturity thereof, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions specified in the Ordinance. Capitalized terms used herein have the same meanings assigned in the Ordinance.

This Certificate, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register, upon presentation and surrender at the corporate trust office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Holder hereof, or his duly authorized agent, and thereupon one or more new fully registered Certificates of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (i) on the Record Date as the owner hereof for purposes of receiving payment hereon, (ii) on the date of surrender of this Certificate as the owner hereof for purposes of receiving 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 hereof for all other purposes, and neither the City nor the Paying Agent/Registrar, or any such agent of either, shall be affected by notice to the contrary. In the event of a non-payment on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such payment (a *Special Record Date*) will be established by the Paying Agent/Registrar. Notice of the Special Record Date and of the scheduled payment date of the past due amounts (the *Special Payment Date* - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each 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, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to the issuance of this Certificate in order to render the same a legal, valid, and binding obligation of the City have been performed, exist, and have been done, in regular and due time, form, and manner, as required by the laws of the Texas and the Ordinance, and that issuance of the Certificates does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of, premium if any, and interest on the Certificates by the levy of a tax and collection of Surplus

Revenues as aforesated. In case any provision in this Certificate or any application thereof shall be deemed 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 Texas.

[The remainder of this page intentionally left blank.]

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

CITY OF DEVINE, TEXAS

Mayor

ATTEST:

City Secretary

(CITY SEAL)

[The remainder of this page intentionally left blank.]

C. *Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Certificate Only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

I HEREBY CERTIFY that this 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)

*NOTE TO PRINTER: Do Not Print on Definitive Certificates.

D. *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 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.

Registered this date: BOKF, NA, Dallas, Texas, as Paying Agent/Registrar

_____ By: _____
Authorized Signature

*NOTE TO PRINTER: Print on Definitive Certificates.

E. 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: _____

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.

Signature guaranteed:

F. Initial Certificate. The Initial Certificate shall be in the form set forth in paragraph B of this Section, except that the form of a single fully registered Initial Certificate shall be modified as follows:

(1) immediately under the name of the Certificate the headings “Interest Rate _____” and “Stated Maturity _____” shall both be completed “As shown below”;

(2) the first two paragraphs shall read as follows:

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

The City of Devine, Texas (the *City*), a body corporate and municipal corporation located in the County of Medina, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above (the *Holder*), or the registered assigns thereof, the Principal Amount specified above stated to mature on the first day of August in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

<u>Years of Stated Maturity</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		
2044		
2045		
2046		
2047		
2048		
2049		

<u>Years of Stated Maturity</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
2050		
2051		
2052		
2053		
2054		
2055		

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amounts hereof from the Closing Date (currently scheduled for April 16, 2025), or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for), to the earlier of redemption or Stated Maturity, at the per annum rates of interest specified above, computed on the basis of a 360-day year of twelve 30 day months; such interest being payable on February 1 and August 1 of each year (each, an *Interest Payment Date*), commencing February 1, 2026.

Principal, and premium, if any, of this Certificate shall be payable to the Holder, upon its presentation and surrender, to Stated Maturity or prior redemption, while Outstanding, at the corporate trust office of BOKF, NA, Dallas, Texas (the *Paying Agent/Registrar*). Interest shall be payable to the Holder 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 fifteenth day of the month next preceding each Interest Payment Date. All payments of principal of and interest on this Certificate 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. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, at the risk and expense of, to the Holder hereof.

G. Insurance Legend. If bond insurance is obtained by the City or the Purchaser for the Certificates, the Definitive Certificates and the Initial Certificate shall bear an appropriate legend as provided by the insurer.

SECTION 9: Definitions. For all purposes of this Ordinance (as defined below), except as otherwise expressly provided or unless the context otherwise requires: (i) the terms defined in this Section have the meanings assigned to them in this Section, and certain terms used in Sections 25 and 43 of this Ordinance have the meanings assigned to them in such Section, and all such terms, include the plural as well as the singular; (ii) all references in this Ordinance to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of this Ordinance as originally adopted; and (iii) the words "herein," "hereof," and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular Section or other subdivision.

A. The term *Authorized Officials* shall mean the Mayor, Mayor Pro Tem, City Administrator, or City Secretary (or any successor to any of the aforementioned persons serving, or any person serving on an interim basis or in an acting position, in the indicated capacity).

B. The term *Certificates* shall mean the \$ _____ “CITY OF DEVINE, TEXAS COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2025B (TWDB-DWSRF)” authorized by this Ordinance.

C. The term *Certificate Fund* shall mean the special Fund created and established by the provisions of Section 10 of this Ordinance.

D. The term *City* shall mean the City of Devine, Texas, located in the County of Medina, Texas and, where appropriate, the City Council of the City.

E. The term *Closing Date* shall mean the date of physical delivery of the Certificates in exchange for the payment of the agreed purchase price for the Certificates.

F. 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.

G. The term *Debt Service Requirements* shall mean, as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the City as of such date or in such period for the payment of the principal of, interest, and premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest at the maximum rate permitted by the terms thereof and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity, the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

H. The term *Depository* shall mean an official depository bank of the City.

I. The term *Fiscal Year* shall mean the annual financial accounting period for the System ending on September 30th of each year; provided, however, the City Council may change such annual financial accounting period to end on another date if such change is found and determined to be necessary for accounting purposes or is required by applicable law.

J. The term *Government Securities*, as used herein, shall mean: (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; (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 that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, or (iv) any additional securities and obligations hereafter authorized by the laws of Texas as eligible for use to accomplish the discharge of obligations such as the Certificates.

K. The term *Holder* or *Holder*s shall mean the registered owner, whose name appears in the Security Register, for any Certificate.

