

**ORDINANCE NO. \_\_\_\_\_**

**ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF DALLAS, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2023C; AWARDING THE SALE OF THE BONDS; APPROVING THE EXECUTION OF AGREEMENTS IN CONNECTION WITH THE SALE OF THE BONDS; AND ALL OTHER MATTERS RELATED THERETO**

THE STATE OF TEXAS :  
COUNTIES OF DALLAS, DENTON, COLLIN, KAUFMAN AND ROCKWALL :  
CITY OF DALLAS :

WHEREAS, the City of Dallas (the "City" or the "Issuer") has heretofore issued its City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 1981 (the "Series 1981 Bonds"); and

WHEREAS, defined terms used in this Ordinance shall have the meaning given said terms in Section 7 of this Ordinance, unless otherwise indicated herein; and

WHEREAS, in the ordinance authorizing the issuance of the Series 1981 Bonds (the "1981 Ordinance"), the City reserved the right to issue revenue bonds on a parity with the Series 1981 Bonds; and

WHEREAS, under authority of the right reserved in the 1981 Ordinance, the City issued and there currently remain outstanding revenue bonds from each series of bonds described in the definition of "Previously Issued Parity Bonds" set forth in Section 7 of this Ordinance; and

WHEREAS, in addition to the outstanding Previously Issued Parity Bonds, the City has authorized the issuance from time to time and at any one time outstanding of up to \$600,000,000 of its Waterworks and Sewer System Commercial Paper Notes, Series F and Series G (the "Commercial Paper Notes"), for the purpose of improving and extending the System; and

WHEREAS, the City deems it appropriate to issue the hereinafter authorized bonds for the purpose of planning, acquisition, designing, and constructing extensions and improvements to the System; and

WHEREAS, the Texas Water Development Board has committed to purchase the bonds hereinafter authorized pursuant to Subchapter H of Chapter 15, Texas Water Code; and

WHEREAS, the bonds hereinafter authorized are to be issued and delivered pursuant to the laws of the State of Texas, including Chapter 1502, Texas Government Code; and

WHEREAS, the bonds hereinafter authorized shall be on a parity with the outstanding Previously Issued Parity Bonds; and

WHEREAS, the City Council does hereby determine that it is necessary and desirable to adopt this Ordinance for the purposes hereinafter stated;

**THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DALLAS, TEXAS;**

Section 1. **BONDS AUTHORIZED.** That the City's bonds (the "Bonds") are hereby authorized to be issued in the aggregate principal amount of \$34,000,000 for the purpose of improving and extending the System by financing projects that are part of the State Water Plan. The Bonds shall be designated as the "**City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2023C**". The Bonds are issued as "Additional Bonds" as such term is defined in the 1981 Ordinance and shall be in all respects on a parity with the outstanding Previously Issued Parity Bonds.

Section 2. **DATES, DENOMINATIONS, NUMBER AND MATURITIES.** That the Bonds shall be dated September 30, 2023, shall be in the denomination of \$5,000 or any integral multiple thereof (an "Authorized Denomination"), shall be numbered consecutively from R-1 upward, and shall mature on the maturity date, in each of the years and in the amounts as set forth in Schedule I to this Ordinance. The Texas Water Development Board (the "TWDB") will purchase the Bonds in the manner described in Section 30 of this Ordinance.

Section 3. **REDEMPTION.** (a) That the City reserves the right to redeem the Bonds maturing on or after October 1, 2034, in whole or in part, in inverse order of maturity, in principal amounts of \$5,000 or any integral multiple thereof, on October 1, 2033, or on any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed by the City, the City shall determine the maturity or maturities and the amounts thereof to be redeemed, and shall direct the Paying Agent/Registrar to call by lot Bonds, or portions thereof, within such maturity or maturities and in such principal amounts, for redemption; provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the City and the securities depository.

(b) The optional redemption of the Bonds may be conditional upon the occurrence of certain events as provided in the FORM OF BOND.

(c) At least thirty (30) days prior to the date any such Bonds are to be redeemed, (i) a written notice of redemption shall be given by the Paying Agent/Registrar to the registered owner of each Bond or a portion thereof being called for redemption by depositing such notice in the United States mail, first-class, postage prepaid, addressed to each such registered owner at the address thereof as shown on the Registration Books and (ii) a notice of such redemption shall be published one (1) time in a financial journal or publication of general circulation in the United States of America or the State of Texas carrying as a regular feature notices of municipal bonds called for redemption; provided, however, that should the TWDB be the owner of 100% in aggregate principal amount of the Bonds then outstanding, notice of redemption shall not be required to be published in the manner described in (ii) above; and provided, further, that should the TWDB not be the owner of 100% in aggregate principal amount of the Bonds then outstanding, the publication of notice as described in (ii) above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bond, and the failure to send, mail or receive such notice described in (i) above, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and the publication of notice as described in (ii) above shall be the only notice actually

required in connection with or as a prerequisite to the redemption of any Bonds. By the date fixed for any such redemption, due provision shall be made by the City with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or the portions thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, the Bonds, or the portions thereof which are to be so redeemed, thereby automatically shall be redeemed prior to their scheduled maturities, and shall not bear interest after the date fixed for their redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of the Bonds or any portion thereof. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing or accruing interest at the same rate, in any Authorized Denomination, at the written request of the registered owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the City, all as provided in this Ordinance. In addition, notice of such redemption shall be provided in the manner described in Section 5(h) hereof, but the failure to provide such notice as described in Section 5(h) hereof shall not affect the validity or effectiveness of the proceedings for the redemption of the Bonds.

Section 4. **INTEREST.** That interest on the Bonds shall be payable on April 1, 2024, and semiannually thereafter on October 1 and April 1 of each year, until maturity or redemption prior to maturity, to the registered owner of any such Bond as of the Record Date (as defined in the FORM OF BOND) next preceding such interest payment date, in the manner provided in the FORM OF BOND, at the rates per annum as set forth in Schedule I to this Ordinance. Interest on the Bonds shall accrue from the delivery date of the Bonds and shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Section 5. **PAYING AGENT/REGISTRAR; BOOK-ENTRY ONLY SYSTEM.** (a) That the City shall keep or cause to be kept at the corporate trust office designated by UMB Bank, N.A., as its place of payment for the Bonds, or such other bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve and perform duties of and services of paying agent and registrar, named in accordance with the provisions of (g) of this Section hereof (the "Paying Agent/Registrar"), books or records of the registration and transfer of the Bonds (the "Registration Books"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep the Registration Books and make such transfers and registrations under such reasonable regulations as the City and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. The place of payment so designated by the Paying Agent/Registrar shall be referred to herein as the "Designated Trust Office" of the Paying Agent/Registrar. It shall be the duty of the Paying Agent/Registrar to obtain from the registered owner and record in the Registration Books the address of such registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided. The Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any entity other than the City. Registration of each Bond may be transferred in the Registration Books only upon presentation and surrender of such Bond for transfer of registration and cancellation to the Paying Agent/Registrar at its Designated Trust Office during normal business hours, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing the assignment of the Bond, or any portion thereof in any Authorized Denomination, to the assignee or assignees thereof, and the right of such assignee or

assignees to have the Bond or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Bond or any portion thereof, a new substitute bond or bonds shall be issued in exchange therefor in the manner herein provided. As of the date this Ordinance is approved by the City, the Designated Trust Office is the Dallas, Texas corporate trust office of UMB Bank, N.A.

(b) The entity in whose name any Bond shall be registered in the Registration Books at any time shall be treated as the absolute owner thereof for all purposes of this Ordinance, whether such Bond shall be overdue, and the City and the Paying Agent/Registrar shall not be affected by any notice to the contrary unless otherwise required by law; and payment of, or on account of, the principal of, premium, if any, and interest on any such Bond shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(c) The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of, premium, if any, and interest on the Bonds, and to act as its agent to exchange or replace Bonds, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Bonds, and of all exchanges of the Bonds, and all replacements of the Bonds, as provided in this Ordinance.

(d) Each Bond may be exchanged for fully registered bonds in the manner set forth herein. Each Bond issued and delivered pursuant to this Ordinance, to the extent of the unpaid or unredeemed principal amount thereof, may, upon surrender thereof at the Designated Trust Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, at the option of the registered owner or such assignee or assignees, as appropriate, be exchanged for fully registered bonds, without interest coupons, in the form prescribed in the FORM OF BOND, in an Authorized Denomination (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal amount of any Bond or Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If a portion of any Bond shall be redeemed prior to its scheduled maturity as provided herein, at the request of the registered owner a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in an Authorized Denomination, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. If any Bond or portion thereof is assigned and transferred, each Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall exchange or replace Bonds as provided herein, and each fully registered substitute Bond delivered in exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Ordinance shall constitute one of the Bonds for all purposes of this Ordinance and may again be exchanged or replaced. On each substitute Bond issued in exchange for or replacement of any Bond or Bonds issued under this Ordinance there shall be printed thereon a Paying Agent/Registrar's Authentication Certificate, in the form set forth in the FORM OF BOND (the "Authentication Certificate"). An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, manually sign and date the Authentication Certificate, and no such Bond shall be deemed to be issued or

outstanding unless the Authentication Certificate is so executed and dated. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the City Council or any other body or person so as to accomplish the foregoing exchange or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, pursuant to Chapter 1206, particularly Subchapter B thereof. The duty of such exchange or replacement of Bonds as described in the preceding sentence is hereby imposed upon the Paying Agent/Registrar, and upon the execution of the Authentication Certificate, the exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which originally were delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts. Neither the City nor the Paying Agent/Registrar shall be required (1) to make any transfer or exchange during a period beginning at the opening of business fifteen (15) days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Bond after it is selected for redemption, in whole or in part, when such redemption is scheduled to occur within thirty (30) calendar days; provided, however, that such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

(e) All Bonds issued in exchange or replacement of any other Bond or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on the Bonds to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BOND.

