

ORDINANCE NO. _____

AN ORDINANCE approving and authorizing the issuance by the City of Dallas of its Waterworks and Sewer System Commercial Paper Notes, Series G, in an aggregate principal amount at any one time outstanding not to exceed \$300,000,000, to provide interim financing to pay Project Costs for Eligible Projects and to refund obligations issued in connection with Eligible Projects; authorizing the issuance and delivery of promissory notes in connection with the issuance, sale and delivery of Commercial Paper Notes, and prescribing the terms, features and characteristics of such instruments; approving and authorizing certain authorized officers and employees to act on behalf of the City in the selling and delivery of such Commercial Paper Notes, within the limitations and procedures specified herein; making certain covenants and agreements in connection therewith; resolving other matters incident and related to the issuance, sale, security and delivery of such Commercial Paper Notes, including the approval and authorizing the execution of a Credit Agreement with State Street Bank and Trust Company, a Dealer Agreement with BofA Securities, Inc. and an Issuing and Paying Agent Agreement with U.S. Bank National Association in the manner herein provided, and approving the use of an Offering Memorandum in connection with the sale from time to time of such Commercial Paper Notes; and providing an effective date.

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

WHEREAS, the City of Dallas, Texas (the "City" or the "Issuer") is a "Home-Rule City", acting as such under the Constitution and laws of the State of Texas, and has a population in excess of 50,000; and

WHEREAS, the City currently has outstanding revenue bonds (hereinafter defined as the "Outstanding Prior Lien Bonds") payable from and secured by a first lien on and pledge of "Pledged Revenues", which include the Net Revenues of the System; and

WHEREAS, the ordinances authorizing the Outstanding Prior Lien Bonds reserve to the City the right to issue (i) additional bonds on a parity with the Outstanding Prior Lien Bonds, and (ii) bonds, notes or other obligations payable from and secured by a lien on and pledge of the

Pledged Revenues subordinate to the first lien on and pledge of the Pledged Revenues securing the Outstanding Prior Lien Bonds and additional bonds issued on a parity therewith; and

WHEREAS, the City, acting upon the recommendation of its financial advisors, will enter into a revolving credit agreement with State Street Bank and Trust Company (the "Bank"), pursuant to which the Bank will provide liquidity support for the commercial paper notes authorized by this Ordinance; and

WHEREAS, the commercial paper notes authorized to be issued pursuant to this Ordinance constitute bond anticipation notes which the City intends to retire through the issuance of its revenue bonds; and

WHEREAS, the City Council hereby finds and determines that the issuance of commercial paper notes and promissory notes, subject to the terms, conditions and limitations hereinafter prescribed, should be approved and authorized at this time; and

WHEREAS, concurrently with the consideration of this Ordinance, the City Council will consider the adoption of an ordinance authorizing the issuance of City of Dallas, Texas Waterworks and Sewer System Commercial Paper Notes, Series F, in an aggregate principal amount at any one time and from time to time outstanding of no greater than \$300,000,000 (the "Series F Commercial Paper Notes"),

WHEREAS, the City Council hereby finds and determines that authority to issue City of Dallas, Texas Waterworks and Sewer System Commercial Paper Notes, Series E shall be terminated, and that the establishment of a new commercial paper note program, and the issuance of a new series of commercial paper notes, to be designated the "Series G Commercial Paper Notes", is desirable to enable the City to generate economies of scale and to finance improvements and extensions to the System under terms more favorable than currently exist under the ordinances authorizing the Series E Commercial Paper Notes,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DALLAS, TEXAS:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this ordinance or any ordinance amendatory or supplemental hereto, shall be construed, are used and are intended to have the following meanings, to-wit:

"Act" shall mean Chapter 1371, Texas Government Code.

"Authorized Denomination" shall mean \$100,000 or an integral multiple of \$1,000 in excess of \$100,000.

"Authorized Representative" shall mean one or more of the following officers or employees of the City, acting in concert or individually, to-wit: the Mayor, the City Manager, any Assistant City Manager, the Chief Financial Officer of the City, or such other officer or employee of the City designated in writing by the City Manager or the Chief Financial Officer, and approved by the City Council, to act as an Authorized Representative.

"BANA" shall mean Bank of America, N.A.

"BANA Note" shall mean the bank note issued by the City to BANA in accordance with the terms of the Sub-Series F-2 Credit Agreement, as from time to time amended, supplemented or otherwise modified.

"Bank" shall mean State Street Bank and Trust Company.

"Bond Counsel" shall mean an attorney or firm of attorneys which are nationally recognized as having expertise in the practice of tax-exempt municipal finance law, as approved by the City.

"Business Day" shall mean any day (i) when banks are not required or authorized by law or executive order to be closed in Dallas, Texas, New York, New York or the city in which the office of the Liquidity Provider at which demands under the Credit Agreement are to be honored is located and (ii) when the New York Stock Exchange is not required or authorized by law or executive order to be closed.

"Chapter 1206" shall mean Chapter 1206, Texas Government Code.

"Chapter 1207" shall mean Chapter 1207, Texas Government Code.

"Chapter 1502" shall mean Chapter 1502, Texas Government Code.

"Chapter 2256" shall mean Chapter 2256, Texas Government Code.

"City" or "Issuer" shall mean the City of Dallas, Texas.

"City Council" shall mean the governing body of the City.

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

"Commercial Paper Note" or "Series G Commercial Paper Note" shall mean a commercial paper note issued pursuant to the provisions of this Ordinance, having the terms and characteristics specified in **Section 2.03** hereof and in the form described in **Section 2.05** hereof.

"Commitment" shall have the meaning given to said term in the Credit Agreement.

"Credit Agreement" shall mean the revolving credit agreement approved and authorized to be entered into by **Section 2.14** hereof, as from time to time amended, supplemented or otherwise modified, or other liquidity or credit facility provided in lieu thereof in accordance with the provisions of **Section 4.03(a)** hereof.

"Dealer" shall have the meaning given said term in **Section 3.04** hereof.

"Dealer Agreement" shall mean the agreement with the Dealer approved and authorized to be entered into by **Section 3.04** hereof, and any amendment or supplement thereto.

"Designated Office" shall mean the corporate trust office of the Issuing and Paying Agent where Commercial Paper Notes must be presented and delivered for receipt of payment of the principal amount thereof.

"DTC" shall mean The Depository Trust Company, New York, New York, or any substitute securities depository appointed pursuant to this Ordinance, or any nominee thereof.

"DTC Participant" shall mean a member of, or the participant in, DTC that will act on behalf of a Holder.

"Eligible Investments" shall mean any or all of the authorized investments described in Chapter 2256, which the City may purchase and sell and in which it may invest its funds and funds under its control, consistent with the terms of the City's investment policy.

"Eligible Project" shall mean the acquisition or construction of improvements, additions or extensions to the System, including capital assets and facilities incident and related to the operation, maintenance and administration thereof, all as provided in the Act or Chapter 1502.

"Fee Agreement" shall mean the Fee Letter Agreement executed by the City and the Bank in connection with the execution and delivery of the Credit Agreement, as from time to time amended, supplemented or otherwise modified.

"Fiscal Year" shall mean any consecutive twelve-month period declared by the City as its fiscal year, which currently runs from October 1 through September 30.

"Gross Revenues" and "Gross Revenues of the System" 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 or account created by the Prior Lien Bond Ordinance, or maintained by the City in connection with the System, other than revenues to be rebated to the United States of America pursuant to section 148 of the Code.

"Holder" or "Noteholder" shall mean any person, firm, association, or corporation who is in possession of any Note drawn, issued or endorsed to such person, firm, association or corporation or to the order of such person, firm, association or corporation or to bearer or in blank.

"Issuing and Paying Agent", "Paying Agent/Registrar" or "Registrar" shall mean the agent the appointment of which is confirmed pursuant to **Section 2.02** hereof, or any successor to such agent.