L. The term *Interest Payment Date* shall mean the date interest is payable on the Certificates, being February 1 and August 1 of each year, commencing February 1, 2026 while any of the Certificates remain Outstanding.

M. The term *Maintenance and Operating Expenses* shall mean all current expenses of operating and maintaining the System not paid from the proceeds of the Certificates, including (1) the cost of all salaries, labor, materials, repairs, and extensions necessary to render efficient service, but only if, in the case of repairs and extensions, they are, in the judgment of the City Council (reasonably and fairly exercised), necessary to maintain operation of the System and render adequate service to the City and the inhabitants thereof, or are necessary to meet some physical accident or condition which would otherwise impair obligations payable from Surplus Revenues, (2) payments to pension, retirement, health, hospitalization, and other employee benefit funds for employees of the City engaged in the operation or maintenance of the System, (3) 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, (4) payments to auditors, attorneys, and other consultants incurred in complying with the obligations of the City hereunder, and (5) any legal liability of the City arising out of the operation, maintenance, or condition of the System, but excluding any allowance for depreciation, property retirement, depletion, obsolescence, and other items not requiring an outlay of cash on the Certificates or other bonds, notes, warrants, or similar obligations of the City payable from Surplus Revenues.

N. The term *Ordinance* shall mean this ordinance as finally passed and adopted by the City Council of the City.

O. The term *Outstanding* when used in this Ordinance with respect to the Certificates shall mean, as of the date of determination, all Certificates issued and delivered under this Ordinance, except:

(1) those Certificates canceled 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 27 of this Ordinance; 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 22 of this Ordinance.

P. The term *Stated Maturity* shall mean the annual principal payments of the Certificates payable on August 1 of each year the Certificates are Outstanding, as set forth in Section 2 of this Ordinance.

Q. 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, for the collection and treatment of wastewater, together with all future extensions, improvements, replacements and additions thereto, whether situated within or without the limits of the City, and the City expressly reserves the right at its sole discretion to include additional utility, telecommunications, technology, or similar enterprise services as components of the System; 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 payable from Surplus Revenues but which are payable from and equally and ratably secured by other liens on and pledges of any revenues, sources or payments, which may include any special contract revenues or payments received from any other legal entity in connection with such facilities.

SECTION 10: Certificate Fund; Investments. For the purpose of paying the interest and to provide a sinking fund for the payment, redemption, and retirement of the Certificates, there shall be and is hereby created a special fund to be designated "COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2025B (TWDB-DWSRF), INTEREST AND SINKING FUND" (the *Certificate Fund*) which fund shall be kept and maintained at the Depository, and money deposited in the Certificate Fund shall be used for no other purpose and shall be maintained as provided herein. Authorized Officials of the City are hereby authorized and directed to make withdrawals from the Certificate Fund sufficient to pay the purchase price or the amount of principal of, interest, and premium if any, on the Certificates as the same become due and payable, or the purchase price thereof, and shall cause to be transferred to the Paying Agent/Registrar from money on deposit in the Certificate Fund an amount sufficient to pay the amount of principal and/or interest stated to mature on the Certificates, 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 business day next preceding each interest and the principal payment date for the Certificates.

The City, at its sole discretion, may deposit the Pledged Revenue Amount to the Certificate Fund. The Pledged Revenue Amount, if deposited, shall be expended annually to pay principal and interest on the Certificates as the same become due and payable. This Pledged Revenue Amount shall be accounted for and transferred to the Paying Agent/Registrar in accordance with the provisions of the previous paragraph of this Section.

Pending the transfer of funds to the Paying Agent/Registrar, money deposited in any fund created and established by this Ordinance may, at the option of the City, be placed in time deposits, certificates of deposit, guaranteed investment contracts, or similar contractual agreements as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, or be invested, as authorized by any law, including investments held in book-entry form, in securities including, but not limited to, direct obligations of the United States, obligations guaranteed or insured by the United States, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in indirect obligations of the United States, including, but not limited to, evidences of indebtedness issued, insured or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for

Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, or Federal Housing Association; provided that all such deposits and 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 any fund established pursuant to the provisions of this Ordinance shall be credited to, and any losses debited to, such fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Certificates.

SECTION 11: Tax Levy – Revenue Certificate Proceeds. To provide for the payment of the Debt Service Requirements on the Certificates being (i) the interest on the Certificates, and (ii) a sinking fund for their redemption at Stated Maturity or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied for the current fiscal year and each succeeding year thereafter while the Certificates or any interest thereon shall remain Outstanding, a sufficient tax, within the limitations prescribed by law, on each one hundred dollars valuation of taxable property in the City, adequate to pay such Debt Service Requirements, full allowance being made for delinquencies and costs of collection; said 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 and are thereafter pledged to the payment of the Certificates. The City Council hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay such 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 and other obligations of the City.

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

A. Prior to the date the City Council establishes the annual tax rate and passes an ordinance levying ad valorem taxes each year, the City Council shall determine:

(1) the amount of Debt Service Requirements to become due and payable on the Certificates between the Collection Date for the ad valorem taxes then to be levied and the Collection Date for the ad valorem taxes to be levied during the next succeeding calendar year;

(2) the amount on deposit in the Certificate Fund after (a) deducting therefrom the total amount of Debt Service Requirements to become due on Certificates prior to the Collection Date for the ad valorem taxes to be levied and (b) adding thereto the amount of the Surplus Revenues, or any other lawfully available funds, if any, to be appropriated and allocated during such year to pay such Debt Service Requirements, if any, prior to the Collection Date for the ad valorem taxes to be levied; and

(3) the amount of Surplus Revenues or other lawfully available funds, if any, to be appropriated and to be set aside for the payment of the Debt Service Requirements on the Certificates 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 Fiscal Year.