(f) The City shall pay all of the Paying Agent/Registrar's reasonable and customary fees and charges for making transfers, conversions and exchanges of the Bonds in accordance with an agreement between the City and the Paying Agent/Registrar, but the registered owner of any Bond requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. In addition, the City hereby covenants with the registered owners of the Bonds that it will pay the reasonable standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Bonds, when due.

(g) The City covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar, to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than sixty (60) days' written notice to the Paying Agent/Registrar. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve as and perform the services of Paying Agent/Registrar, which shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, subject to supervision or examination by federal or state authority, and whose

qualifications substantially are similar to the previous Paying Agent/Registrar, to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the City and to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class, postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(h) (i) In addition to the manner of providing notice of redemption of Bonds as described in Section 3 hereof, the Paying Agent/Registrar shall give notice of redemption of Bonds by United States mail, first-class, postage prepaid, at least thirty (30) days prior to a redemption date to the MSRB. In addition, in the event of a redemption caused by an advance refunding of the Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice sent to the MSRB shall be sent so that such notice is received at least two (2) days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of redemption to the registered owner of any Bonds who has not sent the Bonds in for redemption sixty (60) days after the redemption date. The failure to send, mail or receive any such notice described in this clause (i), or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond.

(ii) Each redemption notice, whether required in the FORM OF BOND or otherwise by this Ordinance, shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the Series, the date of issue, the interest rate, the maturity date, the CUSIP number, the amounts called of each Bond, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bond may be redeemed including a contact person and telephone number.

(iii) All redemption payments made by the Paying Agent/Registrar to the registered owners of the Bonds shall include a CUSIP number relating to each amount paid to such registered owner.

(i) The Bonds initially shall be issued and delivered in such manner that no physical distribution of the Bonds will be made to the public, and DTC initially will act as depository for the Bonds. DTC has represented to the City that it is a limited purpose trust company incorporated under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended, and the City accepts, but in no way verifies, such representations. It is expected that upon the initial delivery of Bonds, DTC will hold the Bonds on behalf of the TWDB, and that the definitive Bonds held at DTC upon delivery of the Bonds to the TWDB shall be registered in the name of CEDE & CO., the nominee of DTC. So long as each Bond is registered in the name of CEDE & CO., the Paying Agent/Registrar shall treat and deal with DTC the same in all respects as if it were the actual and beneficial owner thereof. It is expected that DTC will maintain a book-entry system which will identify ownership of the Bonds in Authorized Denominations, with transfers of

ownership being effected on the records of DTC and its participants pursuant to rules and regulations established by them, and that the Bonds initially deposited with DTC shall be immobilized and not be further exchanged for substitute Bonds except as hereinafter provided. The City is not responsible or liable for any functions of DTC, will not be responsible for paying any fees or charges with respect to the services of DTC, will not be responsible or liable for maintaining, supervising, or reviewing the records of DTC or its participants, or protecting any interests or rights of the beneficial owners of the Bonds. It shall be the duty of the DTC Participants (in the case of the Bonds, the TWDB) to make all arrangements with DTC to establish this book-entry system, the beneficial ownership of the Bonds, and the method of paying the fees and charges of DTC. The City does not represent, nor does it in any way covenant that the initial book-entry system established with DTC will be maintained in the future. Notwithstanding the initial establishment of the foregoing book-entry system with DTC, if for any reason any of the originally delivered Bonds is duly filed with the Paying Agent/Registrar with proper request for transfer and substitution, as provided for in this Ordinance, substitute Bonds will be duly delivered as provided in this Ordinance, and there will be no assurance or representation that any book-entry system will be maintained for the Bonds. The City heretofore has executed a "Blanket Letter of Representations" prepared by DTC in order to implement the book-entry system described above. The foregoing notwithstanding, for so long as the TWDB is an owner of any outstanding Bonds, the City will not discontinue the DTC book-entry system without the consent of the TWDB.

(j) The Paying Agent/Registrar shall complete the "Delivery Date" on each installment of Bonds initially delivered to the TWDB, upon the satisfaction of the conditions described in Section 30 of this Ordinance.

(k) (i) The Paying Agent/Registrar for the Bonds shall act as the closing agent for the delivery of the Bonds to the TWDB, and in connection therewith, the Paying Agent/Registrar understands the Bonds are to be delivered to the TWDB using the book-entry only system provided by DTC.

(ii) The City agrees to cause to be delivered to the Paying Agent/Registrar one (1) initial Bond numbered T-1 (the "Initial Bond") and registered to the TWDB following the approval by the Attorney General and the registration by the Comptroller. Subject to the provisions of Section 29(d) of this Ordinance, proceeds from the Bonds will be held in escrow and disbursed to the City in accordance with procedures approved by the TWDB, including the execution of an escrow agreement in respect to the disbursement of such proceeds.

Section 6. **FORM OF BONDS.** That the form of all Bonds, including the form of the Authentication Certificate, the form of Assignment, and the form of the Comptroller's Registration Certificate to accompany the Bonds on the initial delivery thereof, shall be, respectively, substantially in the form set forth in Exhibit A to this Ordinance, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

Section 7. **DEFINITIONS.** That, as used in this Ordinance, the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The term "Additional Bonds" shall mean the additional parity revenue bonds which the City reserves the right to issue in the future, as provided in this Ordinance.

The term "Amortization Installment", with respect to any Term Bonds of any Previously Issued Parity Bonds, any of the Bonds designated in this Ordinance as Term Bonds, or any series of Additional Bonds, shall mean the amount of money which is required to be deposited into the Mandatory Redemption Account referred to in Section 10(b) hereof for retirement of such Term Bonds (whether at maturity or by mandatory redemption and including redemption premium, if any), provided that the total Amortization Installments for such Term Bonds shall be sufficient to provide for retirement of the aggregate principal amount of such Term Bonds.

The term "Application" shall mean the application for financial assistance filed by the City with the TWDB to finance the Project.

The term "Authorized Denomination" shall have the same meaning as set forth in Section 2(a) hereof.

The terms "Bonds" and "Series 2023C Bonds" shall mean one or more, as the case may be, of the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2023C, authorized to be issued by this Ordinance.

The term "Business Day" shall mean a day other than a Saturday, Sunday, a legal holiday, or a day on which banking institutions are authorized by law or executive order to close in the City or the city where the Designated Trust Office of the Paying Agent/Registrar is located.

The term "Chapter 9" shall mean Chapter 9, Texas Business & Commerce Code, as amended.

The term "Chapter 1206" shall mean Chapter 1206, Texas Government Code, as amended.

The term "Chapter 1208" shall mean Chapter 1208, Texas Government Code, as amended.

The term "Chapter 2256" shall mean the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

The term "Chapter 2257" shall mean the Public Funds Collateral Act, Chapter 2257, Texas Government Code.

The terms "City" and "Issuer" shall mean the City of Dallas, Texas.

The term "Code" shall mean the Internal Revenue Code of 1986, as amended.

The term "DTC" shall mean The Depository Trust Company, New York, New York.

The term "DTC Participant" shall mean the securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants, and shall include, for so long as it is an owner of Bonds, the TWDB.

The term "Designated Trust Office" shall have the same meaning as set forth in Section 5(a) hereof.

The term "Executive Administrator" shall mean the Executive Administrator of TWDB.



The term "Financing Agreement" shall mean the Financing Agreement dated as of September \_\_, 2023, executed by the City and the TWDB in connection with the sale of the Bonds to the TWDB.

The terms "Gross Revenues of the City's Combined Waterworks and Sewer System" and "Gross Revenues" shall mean all revenues, income, and receipts of every nature derived or received by the City from the operation and ownership of the System, including the interest income from the investment or deposit of money in any Fund created by this Ordinance, or maintained by the City in connection with the System.

The term "Interest and Sinking Fund" shall have the meaning as set forth in Section 10(a) hereof.

The term "MSRB" shall mean the Municipal Securities Rulemaking Board.

The terms "Net Revenues of the City's Combined Waterworks and Sewer System" and "Net Revenues" shall mean all Gross Revenues after deducting and paying the current expenses of operation and maintenance of the System, as required by Section 1502.056, Texas Government Code, including all salaries, labor, materials, interest, repairs, and extensions necessary to render efficient service; provided, however, that only such repairs and extensions, as in the judgment of the City Council, reasonably and fairly exercised by the adoption of the appropriate resolution, are necessary to keep the System in operation and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair the Previously Issued Parity Bonds, the Bonds or Additional Bonds, shall be deducted in determining "Net Revenues". Payments made by the City for water supply or treatment of sewage which constitute under the law an operation and maintenance expense shall be considered herein as expenses incurred in the operation and maintenance of the System. Depreciation and any payments to the City in lieu of ad valorem taxes and any other similar payments shall never be considered as an expense of operation and maintenance.

The term "1981 Ordinance" shall mean the ordinance authorizing the issuance of the Series 1981 Bonds.

The term "Paying Agent/Registrar" shall have the meaning as set forth in Section 5(a) hereof.

The term "Pledged Revenues" shall mean

- (1) the Net Revenues, plus
- (2) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter may be pledged to the payment of the Previously Issued Parity Bonds, Bonds and Additional Bonds.

The term "Previously Issued Parity Bonds" shall mean the Series 2012A Bonds, the Series 2012B Bonds, the Series 2013 Bonds, the Series 2015A Bonds, the Series 2015B Bonds, the Series 2016A Bonds, the Series 2016B Bonds, the Series 2017 Bonds, the Series 2018A Bonds, the Series

2018B Bonds, the Series 2018C Bonds, the Series 2019A Bonds, the Series 2019B Bonds, the Series 2020A Bonds, the Series 2020B Bonds, the Series 2020C Bonds, the Series 2020D Bonds, the Series 2021A Bonds, the Series 2021B Bonds, the Series 2021C Bonds, the Series 2022A Bonds, the Series 2022B Bonds, the Series 2022C Bonds and the Series 2023A Bonds.

The term "Private Placement Memorandum" shall mean the Private Placement Memorandum prepared in connection with the sale of the Bonds to the TWDB.