"Issuing and Paying Agent Agreement" shall mean the agreement with the Issuing and Paying Agent approved and authorized to be entered into by **Section 3.03** hereof, and any amendment or supplement thereto.

"JPMC" shall mean JPMorgan Chase Bank, National Association.

"JPMC Note" shall mean the bank note issued by the City to JPMC in accordance with the terms of the Sub-Series F-1 Credit Agreement, as from time to time amended, supplemented or otherwise modified.

"Liquidity Provider" shall mean (i) the Bank, or any subsequent or succeeding party thereto under the terms of the Credit Agreement and (ii) any provider of liquidity support for the Series G Commercial Paper Notes as provided in **Section 2.01** hereof.

"Liquidity Provider Note" shall mean, collectively, the promissory note or notes issued pursuant to the provisions of this Ordinance and the Credit Agreement in evidence of Loans made under the Credit Agreement, having the terms and characteristics contained therein and issued in accordance with the terms thereof, as from time to time amended, supplemented or otherwise modified.

"Loan" shall mean a Revolving Loan or a Term Loan made under and subject to the conditions set forth in the Credit Agreement.

"Master Note" shall mean the "Master Note" as defined in **Section 2.02** hereof.

"Maximum Interest Rate" shall mean 10%.

"Maximum Maturity Date" shall mean September 30, 2041.

"Net Revenues" and "Net Revenues of the System" 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, as 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 Prior Lien 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.

"Note" or "Notes" shall mean the evidence of indebtedness authorized to be issued and at any time Outstanding pursuant to this Ordinance and shall include Commercial Paper Notes (including the Master Note), notes in such other form or forms as shall be approved by the City Council in an ordinance amending this Ordinance, and any Liquidity Provider Note, as appropriate.

"Offering Memorandum" shall mean the Offering Memorandum prepared by the City, for use by the Dealer in connection with the issuance and sale from time to time of the Commercial Paper Notes.

"Outstanding" means when used with respect to the Commercial Paper Notes, as of the date of determination, all Commercial Paper Notes theretofore delivered under this Ordinance, except:

- (1) Commercial Paper Notes theretofore canceled and delivered to the City or delivered to the Issuing and Paying Agent for cancellation;
- (2) Commercial Paper Notes deemed paid pursuant to the provisions of Chapter 1207; and
- (3) Commercial Paper Notes upon transfer, or in exchange for or in lieu, of which other Commercial Paper Notes have been authenticated and delivered pursuant to this Ordinance;

provided, that in determining whether the Holders of the requisite principal amount of Outstanding Commercial Paper Notes have given any request, demand, authorization, direction, notice, consent, or waiver hereunder, any Commercial Paper Note owned by the City shall be deemed to be Outstanding as though it was owned by any other Holder.

"Outstanding Prior Lien Bonds" shall mean the Series 2011 Bonds, 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 and the Series 2021B Bonds.

"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 Prior Lien Bonds.

"Prior Lien Bond Ordinance" shall mean, collectively, the ordinance authorizing the issuance of the Series 1981 Bonds and the ordinances authorizing the issuance of Prior Lien Bonds on a parity with the Series 1981 Bonds.

"Prior Lien Bonds" shall mean, collectively, the Outstanding Prior Lien Bonds and any bonds issued on a parity therewith.

"Project Costs" shall mean all costs and expenses incurred in relation to Eligible Projects, including, without limitation, design, planning, engineering and legal costs, acquisition costs of land, interests in land, rights-of-way and easements, construction costs, costs of machinery, equipment, and other capital assets incident and related to the operation, maintenance, and administration of an Eligible Project, financing costs, including interest during construction and thereafter, underwriter's discount and/or fees for legal, financial, and other professional services, and reimbursement for such Project Costs attributable to Eligible Projects incurred prior to the issuance of any Commercial Paper Notes.

"Rating Agencies" shall mean Fitch Ratings and S&P Global Ratings, and their respective successors and assigns.

"Registration Books" shall mean the "Registration Books" as defined in **Section 2.02** hereof.

"Regulations" shall mean the regulations of the U.S. Department of the Treasury promulgated under the Code or, if applicable, the Internal Revenue Code of 1954.

"Revolving Loan" shall have the meaning given said term in the Credit Agreement.

"Rule" shall have the meaning given said term in **Section 4.11** hereof.

"Series E Commercial Paper Notes" shall mean the commercial paper notes of the City issued under the provisions of Ordinance No. 29377, adopted by the City Council on June 14, 2014.

"Series F Commercial Paper Notes" shall have the meaning given said term in the preamble to this Ordinance.

"Series F Credit Agreement" shall mean, collectively, the separate revolving credit agreements between the City and JPMC (Sub-Series F-1 Credit Agreement) and BANA (Sub-Series F-2 Credit Agreement).

"Series G Note Construction Account" shall mean the account so designated in **Section 2.11** hereof.

"Series G Note Payment Fund" shall mean the fund so designated in **Section 2.09** hereof.

"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 2011 Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2011, dated July 26, 2011, and authorized by ordinance of the City passed June 23, 2011; 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 May 19, 2021, and authorized by ordinance of the City passed April 14, 2021; and the term "Series 2021B Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2021B, dated May 19, 2021, and authorized by ordinance of the City passed April 14, 2021.

"Subordinated Obligations" shall mean any bonds, notes, or other obligations issued or contractual obligations incurred pursuant to law payable in whole or in part from the Pledged Revenues and subordinate to the Prior Lien Bonds, the BANA Note, the JPMC Note and the Liquidity Provider Note.

"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 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".

"Term Loan" shall have the meaning given said term in the Credit Agreement.

Section 1.02. Construction of Terms Utilized in this Ordinance. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders. 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. References to any named person means that party and its successors and assigns. 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. Certain terms not defined herein shall have the meaning given said terms in the Credit Agreement.

ARTICLE II

AUTHORIZATION OF NOTES

Section 2.01. General Authorization. Pursuant to authority conferred by and in accordance with the provisions of the Constitution and laws of the State of Texas, particularly the Act, Commercial Paper Notes shall be and are hereby authorized to be issued in an aggregate principal amount not to exceed **THREE HUNDRED MILLION DOLLARS (\$300,000,000)** at any one time Outstanding for the purpose of financing Project Costs of Eligible Projects and to refinance, renew or refund Notes, Prior Lien Bonds, Subordinated Obligations and any other authorized obligations of the System, including interest thereon, all in accordance with and subject to the terms, conditions, and limitations contained herein.

In connection with the issuance of Commercial Paper Notes, a Liquidity Provider Note is hereby authorized to be issued and shall initially be issued in the initial aggregate principal amount of **THREE HUNDRED TWENTY TWO MILLION ONE HUNDRED NINETY ONE THOUSAND SEVEN HUNDRED EIGHTY ONE DOLLARS (\$322,191,781)**, reflecting the maximum principal amount of Commercial Paper Notes that may be issued plus interest thereon, calculated on the basis of a 365-day year, for two hundred seventy (270) days at the Maximum Interest Rate, for the purpose of evidencing Loans to retire Commercial Paper Notes; all in accordance with and subject to the terms, conditions and limitations contained herein and, with respect to the Liquidity Provider Note, the Credit Agreement.

For purposes of this **Section 2.01**, any portion of Outstanding Notes to be paid from money on deposit in the Series G Note Payment Fund held by the Issuing and Paying Agent on the day of calculation and from the available proceeds of Notes, Prior Lien Bonds or Subordinated Obligations or other obligations of the City issued on the day of calculation shall not be considered Outstanding. The authority to issue Commercial Paper Notes from time to time under the provisions of this Ordinance shall exist until the Maximum Maturity Date, regardless of whether prior to the Maximum Maturity Date there are at any time no Commercial

Paper Notes Outstanding. Anything to the contrary herein notwithstanding, Commercial Paper Notes may not be issued to refinance or refund Prior Lien Bonds without the prior approval of the City Council.