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

SECTION 12: Pledge of Surplus Revenues. Pursuant to Section 271.052, Texas Local Government Code, as amended, and Chapter 1502, Texas Government Code, as amended, the Certificates additionally shall be payable from and secured by surplus revenues derived by the City from the System remaining after (a) payment of all amounts constituting Maintenance and Operating Expenses of said System, and (b) payment of all debt service, reserve, and other requirements and amounts required to be paid under all ordinances heretofore or hereafter authorizing (i) all bonds and (ii) all other obligations not on a parity with the Certificates, which are payable from and secured by any System revenues, and (c) payment of all amounts payable from any System revenues pursuant to contracts heretofore or hereafter entered into by the City in accordance with law (the *Surplus Revenues*). If for any reason the City fails to deposit ad valorem taxes levied pursuant to the provisions hereof to the credit of the Certificate Fund in an amount sufficient to pay, when due, the principal of and interest on the Certificates, then Surplus Revenues may be deposited to the credit of the Certificate Fund and used to pay such principal and/or interest. The City reserves, and shall have, the right to issue bonds and other obligations not on parity with the Certificates, and to enter into contracts, in accordance with applicable laws, to be payable from and secured by any System revenues.

SECTION 13: Deposits to Certificate Fund—Surplus Revenue Certificate Proceeds. The City hereby covenants and agrees to cause to be deposited in the Certificate Fund prior to a principal and interest payment date for the Certificates, from the Surplus Revenues in the System Fund, after the deduction of all payments required to be made to the special funds or accounts created for the payment, security, and benefit of the Certificates, and any amounts budgeted to be paid therefrom in such Fiscal Year.

Accrued interest, if any, received from the Purchaser of the Certificates shall be deposited to the Certificate Fund and ad valorem taxes levied and collected for the benefit of the Certificates shall be deposited to the Certificate Fund. Any surplus proceeds, including investment income therefrom, from the sale of the Certificates 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 said fund from ad valorem taxes.

SECTION 14: Security of Funds. All money on deposit in the funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested as provided herein) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds, and money on deposit in such funds shall be used only for the purposes permitted by this Ordinance.

SECTION 15: Maintenance of System — Insurance. The City covenants and agrees that while the Certificates remain Outstanding it will maintain and operate the System with all possible efficiency and maintain casualty and other insurance (including a system of self-insurance) on the properties of the System and its operations of a kind and in such amounts customarily carried by municipal corporations in Texas engaged in a similar type of business and that it will faithfully

and punctually perform all duties with reference to the System required by the laws of Texas. All money received from losses under such insurance policies, other than public liability policies, are held for the benefit of the Holders of the Certificates until and unless the proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by replacing the property destroyed or repairing the property damaged, and adequate provision for making good such loss or damage must be made within ninety (90) days after the date of loss. The payment of premiums for all insurance policies required under the provisions hereof shall be considered Maintenance and Operating Expenses. Nothing in this Ordinance shall be construed as requiring the City to expend any funds which are derived from sources other than the operation of the System but nothing herein shall be construed as preventing the City from doing so.

SECTION 16: Rates and Charges. The City hereby covenants and agrees with the Holders of the Certificates that rates and charges for utility services afforded by the System will be established and maintained to provide Surplus Revenues sufficient at all times:

A. to pay, together with any other lawfully available funds, all operating, maintenance, depreciation, replacement, betterment, and other costs incurred in the maintenance and operation of the System, including, but not limited to, Maintenance and Operating Expenses; provided, however, that the City expressly reserves the right to utilize other lawfully available funds to pay the Maintenance and Operating Expenses;

B. to produce Surplus Revenues sufficient, together with any other lawfully available funds, to pay the amounts that may be deposited in the special funds established for the payment of the Certificates; and

C. to pay other legally incurred indebtedness payable from the Surplus Revenues of the System and/or secured by a lien on the System or the Surplus Revenues thereof.

SECTION 17: Records and Accounts — Annual Audit. The City further covenants and agrees that so long as any of the Certificates remain Outstanding it will keep and maintain separate and complete records and accounts pertaining to the operations of the System in which complete and correct entries shall be made of all transactions relating thereto, as provided by Chapter 1502, as amended, Texas Government Code, or other applicable law. The Holders of the Certificates or any duly authorized agent or agents of the Holders shall have the right to inspect the System and all properties comprising the same. The City further agrees that, following the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Expenses incurred in making the annual audit of the operations of the System are to be regarded as Maintenance and Operating Expenses.

SECTION 18: Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in the payments to be made to the Certificate Fund, or (b) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Ordinance, the Holders of any of the Certificates shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition, or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

SECTION 19: Special Covenants. The City hereby further covenants that:

A. it has the lawful power to pledge the Surplus Revenues supporting the Certificates and has lawfully exercised said powers under the laws of Texas, including power existing under Chapter 1502, as amended, Texas Government Code, the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code, Section 271.041 through Section 271.064;

B. other than for the payment of the Certificates, the Surplus Revenues of the System have not in any manner been pledged to the payment of any debt or obligation of the City or of the System;

C. as long as any Certificates or any interest thereon remain Outstanding, the City will not sell, lease or encumber (except as otherwise provided herein) the System or any substantial part thereof, provided that this covenant shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the System;

D. to the extent that it legally may, the City further covenants and agrees that, so long as any of the Certificates, or any interest thereon, are Outstanding, no franchise shall be granted for the installation or operation of any competing utility systems other than those owned by the City, and the operation of any such systems by anyone other than the City is hereby prohibited; and

E. no free service of the System shall be allowed, and should the City or any of its agents or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by the City out of funds from sources other than the revenues and income of the System.