The term "Project" shall mean the costs of planning, acquisition, designing, and constructing extensions and improvements to the System to be funded with the proceeds of the Bonds, consistent with the terms and conditions set forth in the TWDB Resolution. Each Project funded with the proceeds of the Bonds is a project described in the Application and governed by the TWDB Resolution.

The term "Project Fund" shall have the meaning as set forth in Section 29 hereof.

The term "Registration Books" shall have the meaning as set forth in Section 5(a) hereof.

The term "Reserve Fund" shall have the meaning as set forth in Section 11 hereof.

The term "Revenue Fund" shall have the meaning as set forth in Section 9 hereof.

The term "Rule" shall mean SEC Rule 15c2-12, as amended from time to time.

The term "SEC" shall mean the United States Securities and Exchange Commission.

The term "Series 1981 Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 1981, dated April 1, 1981, and authorized by ordinance of the City passed April 1, 1981; the term "Series 2012A Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2012A, dated September 19, 2012, and authorized by ordinance of the City passed August 8, 2012; the term "Series 2012B Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Taxable Series 2012B, dated September 19, 2012, and authorized by ordinance of the City passed August 8, 2012; the term "Series 2013 Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2013, dated September 17, 2013, and authorized by ordinance of the City passed August 14, 2013; the term "Series 2015A Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2015A, dated March 25, 2015, and authorized by ordinance of the City passed February 25, 2015; the term "Series 2015B Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Taxable Series 2015B, dated March 25, 2015, and authorized by ordinance of the City passed February 25, 2015; the term "Series 2016A Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2016A, dated July 7, 2016, and authorized by ordinance of the City passed June 15, 2016; the term "Series 2016B Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Taxable Series 2016B, dated July 7, 2016, and authorized by ordinance of the City passed June 15, 2016; the term "Series 2017 Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2017, dated August 17, 2017, and authorized by ordinance of the City passed June 14, 2017; the term "Series 2018A Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2018A, dated April 1, 2018, and authorized by ordinance of the

City passed April 11, 2018; the term "Series 2018B Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2018B, dated April 1, 2018, and authorized by ordinance of the City passed April 11, 2018; the term "Series 2018C Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2018C, dated September 26, 2018, and authorized by ordinance of the City passed August 8, 2018; the term "Series 2019A Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2019A, dated April 1, 2019, and authorized by ordinance of the City passed April 10, 2019; the term "Series 2019B Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2019B, dated April 1, 2019, and authorized by ordinance of the City passed April 10, 2019; the term "Series 2020A Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2020A, dated April 1, 2020, and authorized by ordinance of the City passed April 8, 2020; the term "Series 2020B Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2020B, dated April 1, 2020, and authorized by ordinance of the City passed April 8, 2020; the term "Series 2020C Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2020C, dated July 7, 2020, and authorized by ordinance of the City passed May 27, 2020; the term "Series 2020D Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Taxable Series 2020D, dated July 7, 2020, and authorized by ordinance of the City passed May 27, 2020; the term "Series 2021A Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2021A, dated April 1, 2021, and authorized by ordinance of the City passed April 14, 2021; the term "Series 2021B Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2021B, dated April 1, 2021, and authorized by ordinance of the City passed April 14, 2021; the term "Series 2021C Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2021C, dated September 23, 2021, and authorized by ordinance of the City passed August 11, 2021; the term "Series 2022A Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2022A, dated April 1, 2022, and authorized by ordinance of the City passed April 13, 2022; the term "Series 2022B Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2022B, dated April 1, 2022, and authorized by ordinance of the City passed April 13, 2022; the term "Series 2022C Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2022C, dated September 30, 2022, and authorized by ordinance of the City passed October 26, 2022; and the term "Series 2023A Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2023A, dated March 23, 2023, and authorized by ordinance of the City passed January 25, 2023.

The term "State" shall mean the State of Texas.

The term "State Water Plan" shall mean the State's comprehensive water plan prepared, developed, formulated and adopted by the TWDB under authority of Subchapter C of Chapter 16, Texas Water Code.

The term "System" shall mean and include the City's combined existing waterworks and sewer system, together with all future extensions, improvements, enlargements, and additions thereto, and all replacements thereof; provided, however, that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall not include any waterworks or sewer facilities which are declared not to be a part of the System and which are acquired or constructed by 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 secured by or payable from the Pledged Revenues as defined herein, but which are secured by and

payable solely from special contract revenues or payments received from any other legal entity in connection with such facilities; and such revenues or payments shall not be considered as or constitute Gross Revenues of the System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such "Special Facilities Bonds".

The term "Term Bonds" shall mean those Bonds (if any) so designated pursuant to this Ordinance, and those Previously Issued Parity Bonds or Additional Bonds so designated in the ordinances authorizing such bonds, which shall be subject to retirement by operation of the Mandatory Redemption Account referred to in Section 10(b) hereof.

The term "TWDB" shall mean the Texas Water Development Board.

The term "TWDB Resolution" shall mean the Resolution 22-062, adopted by the TWDB on July 27, 2022.

The term "Year" shall mean the regular fiscal year used by the City in connection with the operation of the System, which may be any twelve consecutive months period established by the City.

Section 8. **PLEDGE.** (a) That the Previously Issued Parity Bonds, the Bonds and any Additional Bonds, and any interest payable thereon, are and shall be secured by and payable from an irrevocable first lien on and pledge of the Pledged Revenues; and the Pledged Revenues are further pledged irrevocably to the establishment and maintenance of the Interest and Sinking Fund and the Reserve Fund as hereinafter provided. The Previously Issued Parity Bonds, the Bonds and any Additional Bonds are and will be secured by and payable only from the Pledged Revenues, and are not secured by or payable from a mortgage or deed of trust on any real, personal or mixed properties constituting the System.

(b) Chapter 1208 applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the City under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the City is to be subject to the filing requirements of Chapter 9, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9 and enable a filing to perfect the security interest in said pledge to occur.

Section 9. **REVENUE FUND.** That there has been created and established on the books of the City and accounted for separate and apart from all other funds of the City, a special fund entitled the "City of Dallas, Texas, Waterworks and Sewer System Revenue Fund" (the "Revenue Fund"). All Gross Revenues are and shall be credited to the Revenue Fund immediately upon receipt. All current expenses of operation and maintenance of the System are and shall be paid from such Gross Revenues as a first charge against same.

Section 10. **INTEREST AND SINKING FUND.** (a) That for the sole purpose of paying the principal of and interest on the Previously Issued Parity Bonds, the Bonds and any Additional Bonds, as the same come due, there has been created and established on the books of the City a separate fund entitled the "City of Dallas, Texas, Waterworks and Sewer System Revenue Bonds

Interest and Sinking Fund" (the "Interest and Sinking Fund"). Monies in the Interest and Sinking Fund are and shall be maintained at an official depository bank of the City.

(b) That within the Interest and Sinking Fund there has been established the Mandatory Redemption Account, into which account shall be credited the Amortization Installments which shall be used for the payment of the principal of Term Bonds as the same shall come due, whether by maturity thereof or by redemption, through the operation of the Mandatory Redemption Account.

Section 11. **RESERVE FUND.** That there has been created and established on the books of the City a separate fund entitled the "City of Dallas, Texas, Waterworks and Sewer System Revenue Bonds Reserve Fund" (the "Reserve Fund"). Monies in the Reserve Fund shall be used solely for the purpose of retiring the last of any Previously Issued Parity Bonds, Bonds or Additional Bonds as they become due or paying principal of and interest on any Previously Issued Parity Bonds, Bonds or Additional Bonds when and to the extent the amounts in the Interest and Sinking Fund are insufficient for such purpose. Monies in the Reserve Fund shall be maintained at an official depository bank of the City.

Section 12. **DEPOSITS OF PLEDGED REVENUES; INVESTMENTS.** (a) That the Pledged Revenues shall be deposited in the Interest and Sinking Fund and the Reserve Fund when and as required by ordinances authorizing Previously Issued Parity Bonds and by this Ordinance.

(b) That money in any Fund established by this Ordinance or by ordinances authorizing Previously Issued Parity Bonds may, at the option of the City, be invested in Authorized Investments; provided, however, that all such deposits and investments shall have a par value (or market value when less than par) exclusive of accrued interest at all times at least equal to the amount of money credited to such Funds, and shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. Money in the Reserve Fund shall not be invested in securities maturing later than the final maturity of the Previously Issued Parity Bonds, the Bonds, and Additional Bonds. Such investments shall be valued in terms of current market value as of the last day of each Year, except that direct obligations of the United States (State and Local Government Series) in book-entry form shall be continuously valued at their par or face principal amount. Such investments shall be sold promptly when necessary to prevent any default in connection with the Previously Issued Parity Bonds, the Bonds or Additional Bonds. As used in this Section, the term "Authorized Investments" shall mean those investments in which the City is now or hereafter authorized by law, including, but not limited to, Chapter 2256, and consistent with the City's investment policy adopted and approved from time to time by the City Council pursuant to the provisions of Chapter 2256, to purchase, sell and invest its funds and funds under its control.

Section 13. **FUNDS SECURED.** That money in all Funds created by this Ordinance, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the City. All uninvested and unescrowed proceeds from the delivery of the Bonds shall be subject to the provisions of Chapter 2257. Proceeds of the Bonds deposited to the credit of the Project Fund shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with Chapter 2256 and Chapter 2257.

Section 14. **DEBT SERVICE REQUIREMENTS.** (a) That promptly after the delivery of the Bonds the City shall cause to be deposited to the credit of the Interest and Sinking Fund any

accrued interest received from the sale and delivery of the Bonds, and any such deposit shall be used to pay part of the interest next coming due on the Bonds.