Anything in this Ordinance to the contrary notwithstanding, in connection with the refinancing or refunding of Notes, Prior Lien Bonds, Subordinated Obligations and any other authorized obligations of the System, including interest thereon, such Notes, Prior Lien Bonds, Subordinated Obligations and any other authorized obligations of the System shall qualify as "obligations", as such term is defined in the Act at the time any such refinancing or refunding occurs. Further, any such refunding or refinancing, other than a simultaneous refunding, of Notes, Prior Lien Bonds, Subordinated Obligations and other obligations of the System, to the extent then required by applicable law, shall be by means of a gross defeasance established at the time of the issuance of the refunding Commercial Paper Notes, and the selection of Notes, Prior Lien Bonds, Subordinated Obligations and any other authorized obligations of the System to be so refunded or refinanced shall be made in the manner as determined by the City Council.

Section 2.02. Terms Applicable to Notes - General. Subject to the limitations contained herein, Commercial Paper Notes herein authorized shall be dated as of their date of issuance or prior thereto, but within thirty (30) days of the date of issuance (the "Note Date"), as determined by an Authorized Representative; shall bear interest at such fixed rate or rates per annum computed on the basis of actual days elapsed and a 365-day or 366-day year, as may be applicable (but in no event in any case to exceed the Maximum Interest Rate) as may be determined by an Authorized Representative and all Commercial Paper Notes authorized herein shall mature on the earlier of (i) the date that is five (5) days prior to the expiration of the related Credit Agreement or (ii) on or prior to the Maximum Maturity Date.

Subject to the Maximum Interest Rate limitation, Commercial Paper Notes authorized to be issued hereunder without a fixed numerical rate of interest for the term thereof shall bear interest in accordance with any clearly stated formula or method of calculation as determined by an Authorized Representative and such formula or method of calculation shall be set forth in the Commercial Paper Note.

Subject to applicable terms, limitations and procedures contained herein, Commercial Paper Notes may be sold in such manner at public or private sale and at par (within the interest rate restrictions provided herein) as an Authorized Representative shall approve at the time of the sale thereof.

U.S. Bank National Association, New York, New York, is hereby selected and appointed to serve as Issuing and Paying Agent, Paying Agent/Registrar and Registrar for the Commercial Paper Notes, and the City covenants and agrees to keep and maintain with the Registrar at its Designated Office books and records (the "Registration Books") for the registration, payment, transfer and exchange of the Commercial Paper Notes, all as provided herein and in such reasonable rules and regulations as the Registrar may prescribe. The City covenants to maintain and provide a Registrar at all times while the Commercial Paper Notes are Outstanding, which shall be a national or state banking association or corporation or trust company organized and

doing business under the laws of the United States of America or of any state and authorized under such laws to exercise trust powers. Should a change in the Paying Agent/Registrar for the Commercial Paper Notes occur, the City agrees to promptly cause a written notice thereof to be (i) sent to each registered owner of the Commercial Paper Notes then Outstanding by United States mail, first-class postage prepaid, and (ii) published in a financial newspaper or journal of general circulation in The City of New York, New York, once during each calendar week for at least two calendar weeks; provided, however, the publication of such notice shall not be required if notice is sent to each Holder of the Commercial Paper Notes. Such notice shall give the address of the successor Paying Agent/Registrar. A successor Paying Agent/Registrar may be appointed by the City without the consent of the Holders.

The Commercial Paper Notes shall be issued in registered form, without coupons; provided, however, Commercial Paper Notes may be registered to bearer. The principal of and interest on the Commercial Paper Notes shall be payable in lawful money of the United States of America, without exchange or collection charges to the Holder of the Commercial Paper Note; the principal thereof to be payable upon presentation and surrender of the Commercial Paper Note at the Designated Office of the Issuing and Paying Agent and interest thereon to be payable to the registered owner thereof (when registered other than to bearer) either (i) by check sent by United States mail, first-class postage prepaid, to the address of the registered owner appearing on the Registration Books of the City maintained by the Registrar or (ii) by such other method, acceptable to the Issuing and Paying Agent, requested by the Holder, but interest on a Commercial Paper Note registered to bearer shall be payable only upon presentation of the Commercial Paper Note at the Designated Office of the Issuing and Paying Agent.

A copy of the Registration Books and any change thereto shall be provided to the City by the Paying Agent/Registrar, by means of telecommunications equipment or such other means as may be mutually agreeable thereto, within two (2) Business Days of the opening of such Registration Books or any change therein, as the case may be.

The City and the Paying Agent/Registrar may treat the bearer (in the case of Commercial Paper Notes so registered) or the registered payee thereof as the absolute owner of any Commercial Paper Note for the purpose of receiving payment thereof and for all purposes, and the City and the Paying Agent/Registrar shall not be affected by any notice or knowledge to the contrary.

If an Authorized Representative determines that it is possible and desirable to provide for a book-entry only system of Commercial Paper Note registration with DTC, such Authorized Representative, acting for and on behalf of the City, is hereby authorized to approve, execute, and deliver a Letter of Representations to DTC and to enter into such other agreements and execute such instruments as are necessary to implement such book-entry only system, such approval to be conclusively evidenced by the execution thereof by said Authorized Representative. Under the initial book-entry only system with DTC, no physical Commercial Paper Note certificates will be delivered to DTC. The execution and delivery to the Issuing and Paying Agent, as custodian for DTC, of a master note (the "Master Note") with respect to the Commercial Paper Notes, is hereby authorized and approved. Except as provided herein, the

ownership of the Commercial Paper Notes shall be registered in the name of Cede & Co., as nominee of DTC, which will serve as the initial securities depository for the Commercial Paper Notes. Ownership of beneficial interests in the Commercial Paper Notes shall be shown by book-entry on the system maintained and operated by DTC and DTC Participants, and transfers of ownership of beneficial interests shall be made only by DTC and the DTC Participants by book-entry, and the City and the Issuing and Paying Agent shall have no responsibility therefor. DTC will be required to maintain records of the positions of the DTC Participants in the Commercial Paper Notes, and the DTC Participants and persons acting through the DTC Participants will be required to maintain records of the purchasers of beneficial interests in the Commercial Paper Notes. During any period when a book-entry only system is in effect, except as provided above in this paragraph, the Commercial Paper Notes shall not be transferable or exchangeable, except for transfer to another securities depository or to another nominee of a securities depository.

With respect to Commercial Paper Notes registered in the name of DTC or its nominee, neither the City nor the Issuing and Paying Agent shall have any responsibility or obligation to any DTC Participant or to any person on whose behalf a DTC Participant holds an interest in the Commercial Paper Notes. Without limiting the immediately preceding sentence, neither the City nor the Issuing and Paying Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC or any DTC Participant with respect to any ownership interest in the Commercial Paper Notes, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Commercial Paper Notes, as shown on the Registration Books, of any notice with respect to the Commercial Paper Notes, and (iii) the payment to any DTC Participant or any other person, other than a registered owner of the Commercial Paper Notes, as shown in the Registration Books, of any amount with respect to principal of or interest on the Commercial Paper Notes.

Whenever, during the term of the Commercial Paper Notes, the beneficial ownership thereof is determined by a book entry at DTC, the requirements in this Ordinance of holding, registering, delivering, exchanging, or transferring the Commercial Paper Notes shall be deemed modified to require the appropriate person or entity to meet the requirements of DTC as to holding, registering, delivering, exchanging, or transferring the book-entry to produce the same effect.

The City or DTC each may determine to discontinue the book-entry only system and in such case, unless a new book-entry only system is put in place, physical certificates in the form set forth in **Section 2.05** shall be provided to the beneficial owners thereof.

If at any time, DTC ceases to hold the Commercial Paper Notes, all references herein to DTC shall be of no further force or effect.