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 as it appears in 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 Holders. 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 destroyed as directed by the City.

SECTION 22: Mutilated, Destroyed, Lost, and Stolen Certificates. If (1) any mutilated Certificate is surrendered to the Paying Agent/Registrar, or the City and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Certificate, and (2) there is delivered to the City and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the City or the Paying Agent/Registrar that such Certificate has been acquired by a bona fide purchaser, the City shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Certificate, a new Certificate of the same Stated Maturity and interest rate and of like tenor and principal amount, bearing a number not contemporaneously Outstanding.

In case any such mutilated, destroyed, lost, or stolen Certificate has become or is about to become due and payable, the City in its discretion may, instead of issuing a new Certificate, pay such Certificate.

Upon the issuance of any new Certificate or payment in lieu thereof, under this Section, the City may require payment by the Holder of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto and any other expenses and charges (including attorney's fees and the fees and expenses of the Paying Agent/Registrar) connected therewith.

Every new Certificate issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Certificate shall constitute a replacement of the prior obligation of the City, whether or not the mutilated; destroyed, lost, or stolen Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding 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 23: Confirmation of Sale. The sale of the Certificates to the Purchaser for the purchase price of \$ _____, which represents a purchase price of par, less the Purchaser's origination fee of \$ _____ and no accrued interest, pursuant to a loan commitment received from the Purchaser, is hereby confirmed. The pricing and terms of the Certificates are hereby found and determined to be the most advantageous reasonably obtained from the City. Delivery of the Certificates shall be made to the Purchaser as soon as practicable after the adoption of this Ordinance, upon payment therefor by federal funds wire transfer, at no cost to the Purchaser, in accordance with the terms of sale.

The proceeds derived from the sale of the Certificates (after paying other costs of issuance) shall be deposited into the special construction account or accounts created for the projects to be constructed with the Certificate proceeds. This special construction account shall be established and maintained at the Issuer's depository bank and shall be invested in accordance with the provisions of this Ordinance. Interest earned on the proceeds of the Certificates pending completion of the projects financed with such proceeds shall be accounted for, maintained, deposited, and expended as permitted by the provisions of Chapter 1201, as amended, Texas Government Code, or as required by any other applicable law. Thereafter, such amounts shall be expended in accordance with Section 11.

SECTION 24: Compliance with Purchaser's Rules and Regulations. The City will comply with all of the requirements contained in the resolution or resolutions adopted by the Purchaser with respect to the issuance of the Certificates. In addition, in compliance with the Purchaser's Drinking Water State Revolving Fund Program Rules, the City agrees and covenants so long as the Purchaser is the sole Holder of the Certificates:

- A. the City agrees to comply with all applicable requirements contained in 31 TAC § 371;
- B. the City agrees to comply with all of the conditions set forth in the TWDB Resolution, which conditions are incorporated into this Ordinance;
- C. any loan proceeds from the Certificates that are determined to be remaining unused funds, which are those funds unspent after the original approved Projects are completed, for enhancements to the original Projects, must be explicitly approved by the executive administrator of the Purchaser (the *Executive Administrator*), or if no enhancements are authorized by the Executive Administrator, the City will submit a final accounting in a manner approved by the Executive Administrator;
- D. any loan proceeds from the Certificates that are determined to be surplus funds remaining after completion of the Projects, and completion of the final accounting, must be used by the City in a manner approved by the Executive Administrator;
- E. the Purchaser may exercise all remedies available to it in law or equity, and any provision of the Certificates that restricts or limits the Purchaser's full exercise of these remedies shall be of no force and effect;
- F. the Certificate proceeds will be held at the Depository in accordance with Chapter 2256, Texas Government Code, as amended and Chapter 2257, Texas Government Code, as amended;
- G. Certificate proceeds will not be used by the City when sampling, testing, removing, or disposing of contaminated soils and/or media at the Projects' sites, and the City agrees to indemnify, hold harmless, and protect the Purchaser from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, and disposition of any contaminated sewage sludge, contaminated sediments, and/or contaminated media that may be generated by the City, its contractors, consultants,

agents, officials, and employees as a result of activities relating to the Projects to the extent permitted by law;

- H. prior to the Closing Date, the City will submit documentation evidencing the adoption and implementation of the levy of an interest and sinking tax rate sufficient for the repayment of all Debt Service Requirements;
- I. prior to the Closing Date, and if not previously provided with the hereinafter-defined Application, the City will submit executed contracts for engineering, financial advisor, and bond counsel services for the Projects that are satisfactory to the Executive Administrator. Fees to be reimbursed under the foregoing contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator;
- J. prior to the Closing Date, when any portion of the financial assistance is to be held in escrow or in trust, the City will execute an escrow agreement, approved as to form and substance by the Executive Administrator, and will submit that executed agreement to the Purchaser;
- K. the Purchaser retains the option to purchase the Certificates in separate lots and/or on an installment basis, with delivery of the purchase price for each installment to be paid against delivery of the relevant installment of the Certificates as approved by the Executive Administrator;
- L. the Certificates will provide that the City will comply with all applicable Purchaser laws and rules related to the use of the financial assistance;
- M. the Certificates will provide that the City will comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources;
- N. the Certificates will contain a provision requiring the City to maintain insurance coverage sufficient to protect the Purchaser's interest in the Projects;
- O. the City will immediately notify the Purchaser, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f) (related to federal laws regulating firearms, firearm accessories, and firearm ammunition);
- P. Neither the City, nor a related party, will acquire any Source Series Bonds in an amount of the Certificates to be acquired from the City by the Purchaser;
- Q. the City will submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with the Purchaser's outlay report guidelines;