(b) That in addition to all amounts heretofore required to be transferred from the Pledged Revenues and deposited to the credit of the Interest and Sinking Fund by the ordinances authorizing the issuance of the Previously Issued Parity Bonds, the City shall transfer from the Pledged Revenues and deposit to the credit of the Interest and Sinking Fund the amounts, at the times, as follows:

(1) such amounts, deposited in approximately equal monthly installments on or before the 25th day of each month hereafter, commencing with the month during which the Bonds are delivered, or the month thereafter if delivery is made after the 25th day thereof, as will be sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bonds on the next succeeding interest payment date; and

(2) such amounts, deposited in approximately equal monthly installments on or before the 25th day of each month hereafter, commencing with the month during which the Bonds are delivered, or the month thereafter if delivery is made after the 25th day thereof, as will be sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay the principal scheduled to mature and come due on the Bonds on the next succeeding principal payment date.

Section 15. **RESERVE REQUIREMENTS.** That the Reserve Fund shall be maintained in an amount equal to the average annual principal and interest requirements (including Amortization Installments) of the Previously Issued Parity Bonds, the Bonds and Additional Bonds (the "Required Amount"). When and so long as the money and investments in the Reserve Fund are not less than the Required Amount, no deposits need be made to the credit of the Reserve Fund. When and if the Reserve Fund contains less than the Required Amount due to the issuance of the Bonds or Additional Bonds, beginning on the 25th day of the month following the delivery of the Bonds or Additional Bonds to the purchasers thereof, and continuing for sixty (60) months, the City shall transfer from the Pledged Revenues and deposit to the credit of the Reserve Fund an amount equal to 1/60th of the difference determined as of such delivery date between the amount in the Reserve Fund and the Required Amount. When and if the Reserve Fund at any time contains less than the Required Amount due to any cause or condition other than the issuance of Additional Bonds, then, subject and subordinate to making the required deposits to the credit of the Interest and Sinking Fund, such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose. The City may, at its option, withdraw and use for any lawful purpose not inconsistent with the City's Charter, all surplus in the Reserve Fund over the Required Amount.

Section 16. **DEFICIENCIES; EXCESS PLEDGED REVENUES.** (a) That if on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Sinking Fund and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose.

(b) That, subject to making the required deposits to the credit of the Interest and Sinking Fund and the Reserve Fund when and as required by this Ordinance, or any ordinance authorizing the issuance of Previously Issued Parity Bonds or Additional Bonds, the excess

Pledged Revenues may be used by the City for any lawful purpose not inconsistent with the City's Charter.

Section 17. **PAYMENT OF THE BONDS AND ADDITIONAL BONDS.** That on or before April 1, 2024, and semiannually on or before each October 1 and April 1 thereafter while any of the Previously Issued Parity Bonds, the Bonds or Additional Bonds are outstanding and unpaid, the City shall make available to the paying agents therefor (including the Paying Agent/Registrar), out of the Interest and Sinking Fund and the Reserve Fund (if necessary), money sufficient to pay such interest on and such principal of the Previously Issued Parity Bonds, the Bonds and Additional Bonds as shall become due on such dates, respectively, at maturity or by redemption prior to maturity. The aforesaid paying agents (including the Paying Agent/Registrar) shall destroy all paid Previously Issued Parity Bonds, Bonds and Additional Bonds, and furnish the City with an appropriate certificate of cancellation or destruction.

Section 18. **FINAL DEPOSITS; GOVERNMENTAL OBLIGATIONS.** (a) That any Previously Issued Parity Bond, Bond or Additional Bond shall be deemed to be paid, retired and no longer outstanding within the meaning of this Ordinance when payment of the principal of, redemption premium, if any, on such bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided for by irrevocably depositing with, or making available to, a paying agent (or escrow agent) therefor, in trust and irrevocably set aside exclusively for such payment, (1) money sufficient to make such payment or (2) Defeasance Securities, as hereinafter defined in this Section, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of such paying agent pertaining to the bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of such paying agent. At such time as a Previously Issued Parity Bond, Bond or Additional Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefit of this Ordinance or such other ordinance securing such bond or a lien on and pledge of the Pledged Revenues, and shall be entitled to payment solely from such money or Defeasance Securities.

(b) That any moneys so deposited with a paying agent may, at the direction of the City, also be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from all Defeasance Securities in the hands of the paying agent pursuant to this Section which is not required for the payment of the Previously Issued Parity Bonds, Bonds and Additional Bonds, the redemption premium, if any, and interest thereon, with respect to which such money has been so deposited, shall be remitted to the City.

(c) That the City covenants that no deposit will be made or accepted under clause (a)(ii) of this Section and no use will be made of any such deposit which would cause the Previously Issued Parity Bonds, Bonds or any Additional Bonds to be treated as "arbitrage bonds" within the meaning of section 148 of the Code.

(d) That for the purpose of this Section, the term "Defeasance Securities" shall mean (i) direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations

that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the City provides for the funding of an escrow to effect the defeasance of the 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 City adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the Board provides for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than "AAA" or its equivalent, or (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State of Texas.

(e) That notwithstanding any other provisions of this Ordinance, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of Previously Issued Parity Bonds, Bonds and Additional Bonds, the redemption premium, if any, and interest thereon, shall be applied to and used for the payment of such Previously Issued Parity Bonds, Bonds and Additional Bonds, the redemption premium, if any, and interest thereon.

(f) That in accordance with the provisions of Section 1207.033, Texas Government Code, the City may call for redemption, at a date earlier than their scheduled maturities, those Bonds which have been defeased to their maturity date. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Bonds defeased under the terms of this Ordinance that is made in conjunction with the payment arrangements specified in clauses (i) or (ii) of subsection (a) above shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the City expressly reserves the right to call Bonds so defeased for redemption; (2) the City gives notice of the reservation of that right to the owners of the Bonds so defeased immediately following the making of the payment arrangements; and (3) the City directs that notice of the reservation be included in any redemption notices that it authorizes.

**Section 19. ADDITIONAL BONDS.** (a) That the City shall have the right and power at any time and from time to time to authorize, issue and deliver additional parity revenue bonds (herein called "Additional Bonds") in one or more series or issues, in accordance with law, in any amounts, for purposes of extending, improving or repairing the System or for the purpose of refunding of any Previously Issued Parity Bonds, Bonds, Additional Bonds or other obligations of the City incurred in connection with the ownership or operation of the System. Such Additional Bonds, if and when authorized, issued and delivered in accordance with this Ordinance, shall be secured by and made payable equally and ratably on a parity with the Previously Issued Parity Bonds, the Bonds, and all other outstanding Additional Bonds, from an irrevocable first lien on and pledge of the Pledged Revenues.

(b) That the Interest and Sinking Fund and the Reserve Fund established by the 1981 Ordinance shall secure and be used to pay all Additional Bonds as well as the Previously Issued Parity Bonds and the Bonds. However, each ordinance under which Additional Bonds are issued shall provide and require that, in addition to the amounts required to be deposited to the credit of the Interest and Sinking Fund by the provisions of this Ordinance and the provisions of any other ordinance or ordinances authorizing Additional Bonds, the City shall deposit to the credit of the



Interest and Sinking Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same come due; and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased (if and to the extent necessary) to an amount not less than the average annual principal and interest requirements (including Amortization Installments) of all Previously Issued Parity Bonds, Bonds and Additional Bonds which will be outstanding after the issuance and delivery of the then proposed Additional Bonds; and that the required additional amount shall be so accumulated by the deposit in the Reserve Fund of all or any part of said required additional amount in cash immediately after the delivery of the then proposed Additional Bonds, or, at the option of the City, by the deposit of said required additional amount (or any balance of said required additional amount not deposited in cash as permitted above) in monthly installments, made on or before the 25th day of each month following the delivery of the then proposed Additional Bonds, of not less than 1/60th of said required additional amount (or 1/60th of the balance of said required additional amount not deposited in cash as permitted above).

(c) That all calculations of average annual principal and interest requirements (including Amortization Installments) made pursuant to this Section shall be made as of and from the date of the Additional Bonds then proposed to be issued.

(d) That the principal of all Additional Bonds must be scheduled to be paid or mature on April 1 or October 1 (or both) of the years in which such principal is scheduled to be paid or mature; and all interest thereon must be payable on April 1 and October 1.

Section 20. **FURTHER REQUIREMENTS FOR ADDITIONAL BONDS.** That Additional Bonds shall be issued only in accordance with this Ordinance, but notwithstanding any provisions of this Ordinance to the contrary, no installment, Series or issue of Additional Bonds shall be issued or delivered unless:

(a) The Mayor and the City Secretary of the City sign a written certificate to the effect that the City is not in default as to any covenant, condition or obligation in connection with all outstanding Previously Issued Parity Bonds, the Bonds and Additional Bonds, and the ordinances authorizing same, and that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be therein.

(b) The Chief Financial Officer of the City signs a written certificate to the effect that, during either the next preceding Year, or any twelve consecutive calendar month period ending not more than ninety days prior to the date of the then proposed Additional Bonds, the Net Revenues were, in her or his opinion, at least equal to 1.25 times the average annual principal and interest requirements (computed on a fiscal year basis) including Amortization Installments, of all Previously Issued Parity Bonds, the Bonds and Additional Bonds to be outstanding after the issuance of the then proposed Additional Bonds.

Section 21. **GENERAL COVENANTS.** That the City further covenants and agrees that in accordance with and to the extent required or permitted by law:

(a) **Performance.** It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance, and each ordinance authorizing the issuance of Previously Issued Parity Bonds and Additional Bonds, and in each and every Previously Issued Parity Bond, Bond and Additional Bond; it will promptly pay or cause to be paid the principal of and interest on every Previously Issued Parity Bond, Bond and Additional

Bond, on the dates and in the places and manner prescribed in such ordinances and Previously Issued Parity Bonds, Bonds or Additional Bonds; and it will, at the times and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the Interest and Sinking Fund and the Reserve Fund; and any holder of the Previously Issued Parity Bonds, Bonds or Additional Bonds may require the City, its officials and employees to carry out, respect or enforce the covenants and obligations of this Ordinance, or any ordinance authorizing the issuance of Additional Bonds, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the City, its officials and employees.