Whenever the beneficial ownership of the Commercial Paper Notes is determined by a book-entry at DTC, delivery of Commercial Paper Notes for payment at maturity shall be made pursuant to DTC's payment procedures as are in effect from time to time and the DTC Participants shall transmit payment to beneficial owners whose Commercial Paper Notes have

matured. The City and each of the Issuing and Paying Agent, the Liquidity Provider and the Dealer are not responsible for transfer of payment to the DTC Participants or beneficial owners.

Section 2.03. Commercial Paper Notes. Under and pursuant to the authority granted hereby and subject to the limitations contained herein, Commercial Paper Notes to be designated "**City of Dallas, Texas Waterworks and Sewer System Commercial Paper Notes, Series G**" are hereby authorized to be issued and sold and delivered from time to time in such principal amounts as determined by an Authorized Representative in Authorized Denominations, numbered in ascending consecutive numerical order in the order of their issuance and to mature and become due and payable on such dates as an Authorized Representative shall determine at the time of sale; provided, however, that no Commercial Paper Note shall (i) mature after (A) the date that is five (5) days prior to the expiration of the Credit Agreement or (B) the Maximum Maturity Date, (ii) have a term in excess of two hundred seventy (270) calendar days or (iii) be issued in a manner that would cause the City to violate the covenants set forth in **Section 4.01** hereof.

Interest, if any, on Commercial Paper Notes shall be payable at maturity with principal.

Section 2.04. Liquidity Provider Note. Under and pursuant to authority granted hereby and subject to the limitations contained herein and in the Credit Agreement, a promissory note to be designated the "Liquidity Provider Note", as herein provided, are hereby authorized and approved in accordance with the terms of this Ordinance, the Credit Agreement and the form thereof set forth in the Credit Agreement.

Section 2.05. Form of Commercial Paper Notes. The Commercial Paper Notes and the Certificate of Authentication to appear on each of the Commercial Paper Notes shall be substantially in the forms set forth in this section with such appropriate insertions, omissions, substitutions and other variations as are permitted or required by this Ordinance and may have such letters, numbers or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements thereon as may, consistently herewith, be approved by an Authorized Representative. Any portion of the text of any Commercial Paper Notes may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Commercial Paper Notes. The form of Commercial Paper Note may be revised to reflect the City exercising the authority reserved in **Section 4.03(b)** hereof to provide that a Commercial Paper Note may not be supported by a liquidity and/or credit facility.

The Commercial Paper Notes shall be printed, lithographed, or engraved or produced in any other similar manner, or typewritten, all as determined and approved by an Authorized Representative.

Form of Commercial Paper Note:

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF DALLAS, TEXAS
WATERWORKS AND SEWER SYSTEM
COMMERCIAL PAPER NOTE,
SERIES G

No.:	_____	Note Date:	_____
Principal Amount:	_____	Maturity Date:	_____
Interest to Maturity:	_____	Number of Days:	_____
Due at Maturity:	_____	Interest Rate (%):	_____

Owner: _____

The City of Dallas (the "City"), in Dallas, Denton, Collin, Kaufman and Rockwall Counties, State of Texas, FOR VALUE RECEIVED, hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the order of the party specified above on the maturity date specified above, the principal sum specified above and to pay interest, if any, on said principal amount at said maturity date, from the above specified note date to said maturity date at the per annum interest rate shown above (computed on the basis of actual days elapsed and a 365-day or 366-day year, as applicable); both principal and interest on this Note being payable in lawful money of the United States of America at the designated corporate trust office of the Issuing and Paying Agent executing the "Certificate of Authentication" endorsed hereon and appearing below, or its successor. No interest will accrue on the principal amount hereof after said maturity date. Defined terms used herein shall have the same meaning given to said terms in the hereinafter defined Ordinance, unless the context of the use of such term indicates otherwise. The interest rate borne by this Note shall not exceed the Maximum Interest Rate.

This Note is one of an issue of Commercial Paper Notes which, together with other forms of short term obligations, including the below referenced Liquidity Provider Note, has been duly authorized and issued in accordance with the provisions of an ordinance (the "Ordinance") passed by the City Council of the City for the purpose of financing Project Costs of Eligible Projects for the System; to refund obligations issued in connection with an Eligible Project; and to refinance, renew or refund Notes, Prior Lien Bonds, Subordinated Obligations and any other authorized obligations of the System, including interest thereon, in accordance with the

provisions of the Ordinance; all in accordance and in strict conformity with the provisions of the Act.

This Commercial Paper Note, together with the other Commercial Paper Notes, is payable from and equally secured by a lien on and pledge of (i) the proceeds from (a) the sale of other Commercial Paper Notes issued for such purpose and (b) the sale of a series or issue of Prior Lien Bonds or Subordinated Obligations to be issued by the City for such purpose, (ii) loans made under and pursuant to the Credit Agreement between the City and the Liquidity Provider pursuant to which the Liquidity Provider has agreed to provide liquidity to the City for the Commercial Paper Notes, which loans are to be evidenced by a Liquidity Provider Note, and (iii) amounts in certain funds and accounts established pursuant to the Ordinance.

This Commercial Paper Note, together with the other Commercial Paper Notes, is payable solely from the sources hereinabove identified securing the payment thereof, and the Commercial Paper Notes do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of the City or the System. The holder hereof shall never have the right to demand payment of this obligation from taxation or any other sources or properties of the City except as identified above.

It is hereby certified and recited that all acts, conditions and things required by law and the Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of this Commercial Paper Note, do exist, have happened and have been performed in regular and in due time, form and manner as required by law and that the issuance of this Commercial Paper Note, together with all other Commercial Paper Notes, is not in excess of the principal amount of Commercial Paper Notes permitted to be issued under the Ordinance.

This Commercial Paper Note has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

This Commercial Paper Note shall not be entitled to any benefit under the Ordinance or be valid or become obligatory for any purpose until this Commercial Paper Note shall have been authenticated by the execution by the Issuing and Paying Agent of the Certificate of Authentication hereon.

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

City Secretary, City of Dallas

City Manager, City of Dallas

(SEAL)

ISSUING AND PAYING AGENT'S
CERTIFICATE OF AUTHENTICATION

This Commercial Paper Note is one of the Commercial Paper Notes delivered pursuant to the within mentioned Ordinance.

U.S. BANK NATIONAL ASSOCIATION,
as Issuing and Paying Agent

By: _____
Authorized Signatory

If Commercial Paper Notes are issued in book-entry only form pursuant to **Section 2.02**, they shall be issued in the form of the Master Note approved by the City Council pursuant to this Ordinance, to which there shall be attached the form of Commercial Paper Note as prescribed above, and it is hereby declared that the provisions of the Commercial Paper Note as prescribed above are incorporated into and shall be a part of the Master Note. It is further provided that this Ordinance and the form of Commercial Paper Note prescribed above shall constitute the "underlying records" referred to in the Master Note. Notwithstanding the provisions of **Section 2.06**, the Master Note may be executed on behalf of the City with the manual signature of the City Manager or the Chief Financial Officer of the City.

Section 2.06. Execution - Authentication. Under authority granted by Section 1371.055, Texas Government Code, the Commercial Paper Notes shall be executed on behalf of the City by the City Manager, and attested by the City Secretary under its seal reproduced or impressed thereon, all as provided in **Section 2.05** hereof. The signatures of said officers on the Commercial Paper Notes may be manual or facsimile. Commercial Paper Notes bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the date of passage of this Ordinance shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of the initial sale and delivery of Commercial Paper Notes authorized to be issued hereunder or at the time Commercial Paper Notes are delivered in subsequent sales, exchanges and transfers, all as authorized and provided in Chapter 1206 and Section 1371.055, Texas Government Code.