- R. the City will comply, and take steps to assure that its contractors and sub-contractors shall comply with the Davis Bacon Act (being Subchapter IV of Chapter 31 of Title 40 of the United States Code), and the United States Department of Labor's implementing regulations therefor, with respect to projects financed with proceeds of the Certificates, and to include the necessary contract provisions in any contract in excess of \$2,000 carried out in whole or in part with financial assistance made available by the Purchaser;
- S. the City will provide the Purchaser with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252, and the City or the System, as applicable, shall obtain a Data Universal Numbering System Number, register with the System for Award Management (SAM), and maintain current registration at all times while the Certificates remain Outstanding;
- T. the City will timely and expeditiously use all loan proceeds as required by federal statutes and Environmental Protection Agency regulations, and in adherence to the project schedule approved by the Purchaser's Executive Administrator (which shall not be altered except for good cause shown and only with the written approval of the Purchaser's Executive Administrator);
- U. the City will abide by all construction requirements related to the use of iron and steel products produced in the United States, as required by Title 31 of the Texas Administrative Code and related State Revolving Fund Policy Guidelines;
- V. the City will pay, on the Closing Date, an origination fee approved by the Executive Administrator of the Purchaser in accordance with Title 31 of the Texas Administrative Code;
- W. all payments, including the origination fee, will be made to the Board via wire transfer at no cost to the Purchaser;
- X. prior to the Closing Date, the City will have received a determination from Texas Commission on Environmental Quality, the form and substance of which shall be satisfactory to the Executive Administrator, that the City has demonstrated the necessary financial, managerial, and technical capabilities to proceed with the Projects to be funded with the proceeds of these Certificates;
- Y. the City will provide documentation evidencing compliance as to all applicable State procurement requirements, as well as all federal procurement requirements, under the Disadvantaged Business Enterprises program;
- Z. the Certificates will contain a provision that for each year the Certificates are outstanding, the City will levy a debt service tax rate, and collect taxes sufficient for the repayment of annual and interest principal requirements on the Certificates;

- AA. prior to the Closing Date, the City shall adopt and implement the water conservation program approved by the Purchaser;
- BB. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, or economic investigation, studies, surveys, or designs for that portion of the Projects that propose surface water or groundwater development, the Executive Administrator must either issue a written finding that the City has the right to use the water that the project financed by the Purchaser will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction;
- CC. prior to the release of construction funds for that portion of the Projects that propose surface water or groundwater development, the Executive Administrator must have issued a written finding that the City has the right to use the water that the project financed by the Purchaser will provide;
- DD. prior to the Closing Date, the City shall execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator; and
- EE. the Principal Forgiveness Agreement will include a provision stating that the City shall return any principal forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator.

SECTION 25: Taxable Certificates. The Certificates are not “state or local bonds” within the meaning of section 103(a) and (c) of the Internal Revenue Code of 1986, as amended; therefore, the interest on the Certificates is not excludable from the gross income of the holders thereof for federal income tax purposes.

SECTION 26: Control and Custody of Certificates. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of Texas, and shall take and have charge and control of the Certificates pending their approval by the Attorney General of Texas, the registration thereof by the Comptroller of Public Accounts of Texas and the delivery of the Certificates to the Purchaser.

Furthermore, any Authorized Official, either individually or any combination of them, is hereby authorized and directed to furnish and execute such documents relating to the City and its financial affairs as may be necessary for the issuance of the Certificates, the approval of the Attorney General of Texas and their registration by the Comptroller of Public Accounts of Texas and, together with the City’s financial advisors, Bond Counsel, and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Certificate to the Purchaser and, when requested in writing by the Purchaser, the initial exchange thereof for definitive Certificates.

SECTION 27: Satisfaction of Obligation of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, and premium, if any, and interest on the Certificates, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied and the Surplus Revenues under this Ordinance 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 when (i) money sufficient to pay in full such Certificates or the principal amount(s) thereof at Stated Maturity or to 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, and/or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities will 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 money deposited therewith, if any, to pay when due the principal on such Certificates, or the principal amounts thereof, on and prior to the Stated Maturity therefore 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 for the Certificates. 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 accounting firm, or another qualified third party concerning the deposit of cash and/or Government Securities to pay, when due, the principal of, and redemption premium (if any), due on any defeased Certificate.

Any money so deposited with the Paying Agent/Registrar, 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 money has 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 of the Certificates, or applicable redemption date of the Certificates, such money was deposited and is held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor, subject to the, unclaimed property laws of Texas.

Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem defeased Certificates that is made in conjunction with the payment arrangements specified in subsection (i) or (ii) above shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the City expressly reserves the right to call the defeased Certificates for redemption; (2) gives notice of the reservation of that right to the owners of the defeased Certificates immediately following the defeasance; (3) directs that notice of the reservation be included in any redemption notices that it authorizes; and (4) at the time of the redemption, satisfies the conditions of (i) or (ii) above with respect to such defeased debt as though it was being defeased at the time of the exercise of the option to redeem the defeased Certificates, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased Certificates.

SECTION 28: Printed Opinion. The Purchaser's obligation to accept delivery of the Certificates is subject to their being furnished a final opinion of McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, as Bond Counsel, approving certain legal matters as to the Certificates, this opinion to be dated and delivered as of the date of initial delivery and payment for such

Certificates. Printing of a true and correct copy of this opinion on the reverse side of each of the Certificates, with appropriate certificate pertaining thereto executed by facsimile signature of the City Secretary of the City is hereby approved and authorized.