(b) **City's Legal Authority.** It is a duly created and existing home rule city of the State of Texas, and is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its part for the creation and issuance of the Bonds has been duly and effectively taken; and that the Bonds in the hands of the holders and owners thereof are and will be valid and enforceable special obligations of the City in accordance with their terms.

(c) **Title.** It has or will obtain lawful title to the lands, buildings, structures and facilities constituting the System, that it warrants that it will defend the title to all the aforesaid lands, buildings, structures and facilities, and every part thereof, for the benefit of the holders and owners of the Previously Issued Parity Bonds, Bonds and Additional Bonds, against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Previously Issued Parity Bonds, Bonds and Additional Bonds in the manner prescribed herein, and has lawfully exercised such rights.

(d) **Liens.** It will from time to time and before the same become delinquent pay and discharge all taxes, assessments and governmental charges, if any, which shall be lawfully imposed upon it, or the System; it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein; and it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, that no such tax, assessment or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the City.

(e) **Operation of System; No Free Service.** It will, while the Previously Issued Parity Bonds, Bonds or any Additional Bonds are outstanding and unpaid, continuously and efficiently operate the System, and shall maintain the System in good condition, repair and working order, all at reasonable cost. No free service of the System shall be allowed, and should the City or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value shall be made by the City out of funds from sources other than the revenues of the System, unless made from surplus or excess Pledged Revenues as permitted in Section 16(b) hereof.

(f) **Further Encumbrance.** It, while the Previously Issued Parity Bonds, Bonds or any Additional Bonds are outstanding and unpaid, will not additionally encumber the Pledged Revenues in any manner, except as permitted in this Ordinance in connection with Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges,

covenants and agreements of this Ordinance; but the right of the City to issue revenue bonds payable from a subordinate lien on the Pledged Revenues is specifically recognized and retained.

(g) **Sale or Disposal of Property.** It, while the Previously Issued Parity Bonds, the Bonds or any Additional Bonds are outstanding and unpaid, will not sell, convey, mortgage, encumber, lease or in any manner transfer title to, or otherwise dispose of the System, or any significant or substantial part thereof; provided, however, that whenever the City deems it necessary to dispose of any property, machinery, fixtures or equipment, it may sell or otherwise dispose of such property, machinery, fixtures or equipment when it has made arrangements to replace the same or provide substitutes therefor, unless it is determined that no such replacement or substitute is necessary. Proceeds from any sale hereunder not used to replace or provide for substitution of such property sold, shall be used for improvements to the System or to purchase or redeem Previously Issued Parity Bonds, Bonds and Additional Bonds.

(h) **Insurance.** (1) It shall cause to be insured such parts of the System as would usually be insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents or casualties against which, and to the extent, insurance is usually carried by corporations operating like properties, including, to the extent reasonably obtainable, fire and extended coverage insurance, insurance against damage by floods, and use and occupancy insurance. Public liability and property damage insurance shall also be carried unless the City Attorney of the City gives a written opinion to the effect that the City is not liable for claims which would be protected by such insurance. At any time while any contractor engaged in construction work shall be fully responsible therefor, the City shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the bondholders and their representatives at all reasonable times. Upon the happening of any loss or damage covered by insurance from one or more of said causes, the City shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the City. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the City for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the System shall be used promptly as follows:

(i) for the redemption prior to maturity of the Previously Issued Parity Bonds, the Bonds and Additional Bonds, ratably in the proportion that the outstanding principal of each series of Previously Issued Parity Bonds, Bonds or Additional Bonds bears to the total outstanding principal of all Previously Issued Parity Bonds, Bonds and Additional Bonds, provided that, if on any such occasion the principal of any such series is not subject to redemption, it shall not be regarded as outstanding in making the foregoing computation; or

(ii) if none of the outstanding Previously Issued Parity Bonds, Bonds or Additional Bonds is subject to redemption, then for the purchase on the open market and retirement of said Previously Issued Parity Bonds, Bonds and Additional Bonds in the same proportion as prescribed in the foregoing clause (i), to the extent practicable; provided, however, that the purchase price for any Previously Issued Parity Bond, Bond or Additional Bond shall not exceed the redemption price of such Previously Issued Parity Bond, Bond or Additional Bond on the first date upon which it becomes subject to redemption; or

(iii) to the extent that the foregoing clauses (i) and (ii) cannot be complied with at the time, the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate trust fund, at an official depository of the City, to be designated the Insurance Account. The Insurance Account shall be held until such time as the foregoing clauses (i) and/or (ii) can be complied with, or until other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required, whichever of said events occurs first.

(2) The foregoing provisions of (1) above notwithstanding, the City shall have authority to enter into coinsurance or similar plans where risk of loss is shared in whole or in part by the City.

(3) The annual audit hereinafter required shall contain a section commenting on whether or not the City has complied with the requirements of this Section with respect to the maintenance of insurance, and listing all policies carried, and whether or not all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(i) **Rate Covenant.** The City Council of the City will fix, establish, maintain and collect such rates, charges and fees for the use and availability of the System at all times as are necessary to produce Gross Revenues sufficient, (1) to pay all current operation and maintenance expenses of the System, (2) to produce Net Revenues for each Year at least equal to 1.25 times the principal and interest requirements (including Amortization Installments) of all then outstanding Previously Issued Parity Bonds, Bonds and Additional Bonds for the Year during which such requirements are scheduled to be the greatest, and (3) to pay all other obligations of the System.

(j) **Records.** It will keep proper books of record and account in which full, true and correct entries will be made of all dealings, activities and transactions relating to the System, the Pledged Revenues and the Funds created pursuant to this Ordinance, and all books, documents and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any bondholders.

(k) **Governmental Agencies.** The City will comply with all of the terms and conditions of any and all franchises, permits and authorizations applicable to or necessary with respect to the System, and which have been obtained from any governmental agency; and the City has or will obtain and keep in full force and effect all franchises, permits, authorization and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation and maintenance of the System.

Section 22. **COMPLIANCE WITH THE TWDB'S RULES AND REGULATIONS.** That the provisions of this Section shall apply so long as the Bonds, or any of them, are owned by the TWDB.

(a) **Annual Audit Reporting.** For so long as the State owns any of the Bonds, the City shall mail a copy of the audit to the TWDB. In addition, monthly operating statements for the System shall be maintained by the City and made available, upon request, to the TWDB as long as the State owns any Bond, and the monthly operating statement shall be in such detail as requested by the Development Fund Manager of the TWDB, until the Development Fund Manager of the TWDB waives this requirement.

(b) **No Competition.** The City will not grant any franchise or permit for the acquisition, construction or operation of any competing facilities which might be used as a substitute for the System's facilities, and, to the extent that it legally may, the City will prohibit any such competing facilities.

(c) **Final Accounting.** The City shall render a final accounting to the TWDB in reference to the total cost incurred by the City for improvements and extensions to the System which were financed by the issuance of the Bonds, together with a copy of the complete set of "as built" plans of such improvements and extensions promptly upon completion.

(d) **Compliance with the Texas Water Development Board's Rules and Regulations.** The City shall comply with the rules and regulations of the TWDB relating to the loan funds evidenced by the Bonds and the Project for which the Bonds are issued, sold and delivered, and to maintain insurance on the System in such amount as may be required by the TWDB, consistent with the provisions of Section 21(h) of this Ordinance.

(e) **Indemnification of the Texas Water Development Board.** The City shall not use proceeds of the Bonds for the costs of sampling, testing, removing or disposing of contaminated soils and/or media at the Project sites. The City shall, to the extent permitted by law, indemnify, hold harmless and protect the TWDB 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, recycling 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 Project financed with the proceeds of the Bonds.

(f) **Water Conservation Program.** The City will implement an approved water conservation program, in satisfaction of the requirements of Section 375.43 of Title 31 of the Texas Administrative Code.

(g) **Environmental Determinations.** The City agrees and covenants that it will comply with any special conditions of the environmental determination of the Executive Administrator in accordance with Title 31, Texas Administrative Code, Chapter 375, Subchapter E, as amended.

(h) **Segregation of Proceeds.** The City covenants and agrees that the proceeds of the Bonds will remain separate from other sources of funds from the date of the TWDB commitment through costing and final disbursement.

(i) **Conveyance of Obligations.** Prior to any action by the City to convey its obligations under the Bonds to another entity, if permitted by law, the conveyance and the assumption of such obligations must be approved by the TWDB. The City shall notify the Executive Administrator prior to taking any actions to alter its legal status in any manner, such a sale-transfer-merger with another retail public utility.

(j) **Insurance.** Insurance coverage be obtained and maintained by the Issuer in an amount sufficient to protect the interest of the TWDB in the Project.

(k) **Remedies.** The TWDB may exercise all remedies available to it in law or equity, and any provision of the Bonds or this Ordinance that restricts or limits the TWDB's full exercise of such remedies shall be of no force and effect.

(l) **Covenant Regarding System Rates.** The City hereby agrees that, for so long as the Bonds are outstanding, to maintain and collect sufficient rates and charges to produce System revenues in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Bonds.

(m) **Iron and Steel Produced in the United States.** The City agrees to comply with the provisions of Subchapter G of Chapter 2252, Texas Government Code, and Section 17.183, Texas Water Code, applicable to the Project.

(n) **Notice of Defeasance.** For so long as the TWDB is an owner of any Bond, the City will provide to the Development Fund Manager of the TWDB written notice of any defeasance of Bonds at least sixty (60) days prior to the defeasance being effected by the City.

(o) **Procurement Requirements.** The City shall provide documentation (i) that it has met all applicable state procurement requirements as well as any applicable federal procurement requirements under the Disadvantaged Business Enterprises program prior to the release of funds for professional consultants including, but not limited to, engineers, financial advisors and bond counsel, and (ii) of the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with Section 363.1312 of Title 31 of the Texas Administrative Code.

(p) **Quarterly Status Reports.** The City shall submit quarterly status reports to the Executive Administrator with respect to Project No. 51076, as set forth in the TWDB Resolution, detailing the information requested by the Executive Administrator.