No Commercial Paper Note shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Commercial Paper Note a certificate of authentication executed by the Paying Agent/Registrar by manual signature, or, in the case of the Master Note, the Paying Agent/Registrar has executed the Master Note, and the execution of any Commercial Paper Note by the Paying Agent/Registrar shall be conclusive evidence, and the only evidence, that such Commercial Paper Note has been duly certified or registered and delivered.

Section 2.07. Notes Mutilated, Lost, Destroyed or Stolen. If any Note shall become mutilated, the City, at the expense of the Holder of said Note, shall execute and deliver a new Note of like tenor and number in exchange and substitution for the Note so mutilated, but only upon surrender to the City of the Note so mutilated. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the City and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the City, at the expense of the owner, shall execute and deliver a new Note of like tenor in lieu of and in substitution for the Note so lost, destroyed or stolen. Neither the City nor the Paying Agent/Registrar shall be required to treat both the original Note and any duplicate Note as being Outstanding for the purpose of determining the principal amount of Notes which may be issued hereunder, but both the original and the duplicate Note shall be treated as one and the same.

Section 2.08. Negotiability, Registration and Exchangeability. The obligations issued hereunder shall be, and shall have all of the qualities and incidents of, a negotiable instrument under the laws of the State of Texas, and each successive holder, in accepting any of the obligations, shall be conclusively deemed to have agreed that such obligations shall be and have all of the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

The Registration Books relating to the registration, payment and transfer or exchange of the Commercial Paper Notes shall at all times be kept and maintained by the City at the Designated Office of the Registrar, and the Registrar shall obtain, record and maintain in the Registration Books the name and address of each registered owner of the Commercial Paper Notes, except for Commercial Paper Notes registered to bearer, issued under and pursuant to the provisions of this Ordinance, and the Registrar further shall provide such information to the City as described in **Section 2.02** hereof. Any Commercial Paper Note may, in accordance with its terms and the terms hereof, be transferred or exchanged for Commercial Paper Notes of like tenor and character and of other authorized denominations upon the Registration Books by the Holder in person or by the duly authorized agent thereof, upon surrender of such Commercial Paper Note to the Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by the duly authorized agent thereof, in form satisfactory to the Registrar.

Upon surrender for transfer of any Commercial Paper Note at the Designated Office of the Registrar, the Registrar shall register and deliver, in the name of the designated transferee or transferees (or to bearer, as appropriate), one or more new Commercial Paper Notes executed on behalf of, and furnished by, the City of like tenor and character and of Authorized

Denominations and having the same maturity, bearing interest at the same rate or rates and of a like aggregate principal amount as the Commercial Paper Note or Commercial Paper Notes surrendered for transfer.

Furthermore, Commercial Paper Notes may be exchanged for other Commercial Paper Notes of like tenor and character and of authorized denominations and having the same maturity, bearing the same rate or rates of interest and of like aggregate principal amount as the Commercial Paper Notes surrendered for exchange, upon surrender of the Commercial Paper Notes to be exchanged at the Designated Office of the Registrar. Whenever any Commercial Paper Notes are so surrendered for exchange, the Registrar shall register and deliver new Commercial Paper Notes of like tenor and character as the Commercial Paper Notes exchanged, executed on behalf of, and furnished by, the City to the Holder requesting the exchange.

The City and the Registrar may charge the Noteholder a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer. The Registrar or the City may also require payment from the Holder of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Commercial Paper Note shall be delivered.

New Commercial Paper Notes delivered upon any transfer or exchange shall be valid obligations of the City, evidencing the same debt as the Commercial Paper Notes surrendered, shall be secured by this Ordinance and shall be entitled to all of the security and benefits hereof to the same extent as the Commercial Paper Notes surrendered.

The City reserves the right to change the above registration and transferability provisions of the Commercial Paper Notes at any time on or prior to the delivery thereof in order to comply with applicable laws and regulations of the United States in effect at the time of issuance thereof.

Section 2.09. Series G Note Payment Fund. The City Council hereby creates and establishes with the Issuing and Paying Agent a separate and special fund to be designated as the **"City of Dallas, Texas Waterworks and Sewer System Series G Note Payment Interest and Sinking Fund"** (the "Series G Note Payment Fund"). Moneys on deposit in the Series G Note Payment Fund shall be used only to pay the principal of and interest on Commercial Paper Notes at the respective interest payment and maturity dates of each issue thereof as provided herein and the repayment of any Loans made pursuant to the Credit Agreement (evidenced by the Liquidity Provider Note). Amounts remaining in the Series G Note Payment Fund not then necessary for the purposes thereof may be transferred to the Series G Note Construction Account (created pursuant to **Section 2.11** hereof) upon request of an Authorized Representative.

Additionally all proceeds of Revolving Loans shall be deposited into the Series G Note Payment Fund and used to pay the principal of and interest on the Commercial Paper Notes.

The Issuing and Paying Agent shall not have a lien on the Series G Note Payment Fund.

Pending the expenditure of moneys in the Series G Note Payment Fund for authorized purposes, moneys deposited therein may be invested at the direction of the Chief Financial Officer of the City or the designee thereof in Eligible Investments; provided, that moneys received from a Liquidity Provider and moneys received in connection with a rollover of Commercial Paper Notes shall remain uninvested. Any income received from such investments shall be credited to the Revenue Fund, as established in the Prior Lien Bond Ordinance, and shall not, for purposes of this Ordinance, be considered an amount held in the Series G Note Payment Fund.

Section 2.10. Pledge; Payments. The Notes are obligations of the City payable from and secured solely by the funds pledged therefor pursuant to this Ordinance. The City agrees to make payments into the Series G Note Payment Fund at such times and in such amounts as are necessary to provide for the full payment of the principal of and the interest on the Notes when due.

To provide security for the payment of the principal of and interest on the Notes and any other amounts due under the Credit Agreement as the same shall become due and payable, there is hereby granted a lien on and pledge of, subject only to the provisions of this Ordinance permitting the application thereof for purposes and on the terms and conditions set forth herein, (i) the proceeds from (a) the sale of Prior Lien Bonds or Subordinated Obligations issued for such purpose and (b) the sale of other Notes issued pursuant to this Ordinance for such purpose, (ii) Revolving Loans, (iii) the amounts held in the Series G Note Payment Fund until the amounts deposited therein are used for authorized purposes (provided, however, amounts in the Series G Note Payment Fund attributable to and derived from Revolving Loans shall be used only to pay, prior to any application to the payment of the Liquidity Provider Note, the principal of and interest on the Commercial Paper Notes in full), and (iv) the amounts remaining on deposit in the Series G Note Construction Account after the payment of all Project Costs, and it is hereby declared that the principal of and interest on the Notes and any other amounts due under the Credit Agreement shall be and are hereby equally and ratably secured by and payable from a lien on and pledge of the sources hereinabove identified in clauses (i), (ii), (iii) and (iv) subject and subordinate only to the exceptions noted therein.

Additionally, to provide security for the payment of the principal of and interest on each Liquidity Provider Note and other amounts due under the Credit Agreement as the same shall become due and payable, there is hereby granted to the Liquidity Provider a lien on and pledge of the Pledged Revenues, subject only to the provisions of this Ordinance permitting the application thereof for purposes and on the terms and conditions set forth herein, and the provisions of the Series F Credit Agreement, such lien on and pledge of the Pledged Revenues, however, being subordinate only to the lien on and pledge of the Pledged Revenues in support of the Prior Lien Bonds and the debt service and reserve funds relating thereto. As provided in the Credit Agreement, the lien on and pledge of the Pledged Revenues in support of the Liquidity Provider Note shall be on parity with the lien on and pledge of the Pledged Revenues in support of the BANA Note and the JPMC Note.

Unless the Liquidity Provider Note is paid from the proceeds of Commercial Paper Notes, or Prior Lien Bonds or Subordinated Obligations issued for such purpose, or amounts available in the Series G Note Payment Fund or the Series G Note Construction Account, all as described above, such payments are to be made from Pledged Revenues on deposit in the "Liquidity Provider Note Account" in accordance with **Section 4.02** hereof.