SECTION 29: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Certificates shall be of no significance or effect as regards the legality thereof, and neither the City nor Bond Counsel are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Certificates.

SECTION 30: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 31: Authorization of Escrow Agreement. The City Council hereby finds and determines that it is in the best interest of the City to authorize the execution of an Escrow Agreement, to comply with the Purchaser's rules and regulations and provide for the installment deliveries of the proceeds of the Bonds to the Purchaser, if any. A copy of the Escrow Agreement is attached hereto, in substantially final form, as Exhibit B, and is incorporated by reference to the provisions of this Ordinance for all purposes. Any Authorized Official is authorized to execute the Escrow Agreement as the act and deed of the City Council.

SECTION 32: Ordinance a Contract; Amendments - Outstanding Certificates. The City acknowledges that the covenants and obligations of the City herein contained are a material inducement to the purchase of the Certificates. This Ordinance shall constitute a contract with the Holders from time to time, binding on the City and its successors and assigns, and it 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 affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; provided, however, 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 and interest on the Certificates, reduce the principal amount thereof, the redemption price thereof, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, interest, and premium if any, on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required for consent to any such amendment, addition, or rescission.

SECTION 33: 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, Bond Counsel, 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, Bond Counsel, Paying Agent/Registrar, and the Holders.

SECTION 34: Inconsistent Provisions. All ordinances and 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 ordained herein.

SECTION 35: Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of Texas and the United States.

SECTION 36: Severability. If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provisions.

SECTION 37: 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 38: Incorporation of Preamble Recitals. The recitals contained in the preamble hereof are hereby found to be true; and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the City Council of the City.

SECTION 39: Authorization of Paying Agent/Registrar Agreement. The City Council of the City hereby finds and determines that it is in the best interest of the City to authorize the execution of a Paying Agent/Registrar Agreement concerning the payment, exchange, registration, and transferability of the Certificates. A copy of the Paying Agent/Registrar Agreement is attached hereto, in substantially final form, as Exhibit A and is incorporated by reference to the provisions of this Ordinance.

SECTION 40: 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 Chapter 551, as amended, Texas Government Code.

SECTION 41: Unavailability of Authorized Publication. If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or, for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Ordinance shall be given in such other manner and at such time or times as in the judgment of the City or of the Paying Agent/Registrar shall most effectively approximate such required publication and the giving of such notice in such manner shall for all purposes of this Ordinance be deemed to be in compliance with the requirements for publication thereof.

SECTION 42: No Recourse Against City Officials. No recourse shall be had for the payment of principal of, interest, and premium if any, on any Certificate or for any claim based thereon or on this Ordinance against any official of the City or any person executing any Certificate.

SECTION 43: Continuing Disclosure Undertaking.

A. Definitions.

As used in this Section, the following terms have the meanings ascribed to such terms below:

EMMA means the MSRB's Electronic Municipal Market Access system, accessible by the general public, without charge, on the internet through the uniform resource locator (URL) <http://www.emma.msrb.org>.

Financial Obligation means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

Rule means SEC Rule 15c2-12, as amended from time to time.

SEC means the United States Securities and Exchange Commission.

Undertaking means the Issuer's continuing disclosure undertaking, described in subsections B through F below, hereunder accepted and entered into by the Issuer for the purpose of compliance with the Rule.

B. Annual Reports.

The City shall file annually with the MSRB, within twelve months after the end of each fiscal year ending in or after 2025, financial information and operating data with respect to the City of the general type included in the final Application authorized by this Ordinance being the information described in Exhibit C hereto and if not provided as part of such financial information and operating data, audited financial statements of the City, when and if available. All such information must be filed with MSRB pursuant to its Electronic Municipal Access (EMMA) System. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit C hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the City commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the City shall provide unaudited financial statements within such period and audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements becomes available. Copies of each annual audit shall be furnished, without charge, and otherwise in accordance with 31 TAC § 371(a)(2)(M) to the (i) Executive Director of the Municipal Advisory Council of Texas at her office in Austin, Texas, (ii) the Purchaser, Attention: Executive Director, within 120 days of the close of each Fiscal Year, and upon written request, to (iii) any subsequent holder of the Certificates.

If the City changes its fiscal year, it will file notice of such change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

C. Notice of Certain Events.

The City shall file notice of any of the following events with respect to the Certificates to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificate, or other material events affecting the tax status of the Certificate;
- (7) Modifications to rights of holders of the Certificate, if material;
- (8) Certificate calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing payment of the Certificate, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional paying agent/registrars or the change of name of a paying agent/registrars, if material;
- (15) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer, and (b) the Issuer intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

D. Limitations, Disclaimers, and Amendments.

The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an “obligated person” with respect to the Certificates within the meaning of the Rule, except that the City in any event will give notice of any deposit that causes the Certificates to be no longer Outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Certificate, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Certificate. The City may also repeal or amend the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the City also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificate, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection B of this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. If the City so amends the provisions of this Section, the City shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

E. Information Format – Incorporation by Reference.

The City information required under this Section shall be filed with the MSRB through EMMA in such format and accompanied by such identifying information as may be specified from time to time thereby. Under the current rules of the MSRB, continuing disclosure documents submitted to EMMA must be in word-searchable portable document format (PDF) files that permit the document to be saved, viewed, printed, and retransmitted by electronic means and the series of obligations to which such continuing disclosure documents relate must be identified by CUSIP number or numbers.

Financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public through EMMA or filed with the SEC.