Section 23. **AMENDMENT OF ORDINANCE.** (a) That the holders of the Previously Issued Parity Bonds, Bonds and Additional Bonds aggregating in principal amount 51% of the aggregate principal amount of then outstanding Previously Issued Parity Bonds, Bonds and Additional Bonds shall have the right from time to time to approve any amendment to this Ordinance which may be deemed necessary or desirable by the City; provided, however, that without the consent of the holders of all of the Previously Issued Parity Bonds, Bonds and Additional Bonds at the time outstanding, nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in this Ordinance or in the Previously Issued Parity Bonds, Bonds or Additional Bonds so as to:

- (1) Make any change in the maturity of the outstanding Previously Issued Parity Bonds, Bonds or Additional Bonds;
- (2) Reduce the rate of interest borne by any of the outstanding Previously Issued Parity Bonds, Bonds or Additional Bonds;
- (3) Reduce the amount of the principal payable on the outstanding Previously Issued Parity Bonds, Bonds or Additional Bonds;
- (4) Modify the terms of payment of principal of or interest on the outstanding Previously Issued Parity Bonds, Bonds or Additional Bonds or impose any conditions with respect to such payment;

- (5) Affect the rights of the holders of less than all of the Previously Issued Parity Bonds, Bonds and Additional Bonds then outstanding; or
- (6) Change the minimum percentage of the principal amount of Previously Issued Parity Bonds, Bonds and Additional Bonds necessary for consent to such amendment.

(b) That if at any time the City shall desire to amend the Ordinance under this Section, the City shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all holders of Previously Issued Parity Bonds, Bonds and Additional Bonds. Such publication is not required, however, if notice in writing is given to each holder of Previously Issued Parity Bonds, Bonds and Additional Bonds.

(c) That whenever at any time not less than thirty days, and within one year, from the date of the first publication of said notice or other service of written notice the City shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all Previously Issued Parity Bonds, Bonds and Additional Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file with the Paying Agent/Registrar, the City Council may pass the amendatory ordinance in substantially the same form.

(d) That upon the passage of any amendatory ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be amended in accordance with such amendatory ordinance, and the respective rights, duties and obligations under this Ordinance of the City and all the holders of then outstanding Previously Issued Parity Bonds, Bonds and Additional Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendments.

(e) That any consent given by the holder of a Previously Issued Parity Bond, Bond or Additional Bond pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the first publication of the notice or other service of written notice provided for in this Section and shall be conclusive and binding upon all future holders of the same Previously Issued Parity Bond, Bond or Additional Bond during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice or other service of written notice by the holder who gave such consent, or by a successor in title, by filing notice thereof with the paying agent/registrar therefor and the City, but such revocation shall not be effective if the holders, identified in accordance with subsection (f) of this Section, of 51% in aggregate principal amount of the then outstanding Previously Issued Parity Bonds, Bonds and Additional Bonds have, prior to the attempted revocation, consented to and approve the amendment.

(f) That for the purpose of this Section, the fact of the holding of Previously Issued Parity Bonds, Bonds, or Additional Bonds issued in registered form without coupons and the amounts and numbers of such Previously Issued Parity Bonds, Bonds or Additional Bonds and the date of their holding same shall be proved by the bond registration books of the paying agent/registrar therefor. For purposes of this Section, the holder of a Previously Issued Parity

Bond, Bond or Additional Bond in such registered form shall be the owner thereof as shown on such registration books. The City may conclusively assume that such ownership continues until written notice to the contrary is served upon the City.

(g) The foregoing provisions of this Section notwithstanding, the City by action of the City Council may amend this Ordinance for any one or more of the following purposes:

(1) To add to the covenants and agreements of the City in this Ordinance contained, other covenants and agreements thereafter to be observed, grant additional rights or remedies to bondholders or to surrender, restrict or limit any right or power herein reserved to or conferred upon the City;

(2) To make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in this Ordinance, or in regard to clarifying matters or questions arising under this Ordinance, including, without limitation, those matters described in Section 27(c)(v) hereof, or those matters necessary to obtain the approving opinion of the Attorney General of Texas as required by law, as are necessary or desirable and not contrary to or inconsistent with this Ordinance and which shall not adversely affect the interests of the holders of the Previously Issued Parity Bonds, Bonds or Additional Bonds;

(3) To modify any of the provisions of this Ordinance in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Previously Issued Parity Bonds outstanding at the date of the adoption of such modification shall cease to be outstanding, and (ii) such modification shall be specifically referred to in the text of all Additional Bonds issued after the date of the adoption of such modification.

Section 24. **DAMAGED, MUTILATED, LOST, STOLEN OR DESTROYED BONDS.** (a) That in the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new Bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the applicant for a replacement bond shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.



(d) Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the City whether or not the lost, stolen or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Bonds duly issued under this Ordinance.

(e) In accordance with Chapter 1206, particularly Subchapter B thereof, this Section of this Ordinance shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such bonds in the form and manner and with the effect, as provided in Section 5(d) of this Ordinance for Bonds issued in exchange for other Bonds.

Section 25. **TAX COVENANTS.** That the City covenants to refrain from any action which would adversely affect, or to take any action to assure, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use", as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate", within the meaning of section 141(b)(3) of the Code, to the governmental use;

(c) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any), is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(d) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(a) of the Code;

(e) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(f) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(1) proceeds of the Bonds invested for a reasonable temporary period, until such proceeds are needed for the purpose for which the Bonds are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(g) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(h) to refrain from using the proceeds of the Bonds or the proceeds of any prior bonds to pay debt service on another issue more than ninety (90) days after the issuance of the Bonds in contravention of Section 149(d) of the Code (relating to advance refundings);

(i) to pay to the United States of America at least once during each five-year period (beginning on the delivery date of the Bonds) an amount that is at least equal to 90 percent of the "excess earnings", within the meaning of section 148(f) of the Code, and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code;

(j) to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the applicable Treasury Regulations promulgated thereunder; and

(k) the City will not acquire any of the source series bonds issued by the TWDB in an amount related to the amount of Bonds acquired by the TWDB.

The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of a refunding bond, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the issuance of the Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regula-

tions or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of the foregoing, the Mayor, the City Manager, the Chief Financial Officer of the City, and any Assistant City Manager may execute any certificates or other reports required by the Code and make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds. In order to facilitate compliance with the above clause (i), a "Rebate Fund" is hereby established by the City for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered owners of the Bonds. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

**Section 26. ADDITIONAL TAX COVENANTS. (a) Allocation of Bond Proceeds, and Limitation on, Expenditures for the Project.** That the City covenants to account for on its books and records the expenditure of proceeds from the sale of the Bonds and any investment earnings thereon to be used for the Project in accordance with the requirements of the Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within eighteen (18) months of the later of the date that (a) the expenditure on a Project is made or (b) each such Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (a) the fifth anniversary of the delivery date of the Bonds or (b) the date the Bonds are retired. The City agrees to obtain the advice of a nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes of this Section, the City shall not be obligated to comply with this covenant if it obtains an opinion of a nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

**(b) Disposition of Bond Financed Property.** The City covenants that property financed with the proceeds of the Bonds, or the property constituting a Project, will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless the City obtains an opinion of nationally-recognized bond counsel substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of this Section, the portion of the property comprising personal property and disposed of in the ordinary course of business shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes of this Section, the City shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest, on the Bonds, if any.

**Section 27. CONTINUING DISCLOSURE UNDERTAKING. (a) Annual Reports.**  
(i) That the City shall provide annually to the MSRB, within six months after the end of each Year ending in or after 2023, financial information and operating data with respect to the City of the general type included in the final application submitted to the TWDB and to the MSRB with respect to the Previously Issued Parity Bonds. Any financial statements so to be provided shall be: (1) prepared in accordance with the accounting principles generally applicable to cities such as the City and as described in the notes to the financial statements filed with the TWDB as part of

the Application, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (2) audited, when and if available, and in any event, within twelve (12) months after the end of each Year ending in or after 2023. If audited financial statements are not available by the end of the twelve (12) month period, then the City shall provide notice that the audited financial statements are not available, shall provide unaudited financial information of the type described in the numbered tables referenced in the continuing disclosure undertaking of the City set forth in the ordinance authorizing the issuance of the Series 2023A Bonds by the required time, and will provide audited financial statements for the applicable Year to the MSRB, when and if the audit report on such statements become available. Such information shall be transmitted electronically to the MSRB, in such format as prescribed by the MSRB.

(ii) If the Year is changed by the City, the City will notify the MSRB of such change (and of the date of the new Year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section. The 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, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

(b) **Disclosure Event Notices.** The City shall notify the MSRB in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten (10) Business Days after the occurrence of the event), of any of the following events with respect to the Bonds:

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 Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into 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 Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material;
15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other

- similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a Financial Obligation of the Obligated Person, and which reflect financial difficulties.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection.

As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. 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 of the City, or if jurisdiction has been assumed by leaving the City Council and official or officers of the City 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 City.

As used in clauses 15 and 16 above, the term "Financial Obligation" means: (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii); however, the term Financial Obligation shall not include Municipal Securities as to which a final official statement has been provided to the MSRB consistent with the Rule; the term "Municipal Securities" means securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a state or any political subdivision thereof, or any agency or instrumentality of a state or any political subdivision thereof, or any municipal corporate instrumentality of one or more states and any other Municipal Securities described by Section 3(a)(29) of the Securities Exchange Act of 1934, as the same may be amended from time to time; and the term "Obligated Person" means the City.

(c) **Limitations, Disclaimers, and Amendments.** (i) 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 Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with this Ordinance or applicable law that causes Bonds no longer to be outstanding.

(ii) The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, 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 Bonds at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND 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 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.

(iv) No default by the City in observing or performing its obligations under this Section shall comprise 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.

(v) Should the Rule be amended to obligate the City to make filings with or provide notices to entities other than the MSRB, the City agrees to undertake such obligation in accordance with the Rule as amended.