Section 2.11. Series G Note Construction Account. The City Council hereby creates and establishes a separate account hereby designated as the "**City of Dallas, Texas Waterworks and Sewer System Series G Note Construction Account**" (the "Series G Note Construction Account"). The Series G Note Construction Account shall be held by the City with the City's depository bank, currently Bank of America, N.A. The City shall account for moneys deposited into the Series G Note Construction Account from Commercial Paper Notes issued. Moneys deposited in the Series G Note Construction Account shall remain therein until from time to time expended to pay for Project Costs, and to refund Notes issued in connection with Eligible Projects and shall not be used for any other purposes whatsoever, except as otherwise provided below, and pending such expenditure, moneys therein may be invested at the direction of the Chief Financial Officer of the City or the designee thereof in Eligible Investments. Any income received from such investments (except as otherwise required to be rebated to the United States of America in accordance with the provisions of **Section 4.06** hereof) shall be deposited, as received, into the Revenue Fund established by the Prior Lien Bond Ordinance and shall not, for purposes of this Ordinance, be considered an amount held in the Series G Note Construction Account.

Any amounts on deposit in the Series G Note Construction Account designated by an Authorized Representative as eligible to pay interest during construction and up to one year after construction is completed may be transferred from time to time at the direction of an Authorized Representative to the credit of the Series G Note Payment Fund from which proceeds of Commercial Paper Notes were deposited to the Series G Note Construction Account, for use in accordance with the terms of **Section 2.09** hereof.

Any amounts remaining in the Series G Note Construction Account after the payment of all Project Costs shall be paid into the Series G Note Payment Fund and used for the payment of such maturities of the Commercial Paper Notes coming due at such times as may be selected by an Authorized Representative or for the payment of the Liquidity Provider Note, as the case may be.

In the event no Commercial Paper Notes are Outstanding and there are no outstanding Loans, any amounts in the Series G Note Construction Account not anticipated to be needed to pay Project Costs shall be transferred to the Debt Service Fund established by the Prior Lien Bond Ordinance.

Section 2.12. Cancellation. All Commercial Paper Notes which at maturity are surrendered to the Paying Agent/Registrar for the collection of the principal and interest thereof

or are surrendered for transfer or exchange pursuant to the provisions hereof shall, upon payment or issuance of new Commercial Paper Notes, be cancelled by the Paying Agent/Registrar, and the Paying Agent/Registrar forthwith shall transmit to the City a certificate identifying such Commercial Paper Notes and that such Commercial Paper Notes have been duly cancelled and destroyed.

Section 2.13. Fiscal and Other Agents. In furtherance of the purposes of this Ordinance, the City may from time to time appoint and provide for the payment of such additional fiscal, paying or other agents or trustees as it may deem necessary or appropriate in connection with the Notes.

Section 2.14. Credit Agreement. The Credit Agreement and the related Fee Agreement, substantially in the forms attached hereto as **Exhibit A**, are hereby approved, and shall be entered into with the Liquidity Provider. The Liquidity Provider Note, substantially in the form contained in the Credit Agreement, are approved with the interest rate payable thereon to be determined as set forth therein. The City Manager or any Assistant City Manager is hereby authorized to execute and deliver the Credit Agreement, the Fee Agreement, and any Liquidity Provider Note, and the City Secretary or an Assistant City Attorney is authorized to attest and to place the City seal thereon. The City Council finds that the execution of the Credit Agreement is in the best interests of the City in administering the issuance of the Series G Commercial Paper Notes.

Section 2.15. Funds Secured. Moneys in all such funds and accounts established by this Ordinance, to the extent not invested as permitted hereunder, shall be secured in the manner prescribed by law for securing funds of the City.

Section 2.16. Application of Prior Covenants. The covenants and agreements (to the extent the same are not inconsistent herewith) contained in the Prior Lien Bond Ordinance are hereby incorporated herein by reference and shall be deemed to be for the benefit and protection of each Liquidity Provider Note and the Holder thereof in like manner as applicable to the Prior Lien Bonds; provided, however, in the event of any conflict between the terms, covenants and agreements contained herein and the terms, covenants and agreements contained in the Prior Lien Bond Ordinance, the provisions of the Prior Lien Bond Ordinance shall control over the provisions hereof. Specifically, consistent with the provisions of the Prior Lien Bond Ordinance, if any property or facilities comprising all or a part of a system within the System are sold or exchanged, the acquisition, improvement or extension of such system having not been financed by the City in any manner with the proceeds of Prior Lien Bonds, or with the proceeds of obligations which were refunded in whole or in part with the proceeds of Prior Lien Bonds, then the City may utilize the proceeds of such sale or exchange for any lawful purpose not inconsistent with the City Charter of the City.

ARTICLE III

ISSUANCE AND SALE OF NOTES

Section 3.01. Issuance and Sale of Commercial Paper Notes. (a) Commercial Paper Notes shall be completed and delivered by the Issuing and Paying Agent in accordance with telephonic, electronic or written instructions of the Authorized Representative and in the manner specified below and in the Issuing and Paying Agent Agreement. To the extent such instructions are not written, they shall be confirmed in writing by the Authorized Representative within twenty-four (24) hours. The instructions shall specify the Commercial Paper Notes to be sold and the principal amounts, dates of issue, maturities, rates of interest, or the formula or method of calculating interest and the basis upon which it is to be computed, and other terms and conditions which are hereby authorized and permitted to be fixed by the Authorized Representative at the time of sale of such Commercial Paper Notes. The instructions shall include the purchase price of such Commercial Paper Notes, and, if such Commercial Paper Notes are not held in accordance with a book-entry only system, a request that the Issuing and Paying Agent authenticate such Commercial Paper Notes by counter signature of its authorized officer or employee and deliver them to the named purchaser or purchasers thereof upon receipt of payment in accordance with the custom then prevailing in the New York financial market in regard to such Commercial Paper Notes. The rules of the New York Clearinghouse shall apply thereto. The instructions shall also contain provisions representing that all action on the part of the City necessary for the valid issuance of the Commercial Paper Notes then to be issued has been taken, that all provisions of Texas and federal law necessary for the valid issuance of such Commercial Paper Notes with provision for interest exemption from federal income taxation have been complied with, if applicable, and that such Commercial Paper Notes in the hands of the Holders thereof will be valid and enforceable obligations of the City according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that, if applicable, based upon the advice of Bond Counsel, the stated interest on the Commercial Paper Notes is exempt from federal income taxation. The instructions shall also certify that:

- (i) no Event of Default under **Section 5.01** hereof has occurred and is continuing as of the date of such instructions and that the Issuing and Paying Agent has not received a Non-Issuance Instruction (as defined in the Credit Agreement);
- (ii) the City has been advised by Bond Counsel that the projects to be financed with the proceeds of the Commercial Paper Notes will constitute Eligible Projects or that the obligations to be refunded were issued in connection with Eligible Projects;
- (iii) the City is in compliance with the covenants set forth in **Article IV** hereof as of the date of such instructions;

(iv) the City has been advised by Bond Counsel that the proposed expenditure of the proceeds of such Commercial Paper Notes for such projects and the refunding of such Commercial Paper Notes issued for such projects will not cause the City to be in violation of its covenants set forth in **Section 4.06** hereof; and

(v) the sum of the interest payable on such Commercial Paper Note will not exceed a yield (calculated on the principal amount of the Commercial Paper Note on the basis of actual number of days elapsed, and a 365-day or 366-day year, as may be applicable) to the maturity date of such Commercial Paper Note in excess of the Maximum Interest Rate.

(b) The Liquidity Provider Note shall be delivered to the Liquidity Provider, and indebtedness may be incurred thereunder, all in accordance with the terms of the Credit Agreement.