F. General Policies and Procedures Concerning Compliance with the Rule.

Because the issuance of the Certificates is subject to the provisions of the Rule and because the potential “underwriters” in the sale of the Certificates may be subject to MSRB rules and regulations with respect to such sale (including certain due diligence and suitability requirements, among others), the Issuer hereby adopts the General Policies and Procedures Concerning Compliance with the Rule (the *Policies and Procedures*), attached hereto as Exhibit D, with which the Issuer shall follow to assure compliance with the Undertaking. The Issuer has developed these Policies and Procedures for the purpose of meeting its requirements of the Undertaking and, in connection therewith, has sought the guidance from its internal staff charged with administering the Issuer’s financial affairs, its municipal or financial advisors, its legal counsel (including its Bond Counsel), and its independent accountants (to the extent determined to be necessary or advisable). The Policies and Procedures can be amended at the sole discretion of the Issuer and any such amendment will not be deemed to be an amendment to the Undertaking. Each Authorized Official is hereby authorized to amend the Policies and Procedures as a result of a change in law, a future issuance of indebtedness subject to the Rule, or another purpose determined by the Authorized Official to be necessary or desirable for or with respect to future compliance with the Undertaking.

SECTION 44: Book-Entry-Only System.

The Certificates shall initially be registered so as to participate in a securities depository system (the *DTC System*) with the Depository Trust Company, New York, New York, or any successor entity thereto (*DTC*), as set forth herein. Each Stated Maturity of the Certificates shall be issued (following cancellation of the Initial Certificate described in Section 7) in the form of a single definitive Certificate. Upon issuance, the ownership of each such Certificate shall be registered in the name of Cede & Co., as the nominee of DTC, and all of the Outstanding Certificates shall be registered in the name of Cede & Co., as the nominee of DTC. The City and the Paying Agent/Registrar are authorized to execute, deliver, and take the actions set forth in such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including the Letter of Representations attached hereto as Exhibit E (the *Representation Letter*).

With respect to the Certificates registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds the Certificates from time to time as securities depository (a *Depository Participant*) or to any person on behalf of whom such a Depository Participant holds an interest in the Certificates (an *Indirect Participant*). Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any Depository Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any Depository Participant or any other person, other than a registered owner of the Certificates, as shown on the Security Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the delivery to any Depository Participant or any Indirect Participant or any other Person, other than a Holder of a Certificate, of any amount with respect to principal of, interest, and premium if any, on the Certificates. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a bond certificate evidencing the obligation of the City to make payments of principal, interest, and

premium if any, pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to checks or drafts being mailed to the Holder, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

In the event that (a) the City determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the Representation Letter shall be terminated for any reason, or (c) DTC or the City determines that it is in the best interest of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the City shall notify the Paying Agent/Registrar, DTC, and the Depository Participants of the availability within a reasonable period of time through DTC of bond certificates, and the Certificates shall no longer be restricted to being registered in the name of Cede & Co., as nominee of DTC. At that time, the City may determine that the Certificates shall be registered in the name of and deposited with a successor depository operating a securities depository system, as may be acceptable to the City, or such depository's agent or designee, and if the City and the Paying Agent/Registrar do not select such alternate securities depository system then the Certificates may be registered in whatever name or names the Holders of Certificates transferring or exchanging the Certificates shall designate, in accordance with the provisions hereof.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificate is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, interest, and premium if any, on such Certificate and all notices with respect to such Certificate shall be made and given, respectively, in the manner provided in the Representation Letter.

SECTION 45: Further Procedures. The officers and employees of the City are hereby 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 under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the initial sale and delivery of the Certificates, the Paying Agent/Registrar Agreement, and the Private Placement Memorandum. In addition, prior to the initial delivery of the Certificates, any Authorized Official and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance and as described in the Private Placement Memorandum necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the Certificates by the Texas Attorney General's office. Bond Counsel is further authorized to institute any bond validation suit under Chapter 1205, as amended, Texas Government Code (or any successor statute thereto) related to the Certificates while the Certificates are outstanding and unpaid. In case any officer of the City whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 46: Contracts with Financial Advisor. The City Council authorizes any Authorized Official, or their designees, to take all actions necessary to execute any necessary financial advisory contracts with SAMCO Capital Markets, Inc., as the financial advisor to the City (the *Financial Advisor*) and any necessary engagement agreements with McCall, Parkhurst & Horton L.L.P., as Bond Counsel. The City understands that under applicable federal securities laws and regulations that the City must have a contractual arrangement with its Financial Advisor relating to the sale, issuance, and delivery of the Certificates.

SECTION 47: City's Consent to Provide Information and Documentation to the Texas MAC. The Municipal Advisory Council of Texas (the *Texas MAC*), a non-profit membership corporation organized exclusively for non-profit purposes described in Section 501(c)(6) of the Code and which serves as a comprehensive financial information repository regarding municipal debt issuers in Texas, requires provision of written documentation regarding the issuance of municipal debt by the issuers thereof. In support of the purpose of the Texas MAC and in compliance with applicable law, the City hereby consents to and authorizes any Authorized Official, Bond Counsel to the City, and/or Financial Advisor to the City to provide to the Texas MAC information and documentation requested by the Texas MAC relating to the Certificates; provided, however, that no such information and documentation shall be provided prior to the Closing Date. This consent and authorization relates only to information and documentation that is a part of the public record concerning the issuance of the Certificates.

SECTION 48: Perfection of Security Interest. Chapter 1208, Texas Government Code, applies to the issuance of the Certificates and the associated pledge of ad valorem taxes and Surplus Revenues, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Certificates are outstanding and unpaid such that the pledge thereof granted by the Issuer is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, as amended, then in order to preserve to the registered owners of the Certificates the perfection of the security interest in this pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

SECTION 49: Application to Texas Water Development Board. The City Council ratifies and confirms its prior approval of the form and content of the Application to the Texas Water Development Board (the *Application*) prepared in connection with the sale of the Certificates to the Purchaser and hereby approves the form and content of any addenda, supplement, or amendment thereto.