(vi) 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 Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering 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 Bonds 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 interest of the holders and beneficial owners of the Bonds. 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 (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Section 28. **DEFAULT AND REMEDIES.** (a) **Events of Default.** That each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the registered owners of the Bonds, including, but not limited to, their prospect or ability

to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any registered owner to the City.

**(b) Remedies for Default.**

(i) That upon the happening of any Event of Default, then and in every case, any registered owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the City, or any official, officer or employee of the City in their official capacity, for the purpose of protecting and enforcing the rights of the registered owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the registered owners hereunder or any combination of such remedies.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all registered owners of Bonds then outstanding.

**(c) Remedies Not Exclusive.**

(i) That no remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(iii) By accepting the delivery of a Bond authorized under this Ordinance, such registered owner agrees that the certifications required to effectuate any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or members of the City or the City Council.

(iv) None of the members of the City Council, nor any other official or officer, agent, or employee of the City, shall be charged personally by the registered owners with any liability, or be held personally liable to the registered owners under any term or provision of this Ordinance, or because of any Event of Default or alleged Event of Default under this Ordinance.

Section 29. **PROJECT FUND.** (a) That there is hereby created, established and maintained on the books of the City, a separate fund to be entitled the "City of Dallas, Texas Waterworks and Sewer System Series 2023C Revenue Bonds Project Fund" (hereinafter called the "Project Fund").

(b) Except as otherwise provided in Section 14(a) hereof, the proceeds of the Bonds shall be deposited into the Project Fund and used by the City for payment of the costs of the Project,

and the payment of costs associated therewith, including any costs for engineering, financing, financial consultation, administrative, auditing and legal expenses.

(c) Any surplus proceeds, including the investment earnings derived from the investment of monies on deposit in the Project Fund, from the Bonds remaining on deposit in the Project Fund after completing the planning, acquisition, designing, and constructing extensions and improvements to the System and upon the completion of the final accounting as described in Section 22(c) hereof, shall be used in a manner approved by the Executive Administrator, including, without limitation, to: (1) redeem the Bonds owned by the TWDB; (2) deposit into the Interest and Sinking Fund for the payment of interest or principal on the Bonds owned by the TWDB; or (3) to the extent applicable and permitted by law, deposit to a reserve fund. The foregoing notwithstanding, it is further provided, however, that any interest earnings on monies on deposit in the Project Fund which are required to be rebated to the United States of America pursuant to Section 25 hereof in order to prevent the Bonds from being arbitrage bonds shall be transferred to the "Rebate Fund" hereinafter established and shall not be considered as interest earnings for purposes of this subsection.

(d) If required by the TWDB as a condition to the purchase of the Bonds, the City Manager or the designee thereof may approve, execute and deliver an appropriate escrow agreement or establish an appropriate trust and agency fund on the books of the City. In either case, proceeds of the Bonds required to be deposited under an escrow agreement or into a trust and agency fund shall be disbursed in accordance with the TWDB Rules Relating to Financial Programs or as otherwise authorized and directed by the TWDB.

**Section 30. SALE OF BONDS.** (a) **Sale to the TWDB.** That the Bonds are to be sold by the City to the TWDB for the price of par. The Bonds have been purchased by the TWDB pursuant to the Board Resolution. The Initial Bond shall be registered in the name of the Texas Water Development Board. The Private Placement Memorandum prepared in connection with the sale of the Bonds to the TWDB, in substantially the form attached to this Ordinance, is approved. The City has determined, based upon the advice provided by its financial advisors, that acceptance of the purchase price for the Bonds is on terms advantageous to, and in the best interests of, the City. The Bonds submitted to the Office of the Attorney General for review shall be registered in the name of the Texas Water Development Board.

(b) **City Manager to Execute Documents.** The City hereby authorizes the City Manager to approve and execute such documents necessary to effect the delivery of the Bonds, including, without limitation, the Financing Agreement.

(c) **Delivery Date of Bonds.** The Paying Agent/Registrar shall complete the "Delivery Date" on each Bond delivered to the TWDB as provided in Section 5(j) of this Ordinance, and interest on the Bonds so delivered shall commence from such date.

(d) **Sale of Bonds by the TWDB.** It is the intent of the parties to the sale of the Bonds that if the TWDB ever determines to sell all or a part of the Bonds, it shall notify the City at least sixty (60) days prior to the sale of the Bonds of the decision to so sell the Bonds.

**Section 31. APPROVAL AND REGISTRATION OF BONDS.** That the City Manager of the City is hereby authorized to have control of the Bonds and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination and approval by the Attorney General of the State of Texas, and their registration by the



Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds, the Comptroller of Public Accounts (or a deputy designated in writing to act therefor) shall manually sign the Comptroller's Registration Certificate set forth in the FORM OF BOND. The Bonds thus registered shall remain in the custody of the City Manager (or the designee thereof) until delivered to the TWDB.

Section 32. **FURTHER PROCEDURES.** That the City Manager, the Chief Financial Officer of the City, any Assistant City Manager, and all other officers, employees, and agents of the City, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and 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, and the sale and delivery of the Bonds and fixing all details in connection therewith. The City Council hereby authorizes the payment of the fee of the Office of the Attorney General of the State of Texas for the examination of the proceedings relating to the issuance of the Bonds, in the amount determined in accordance with the provisions of Section 1202.004, Texas Government Code.

Section 33. **PREAMBLE.** That the preamble to this Ordinance is incorporated by reference and made a part hereof for all purposes.

Section 34. **RULES OF CONSTRUCTION.** That for all purposes of this Ordinance, unless the context requires otherwise, all references to designated Sections and other subdivisions are to the Sections and other subdivisions of this Ordinance. 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. Except where the context otherwise requires, terms defined in this Ordinance to impart the singular number shall be considered to include the plural number and vice versa. References to an officer or designated position (e.g., City Manager) include any person acting in the capacity of such officer or designated position, whether on an acting, interim or permanent basis. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Ordinance is adopted by the City and any future amendments thereto or successor provisions thereof. Any reference to the payment of principal in this Ordinance shall be deemed to include the payment of Amortization Installments (if any). Any reference to "FORM OF BOND" shall refer to the form of the Bonds set forth in Exhibit A to this Ordinance. The calculation of average annual principal and interest requirements as may be required by this Ordinance shall be made at the beginning of each Year and shall be the sum of the annual principal and interest requirements due for the current and each subsequent Year in which the Previously Issued Parity Bonds, the Bonds and any Additional Bonds are outstanding divided by the number of such Years, or partial Years, if applicable. Surplus moneys in the Reserve Fund the source of which are proceeds of bonds may be used only to complete projects for which such bond proceeds were issued, for improvements to the System, or for other costs for which the City could issue bonds for the System. The terms "owner" and "holder" and "bondholder", as used in this Ordinance, shall mean the registered or beneficial owner of a Bond. For purposes of Section 18, the term "Previously Issued Parity Bonds" means the Series 2015A Bonds, the Series 2015B Bonds, the Series 2016A Bonds, the Series 2016B Bonds, the Series 2017 Bonds, the Series 2018A Bonds, the Series 2018B Bonds, the Series 2018C Bonds, the Series 2019A Bonds, the Series 2019B Bonds, the Series 2020A Bonds, the Series 2020B Bonds, the Series 2020C Bonds, the Series 2020D Bonds, the Series 2021A Bonds, the Series 2021B Bonds, the Series 2021C Bonds, the Series 2022A Bonds, the Series 2022B Bonds, the Series 2022C Bonds and the Series 2023A Bonds.

Section 35. **IMMEDIATE EFFECT.** That this Ordinance shall be effective immediately from and after its passage in accordance with the provisions of Section 1201.028, Texas Government Code.

Section 36. **SEVERABILITY.** That if any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

(execution page follows)

Section 37. **WRITTEN PROCEDURES FOR FEDERAL TAX LAW COMPLIANCE.** That unless superseded by another action of the City, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the written procedures adopted by the City in the ordinance authorizing the issuance of City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2012A, adopted by the City Council on September 19, 2012, apply to the Bonds.

PASSED AND APPROVED the 25th day of October, 2023.

APPROVED AS TO FORM:

\_\_\_\_\_, City Attorney

\_\_\_\_\_

## SCHEDULE I

The Bonds shall mature on October 1 in each of the years, in the amounts, and bear interest at the interest rates per annum, as set forth in the following schedule:

<u>YEARS</u>	<u>AMOUNTS (\$)</u>	<u>INTEREST RATES (%)</u>
2024	930,000	3.090%
2025	955,000	3.070%
2026	980,000	2.980%
2027	1,010,000	2.910%
2028	1,035,000	2.890%
2029	1,065,000	2.900%
2030	1,090,000	2.920%
2031	1,120,000	2.990%
2032	1,155,000	3.010%
2033	1,185,000	3.020%
2034	1,220,000	3.140%
2035	1,255,000	3.260%
2036	1,295,000	3.400%
2037	1,340,000	3.490%
2038	1,385,000	3.580%
2039	1,430,000	3.810%
2040	1,485,000	3.850%
2041	1,540,000	3.890%
2042	1,595,000	3.940%
2043	1,655,000	3.940%
2044	1,715,000	3.900%
2045	1,785,000	4.040%
2046	1,850,000	4.040%
2047	1,925,000	4.040%
2048	2,000,000	4.040%

**Exhibit A**

**FORM OF BOND:**

NO. R- \_\_\_\_\_ \$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TEXAS  
COUNTIES OF DALLAS, DENTON, COLLIN, KAUFMAN AND ROCKWALL  
CITY OF DALLAS, TEXAS  
WATERWORKS AND SEWER SYSTEM REVENUE BOND, SERIES 2023C

<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>DELIVERY DATE</u>	<u>CUSIP</u>
		_____, 2023	

ON THE MATURITY DATE SPECIFIED ABOVE, THE CITY OF DALLAS, IN DALLAS, DENTON, COLLIN, KAUFMAN AND ROCKWALL COUNTIES, TEXAS (the "City"), hereby promises to pay to \_\_\_\_\_, or the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount of

\_\_\_\_\_

and to pay interest thereon, from the original Delivery Date of this Bond specified above, to the date of its scheduled maturity or the date of its redemption prior to scheduled maturity, at the rate of interest per annum specified above, with said interest being payable on April 1, 2024, and semiannually on each October 1 and April 1 thereafter, except that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Bond is dated later than April 1, 2024, such interest is payable semiannually on each October 1 and April 1 following such date. Interest on this Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity, or upon the date fixed for its redemption prior to maturity, at the designated corporate trust office in Dallas, Texas (the "Designated Trust Office"), of UMB Bank, N.A., which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof as shown by the "Registration Books" kept by the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined) by check drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class, postage prepaid, on each such interest payment date, to the registered owner hereof at its address as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described, or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The record date ("Record Date") for the interest payable on any interest payment date means the 15th day of the preceding month. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of

the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each registered owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice. The foregoing notwithstanding, so long as the Texas Water Development Board is the owner of 100% in aggregate principal amount of the Bonds then outstanding, payment of principal and interest on the Bonds shall be made to the Texas Water Development Board by wire transfer, at no expense to the Texas Water Development Board. The City covenants with the registered owner of this Bond that no later than each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due, in the manner set forth in the ordinance authorizing the issuance of the bonds (the "Ordinance").