Section 3.02. Proceeds of Sale of Commercial Paper Notes. The proceeds of the sale of any Commercial Paper Notes (net of all expenses and costs of sale and issuance) shall be applied for any or all of the following purposes as directed by an Authorized Representative:

(i) Proceeds to be used for the payment of Prior Lien Bonds, Subordinated Obligations or other obligations of the System shall be deposited in such fund or account established by the City Council in the proceedings authorizing the use of Commercial Paper Notes to refinance or refund Prior Lien Bonds, Subordinated Obligations or other obligations of the System;

(ii) Proceeds to be used for the payment of Outstanding Commercial Paper Notes at or before maturity and the repayment of any borrowing (evidenced by the Liquidity Provider Note) or other amounts due under the Credit Agreement shall be retained in the Series G Note Payment Fund, and expended therefor; and

(iii) Proceeds not retained in the Series G Note Payment Fund as provided in subparagraph (ii) above shall be transferred and deposited to the Series G Note Construction Account and used and applied in accordance with the provisions of **Section 2.11** hereof.

Section 3.03. Issuing and Paying Agent Agreement. The Issuing and Paying Agent Agreement, substantially in the form attached hereto as **Exhibit B**, is hereby approved, and shall be entered into with the Issuing and Paying Agent. The City Manager or any Assistant City Manager is hereby authorized to execute and deliver the Issuing and Paying Agent Agreement, and the City Secretary or an Assistant City Attorney is authorized to attest the execution thereby. Any Authorized Representative is hereby authorized to enter into any supplemental agreement with the Issuing and Paying Agent or with any successor Issuing and Paying Agent in order to implement the functions of the Issuing and Paying Agent or Registrar with respect to the Commercial Paper Notes. Any successor Issuing and Paying Agent shall be a financial

institution organized and existing under the laws of the United States of America or the State of Texas and which has trust powers. The successor Issuing and Paying Agent shall have assumed the duties of the Issuing and Paying Agent to be replaced before such Issuing and Paying Agent shall be relieved of the obligation to perform the duties as Issuing and Paying Agent, and the successor Issuing and Paying Agent shall have executed an agreement substantially in the same form and substance as the Issuing and Paying Agent Agreement approved by this Ordinance.

Section 3.04. Dealer Agreement. The selection and appointment of BofA Securities, Inc. as the dealer for the Commercial Paper Notes (the "Dealer") is hereby approved. The Dealer Agreement by and between the City and the Dealer pertaining to the sale, from time to time, of Commercial Paper Notes or the purchase of Commercial Paper Notes from the City, substantially in the form attached hereto as **Exhibit C**, is hereby approved, and shall be entered into with the Dealer. The City Manager or any Assistant City Manager is hereby authorized to execute and deliver the Dealer Agreement, and the City Secretary or an Assistant City Attorney is authorized to attest the execution thereby. Any Authorized Representative is hereby authorized to enter into any supplemental agreement with the Dealer or with any successor Dealer in order to implement the functions of the Dealer with respect to the Commercial Paper Notes.

ARTICLE IV

COVENANTS OF THE CITY

Section 4.01. Limitation on Issuance. Unless this Ordinance is amended and modified by the City Council in accordance with the provisions of **Section 6.01** hereof, the City covenants that there will not be issued and Outstanding at any time under this Ordinance more than \$300,000,000 in aggregate principal amount of Commercial Paper Notes. For purposes of this **Section 4.01** any portion of Outstanding Notes to be paid from money on deposit in the Series G Note Payment Fund held by the Issuing and Paying Agent on the day of calculation and from the available proceeds of Notes, Prior Lien Bonds or Subordinated Obligations or other obligations of the City issued on the day of calculation shall not be considered Outstanding. In addition to the foregoing, any improvement or extension to the System to be funded with Commercial Paper Notes must qualify as an Eligible Project, and the City shall not direct the Issuing and Paying Agent to issue Commercial Paper Notes that mature after the Business Day prior to the scheduled date the Credit Agreement expires or terminates in accordance with its terms.

Additionally, for so long as a Credit Agreement is in effect and supports the payment of all or any principal amount of the Commercial Paper Notes, the City covenants and agrees that the total principal amount of all Commercial Paper Notes Outstanding at any one time and the total amount of interest accrued or to accrue thereon shall not exceed the Commitment.

Section 4.02. Liquidity Provider Note Accounts. There is hereby created and there shall be established and maintained within the Series G Note Payment Fund established by this Ordinance a separate account to be known as the "Liquidity Provider Note Account" for the sole benefit of the Liquidity Provider Note within the Series G Note Payment Fund established by

this Ordinance. After satisfying the requirements of the Prior Lien Bond Ordinance and any other ordinance with respect to the Prior Lien Bonds, with respect to the payment of principal of, and premium, if any, and interest on the Prior Lien Bonds and funding the reserve fund therefor, there shall be deposited by the City to the Liquidity Provider Note Account the amounts required by **Section 2.10** hereof for the payment of the Liquidity Provider Note.

Section 4.03. Maintenance of Available Credit Facilities Requirement. (a) The City agrees and covenants that at all times up to and including the Maximum Maturity Date, unless the Commercial Paper Notes are no longer Outstanding, or except as otherwise provided by **Section 4.03(b)** hereof, it will maintain liquidity or credit facilities with banks or other financial institutions in amounts such that, assuming that all then Outstanding Commercial Paper Notes were to become due and payable immediately, the amount available for borrowing under such liquidity or credit facilities would be sufficient at that time to pay principal and interest of all Commercial Paper Notes. Except as otherwise provided by **Section 4.03(b)** hereof, no Commercial Paper Note shall be issued if, after giving effect to the issuance thereof and, if applicable, the immediate application of the proceeds thereof to retire other Commercial Paper Notes secured by the liquidity or credit facility, the aggregate principal amount of all Commercial Paper Notes secured by or payable from the liquidity or credit facility would exceed the amount of the Commitment thereunder. The availability for borrowing of such amounts under such facilities may be subject to reasonable conditions precedent, including, but not limited to, bankruptcy of the City. In furtherance of the foregoing covenant, the City agrees that it will not issue any Commercial Paper Notes or make any borrowing which will result in a violation of such covenant, will not amend the Credit Agreement in a manner which will cause a violation of such covenant and, if and to the extent necessary to maintain compliance with such covenant, will arrange for new liquidity or credit facilities prior to, or contemporaneously with, the expiration of the Credit Agreement. Noteholders will be provided no less than fifteen (15) days' notice prior to the effective date of any new liquidity or credit facility. The then existing liquidity or credit facility will remain in effect with respect to Commercial Paper Notes issued and Outstanding prior to the effective date of any new liquidity or credit facility until all such Commercial Paper Notes have been paid in full. Any new liquidity or credit facility shall be effective only with respect to Commercial Paper Notes that are issued on or after the effective date of such new liquidity or credit facility.

(b) The provisions of **Section 4.03(a)** hereof notwithstanding, the City Council may amend this Ordinance, in accordance with the provisions of **Section 6.01** hereof, to provide that Commercial Paper Notes issued under authority of this Ordinance may be issued without support of liquidity and/or credit facilities. To exercise the authority reserved by this **Section 4.03(b)**, the City shall provide written notice to the Dealer, the Issuing and Paying Agent and the Rating Agencies of the determination of the City Council to amend this Ordinance to permit Commercial Paper Notes authorized to be issued by this Ordinance to be issued without liquidity and/or credit support. Such notice shall be provided no later than ninety (90) days prior to the proposed date the City Council is to consider for adoption an ordinance amending this Ordinance for the purpose described in this **Section 4.03(b)**. The City shall cause written notice to be provided to the Noteholders no less than fifteen (15) days prior to the date the amendatory

ordinance permitting Commercial Paper Notes to be issued without liquidity and/or credit facilities is enacted by the City Council. No such amendatory ordinance shall be adopted if, on or before the date the amendatory ordinance is to be considered by the City Council, the ratings to be assigned to such Commercial Paper Notes not being supported by a liquidity and/or credit facility are lower than A-1 or its equivalent. The foregoing notwithstanding, prior to the issuance of any Commercial Paper Notes without support of liquidity and/or credit facilities, any Commercial Paper Notes issued under this Ordinance with liquidity and/or credit facility support shall be retired in full either through the issuance of refunding bonds or with the proceeds of Commercial Paper Notes issued without liquidity and/or credit facilities, such that any Commercial Paper Notes issued with liquidity and/or credit facility support thereafter are no longer Outstanding.