SECTION 50: Effective Date. Pursuant to the provisions of Section 1201.028, as amended, Texas Government Code, this Ordinance shall be effective immediately upon adoption, and it is so resolved.

* * *

PASSED AND ADOPTED by the City Council of the City of Devine, Texas, this the 18th day of March, 2025.

CITY OF DEVINE, TEXAS

Butler Cook

Mayor

ATTEST:

Dora V. Rodriguez

City Secretary

(CITY SEAL)



INDEX TO EXHIBITS

Exhibit A	Paying Agent/Registrar Agreement
Exhibit B	Escrow Agreement
Exhibit C	Description of Annual Financial Information
Exhibit D	General Policies and Procedures Concerning Compliance with the Rule
Exhibit E	DTC Letter of Representations
Exhibit F	Private Placement Memorandum

[The remainder of this page intentionally left blank.]

EXHIBIT A

Paying Agent/Registrar Agreement

See Tab No. 2

EXHIBIT B

Escrow Agreement

See Tab No. 3

EXHIBIT C

Description of Annual Financial Information

The following information is referred to in Section 43 of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Application referred to) below:

The City's quantitative financial information and operating data with respect to the City of the general type included in the Application, which is customarily prepared by the City and publicly available.

Accounting Principles

The accounting principles referred to in such Section are generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from time to time.

EXHIBIT D

General Policies and Procedures Concerning Compliance with the Rule

- I. Capitalized terms used in this Exhibit have the meanings ascribed thereto in Section 43 of the Ordinance. “Certificates” refers to the Certificates that are the subject of the Ordinance to which this Exhibit is attached.
- II. As a capital markets participant, the Issuer is aware of its continuing disclosure requirements and obligations existing under the Rule prior to February 27, 2019, the effective date of the most recent amendment to the Rule (the *Effective Date*), and has implemented and maintained internal policies, processes, and procedures to ensure compliance therewith. Adherence to these internal policies, processes, and procedures has enabled underwriters in non-exempt negotiated sales and initial purchasers in non-exempt competitive sales to comply with their obligations arising under various MSRB rules and regulations concerning due diligence and findings of suitability, among other matters, regarding the Issuer’s compliance with the Rule.
- III. The Issuer is aware that the Rule was amended as of the Effective Date (the *Rule Amendment*) and has accommodated this amendment by adding subparagraphs (15) and (16) to Section 43C of the Ordinance, which provisions are a part of the Undertaking.
- IV. The Issuer is aware that “participating underwriters” (as such term is defined in the Rule) of the Certificates must make inquiry and reasonably believe that the Issuer is likely to comply with the Undertaking and that the standards for determining compliance have increased over time as a result of, among others, the United States Securities and Exchange Commission’s Municipalities Continuing Disclosure Cooperation Initiative and regulatory commentary relating to the effectiveness of the Rule Amendment.
- V. The Issuer now establishes the following general policies and procedures (the *Policies and Procedures*) for satisfying its obligations pursuant to the Undertaking, which policies and procedures have been developed based on the Issuer’s informal policies, procedures, and processes utilized prior to the Effective Date for compliance with the Issuer’s obligations under the Rule, the advice from and discussions with the Issuer’s internal senior staff (including staff charged with administering the Issuer’s financial affairs), its municipal or financial advisors, its legal counsel (including Bond Counsel), and its independent accountants, to the extent determined to be necessary or advisable (collectively, the *Compliance Team*):
 - (1) the City Administrator (the *Compliance Officer*) shall be responsible for satisfying the Issuer’s obligations pursuant to the Undertaking through adherence to these Policies and Procedures;
 - (2) the Compliance Officer shall establish reminder or “tickler” systems to identify and timely report to the MSRB, in the format thereby prescribed from time to time, the Issuer’s information of the type described in Section 43B of the Ordinance;

(3) the Compliance Officer shall promptly determine the occurrence of any of the events described in Section 43C of the Ordinance;

(4) the Compliance Officer shall work with external consultants of the Issuer, as and to the extent necessary, to timely prepare and file with the MSRB the annual information of the Issuer and notice of the occurrence of any of the events referenced in Clauses 2 and 3 above, respectively, the foregoing being required to satisfy the terms of the Undertaking;

(5) the Compliance Officer shall establish a system for identifying and monitoring any Financial Obligations, whether now existing or hereafter entered into by the Issuer, and (upon identification) determining if such Financial Obligation has the potential to materially impact the security or source of repayment of the Certificates;

(6) upon identification of any Financial Obligation meeting the materiality standard identified in Clause 5 above, the Compliance Officer shall establish a process for identifying and monitoring any Issuer agreement to covenants, events of default, remedies, priority rights, or other similar terms under such Financial Obligation;

(7) the Compliance Officer shall establish a process for identifying the occurrence of any default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation, the occurrence of any of which reflect financial difficulties of the Issuer; and

(8) the Compliance Officer shall annually review these Policies and Procedures with the remainder of the Compliance Team, make any modifications on an internal document retained by the Compliance Officer and available to any “participating underwriter” (as defined in the Rule), if requested, and on the basis of this annual review (to the extent determined to be necessary or desirable), seek additional training for herself or himself, as well as other members of the Issuer’s internal staff identified by the Compliance Officer to assist with the Issuer’s satisfaction of the terms and provisions of the Undertaking.

EXHIBIT E

DTC Letter of Representations

See Tab No. 4

EXHIBIT F

Private Placement Memorandum

See Tab No. 8