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions are authorized by law or executive order to close in the city where the Designated Trust Office of the Paying Agent/Registrar is located, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. Notwithstanding the foregoing, during any period in which ownership of the bonds of this Series is determined only by a book entry at a securities depository therefor, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the City and the securities depository.

THIS BOND is one of a Series of bonds of like tenor and effect except as to denomination, number, maturity, interest rate and right of prior redemption, dated September 30, 2023, issued in the aggregate principal amount of \$34,000,000 for the purpose of improving and extending the System (as defined in the Ordinance) by financing projects that are part of the State Water Plan (as defined in the Ordinance). All Bonds of this Series are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000 (an "Authorized Denomination").

THE BONDS of this Series scheduled to mature on and after October 1, 2034, may be redeemed prior to their scheduled maturities, in whole or in part, in inverse order of maturity, in principal amounts of \$5,000 or any integral multiple thereof, at the option of the City, on October 1, 2033, or on any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed by the City, the City shall determine the maturity or maturities and the principal amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot Bonds, or portions thereof, within such maturity or maturities and in such principal amounts, for redemption; *provided*, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the City and the securities depository.

AT LEAST 30 days prior to the date fixed for any such redemption, (i) a written notice of such redemption shall be given by the Paying Agent/Registrar to the registered owner of each

Bond or a portion thereof being called for redemption by depositing such notice in the United States mail, first-class, postage prepaid, addressed to each such registered owner at his address shown on the Registration Books of the Paying Agent/Registrar and (ii) a notice of such redemption shall be published one (1) time in a financial journal or publication of general circulation in the United States of America or the State of Texas carrying as a regular feature notices of municipal bonds called for redemption; *provided, however*, that should the Texas Water Development Board be the owner of 100% in aggregate principal amount of the Bonds then outstanding, notice of redemption shall not be required to be published in the manner described in (ii) above; and *provided, further*, that should the Texas Water Development Board not be the owner of 100% in aggregate principal amount of the Bonds then outstanding, the publication of notice as described in (ii) above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bond, and the failure to send, mail or receive such notice described in (i) above, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption due provision shall be made by the City with the Paying Agent/Registrar for the payment of the required redemption price for this Bond or the portion hereof which is to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion hereof which is to be so redeemed, thereby automatically shall be redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for its redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of this Bond or any portion hereof. If a portion of this Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any Authorized Denomination, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender hereof for cancellation, at the expense of the City, all as provided in the Ordinance. With respect to any optional redemption of the Bonds, unless the Paying Agent/Registrar has received funds sufficient to pay the principal and premium, if any, and interest on the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Paying Agent/Registrar on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

AS PROVIDED IN THE ORDINANCE, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any Authorized Denomination as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar at its Designated Trust Office for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of

assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any Authorized Denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The City shall pay the Paying Agent/Registrar's reasonable standard or customary fees and charges for transferring, converting and exchanging any Bond or portion thereof; provided, however, that any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such transfer, conversion and exchange. In any circumstance, neither the City nor the Paying Agent/Registrar shall be required (1) to make any transfer or exchange during a period beginning at the opening of business 15 days before the day of the first mailing of a notice of redemption of bonds and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Bonds so selected for redemption when such redemption is scheduled to occur within 30 calendar days; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the City, resigns, or otherwise ceases to act as such, the City has covenanted in the Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Bonds.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Ordinance is duly recorded and available for inspection in the official minutes and records of the City, and agrees that the terms and provisions of this Bond and the Ordinance constitute a contract between each registered owner hereof and the City.

THE CITY has reserved the right, subject to the restrictions stated, and adopted by reference, in the Ordinance, to issue additional parity revenue bonds which also may be made payable from and secured by a first lien on and pledge of, the "Pledged Revenues" (as defined in the Ordinance).

THE REGISTERED OWNER HEREOF is not entitled to demand payment of this obligation out of any money raised or to be raised by taxation, or from any source whatsoever other than the Pledged Revenues.

IT IS HEREBY certified and covenanted that this Bond has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Bond have been performed, existed and been done in accordance with law; that this Bond is a



special obligation; and that the principal of and interest on this Bond together with outstanding parity revenue bonds are payable from, and secured by a first lien on and pledge of, the Pledged Revenues, which include the Net Revenues (as defined in the Ordinance) of the System.

IN TESTIMONY WHEREOF, the City Council has caused the seal of the City to be duly impressed or placed in facsimile hereon, and this Bond to be signed with the imprinted facsimile signature of the Mayor and countersigned by the facsimile signatures of the City Manager and the City Secretary.

COUNTERSIGNED:

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Secretary

(SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the proceedings adopted by the City as described in the text of this Bond; and that this Bond has been issued in exchange for or replacement of a Bond, Bonds, or a portion of a Bond or Bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated \_\_\_\_\_

UMB BANK, N.A.,  
Paying Agent/Registrar

By: \_\_\_\_\_  
Authorized Representative

(FORM OF COMPTROLLER'S CERTIFICATE ATTACHED TO  
THE BONDS UPON INITIAL DELIVERY THEREOF ONLY)

OFFICE OF COMPTROLLER :

REGISTER NO. \_\_\_\_\_

STATE OF TEXAS :

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

\_\_\_\_\_  
Comptroller of Public Accounts of the  
State of Texas

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

---

Please insert Social Security or Taxpayer Identification Number of Transferee

/ \_\_\_\_\_ /

---

(Please print or typewrite name and address, including zip code of Transferee)

---

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_ attorney to

register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

---

NOTICE: Signatures must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

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NOTICE: The signature above must correspond with the name of the registered owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

The Initial Bond shall be in the form set forth above, except that the form of the single fully registered Initial Bond shall be modified as follows:

- (i) immediately under the name of the bond the headings "Maturity Date", "Interest Rate", "Delivery Date" and "Cusip" shall be omitted; and
- (ii) Paragraph one shall read as follows:

Registered Owner: Texas Water Development Board  
 Principal Amount: Thirty-Four Million Dollars  
 Delivery Date: December 5, 2023

THE CITY OF DALLAS, IN DALLAS, DENTON, COLLIN, KAUFMAN AND ROCKWALL COUNTIES, TEXAS (the "Issuer") promises to pay to the Registered Owner named above, or the registered assigns thereof, the Principal Amount hereinabove stated on October 1 in each of the years and in principal installments in accordance with the following schedule:

<u>YEARS</u>	<u>AMOUNTS (\$)</u>	<u>INTEREST RATES (%)</u>
2024	930,000	3.090%
2025	955,000	3.070%
2026	980,000	2.980%
2027	1,010,000	2.910%
2028	1,035,000	2.890%
2029	1,065,000	2.900%
2030	1,090,000	2.920%
2031	1,120,000	2.990%
2032	1,155,000	3.010%
2033	1,185,000	3.020%
2034	1,220,000	3.140%
2035	1,255,000	3.260%
2036	1,295,000	3.400%
2037	1,340,000	3.490%
2038	1,385,000	3.580%
2039	1,430,000	3.810%
2040	1,485,000	3.850%
2041	1,540,000	3.890%
2042	1,595,000	3.940%
2043	1,655,000	3.940%
2044	1,715,000	3.900%
2045	1,785,000	4.040%
2046	1,850,000	4.040%
2047	1,925,000	4.040%
2048	2,000,000	4.040%

and to pay interest thereon from the delivery date specified above, on April 1, 2024, and semiannually on each October 1 and April 1 thereafter to the maturity date specified above, or to the date of redemption prior to maturity, at the interest rate per annum specified above. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

THE STATE OF TEXAS :  
COUNTIES OF DALLAS, DENTON, COLLIN, KAUFMAN AND ROCKWALL :  
CITY OF DALLAS :

I, Bilierae Johnson, City Secretary of the City of Dallas, Texas, do hereby certify that the above and foregoing is a true and correct copy of an excerpt from the minutes of the City Council of the City of Dallas, had in Regular Meeting on the 25th day of October, 2023, and an Ordinance authorizing the issuance and sale of City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2023C, which Ordinance is duly of record in the minutes of said City Council; and that said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code, as amended.

WITNESS MY HAND and seal of the City of Dallas, Texas, this the \_\_\_\_ day of October 2023.

\_\_\_\_\_  
Bilierae Johnson, City Secretary  
City of Dallas, Texas

(SEAL)

**ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF DALLAS, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2023C; AWARDING THE SALE OF THE BONDS; APPROVING THE EXECUTION OF AGREEMENTS IN CONNECTION WITH THE SALE OF THE BONDS; AND ALL OTHER MATTERS RELATED THERETO**

**ADOPTED:  
October 25, 2023**

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