Section 4.04. Commercial Paper Notes Issued as Bond Anticipation Notes. The City hereby acknowledges that the Commercial Paper Notes are being issued as bond anticipation notes, and therefore the City in good faith shall endeavor to sell a sufficient principal amount of Prior Lien Bonds or Subordinated Obligations, or a combination thereof, in order to have funds available, together with other moneys available therefor, to pay the Commercial Paper Notes and the interest thereon, or any renewals thereof, as the same shall become due, and to pay amounts due under any Credit Agreement. For the sole purpose of establishing for the benefit of the Public Finance Division of the Office of the Attorney General of Texas that the City possesses sufficient Pledged Revenues to pay the Commercial Paper Notes and the interest thereon, the City shall establish sufficiency through the issuance of Prior Lien Bonds under authority of Chapter 1207 at then current market interest rates with level debt service over a forty (40) year period to refinance such Commercial Paper Notes, under authority of Section 1371.057(c), Texas Government Code.

Section 4.05. Punctual Payment. The City will punctually pay or cause to be paid the principal of and interest, if any, on the Notes (but only from the sources pledged herein), in conformity with the Notes, this Ordinance and the Credit Agreement.

Section 4.06. Commercial Paper Notes to Remain Tax Exempt. The City covenants to take any action to assure, or refrain from any action which would adversely affect, the treatment of the Commercial Paper Notes 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 if such Commercial Paper Notes are designated by the City as "tax exempt". In furtherance thereof, the City covenants as follows:

- (a) to take any action to assure that no more than 10 percent of the proceeds of the Commercial Paper Notes 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 such Commercial Paper Notes, 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 Commercial Paper Notes 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 Commercial Paper Notes (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 Commercial Paper Notes being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(e) to refrain from taking any action that would result in the Commercial Paper Notes 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 Commercial Paper Notes, 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 such Commercial Paper Notes, other than investment property acquired with --

(1) proceeds of such Commercial Paper Notes invested for a reasonable temporary period of three years or less until such proceeds are needed for the purpose for which the obligations 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 such Commercial Paper Notes;

(g) to otherwise restrict the use of the proceeds of the Commercial Paper Notes or amounts treated as proceeds of such Commercial Paper Notes, as may be

necessary, so that such Commercial Paper Notes do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

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

(i) to timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on such forms, at such places and in such manner as may be prescribed by law; and

(j) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Commercial Paper Notes) 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 sixty (60) days after the Commercial Paper Notes 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.

The City represents and covenants that it will not expend, or permit to be expended, the proceeds of any Commercial Paper Notes in any manner inconsistent with its reasonable expectations as certified in a federal tax certificate to be executed from time to time with respect to the Commercial Paper Notes; provided, however, that the City may expend Commercial Paper Note proceeds in any manner if the City first obtains an unqualified opinion of Bond Counsel that such expenditure will not impair the exemption from federal income taxation of interest paid on the Commercial Paper Notes. The City represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon.

The City understands that the term "proceeds" includes "disposition proceeds" as defined in the 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 Commercial Paper Notes. 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 Commercial Paper Notes, 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 Bond Counsel, will not adversely affect the exemption from federal income taxation of interest on the Commercial Paper Notes under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Commercial Paper Notes, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of Bond Counsel, to preserve the exemption from federal income taxation of interest on the Commercial Paper Notes under section 103 of the Code. In furtherance of such

intention, the City Council hereby authorizes and directs the Mayor, the City Manager and the Chief Financial Officer of the City to execute any documents, certificates or reports required by the Code, and to 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 Commercial Paper Notes.

In order to facilitate compliance with the above clause (j), a "Rebate Fund" is hereby established by the City for the sole benefit of the United States of America, and the Rebate Fund shall not be subject to the claim of any other person, including without limitation the Noteholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

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 Council in the ordinance authorizing the issuance of the Series 2012A Bonds, passed August 8, 2012, apply to the Commercial Paper Notes.

Section 4.07. Allocation of, and Limitation on, Expenditures for Eligible Projects. The City covenants to account for on its books and records the expenditure of proceeds from the sale of the Commercial Paper Notes and any investment earnings thereon to be used for Eligible Projects by allocating proceeds to expenditures within eighteen (18) months of the later of the date that (a) the expenditure on a Eligible Project is made or (b) each Eligible Project is completed. The foregoing notwithstanding, the City shall not expend such proceeds or investment earnings more than sixty (60) days after the later of (a) the fifth anniversary of the date of delivery of such Commercial Paper Notes or (b) the date the Commercial Paper Notes are retired, unless the City obtains an opinion of Bond Counsel substantially to the effect that such expenditure will not adversely affect the tax-exempt status of such Commercial Paper Notes. For purposes of this Section, the City shall not be obligated to comply with this covenant if it obtains an opinion of 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.

Section 4.08. Disposition of Eligible Projects. The City covenants that the property constituting an Eligible 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 Bond Counsel substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt status of the Commercial Paper Notes. 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 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.

Section 4.09. Supplemental Ordinances. Other than as permitted herein with respect to the issuance or incurrence of additional obligations of the City secured by the Pledged Revenues, the City will not adopt any supplemental ordinances with respect to the Pledged Revenues,

pursuant to the Prior Lien Bond Ordinance or otherwise, without the prior written consent of the Liquidity Provider.

Section 4.10. Opinion of Bond Counsel. The City shall cause the legal opinion of Bond Counsel as to the validity of the Commercial Paper Notes and as to the exemption of interest on the Commercial Paper Notes from federal income taxation to be furnished to any Holder without cost. In addition, a copy of said opinion may be printed on each of the Commercial Paper Notes. In addition, in connection with the annual updating of the Offering Memorandum (as provided in accordance with **Section 6.07** hereof) as required by the Dealer Agreement, there shall be provided an annual updated opinion of Bond Counsel, at the cost of the City or the Dealer as agreed to in the Dealer Agreement.

Section 4.11. Ongoing Continuing Disclosure Covenant. To the extent required by the provisions of Rule 15c2-12, (the "Rule") promulgated by the U.S. Securities and Exchange Commission, the City agrees to enter into an agreement to file financial information and operating data with respect to the Commercial Paper Notes with such entities as are designated pursuant to the terms of the Rule as nationally recognized municipal securities information repositories and the state information depository in Texas. Under the provisions of the Rule, as they exist on the date this Ordinance is adopted, the City is exempted from complying with the undertaking described in the first sentence of this **Section 4.11**, as the Notes are to be issued in the form of Commercial Paper Notes with maturities of no greater than two hundred and seventy (270) days.

Section 4.12. Rates and Charges. The City hereby agrees and reaffirms its covenants to the holders of the Prior Lien Bonds, to BANA, as holder of the BANA Note, and to JPMC, as holder of the JPMC Note, and covenants to the Holders of the Liquidity Provider Notes, that it will at all times maintain rates and charges for the services furnished, provided, and supplied by the System which shall comply with the provisions of the Prior Lien Bond Ordinance, be reasonable and non-discriminatory and produce income and revenues sufficient to pay:

(a) 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;

(b) the interest on and principal of all Prior Lien Bonds, as and when the same shall become due; and

(c) to the extent the same are reasonably anticipated to be paid with Pledged Revenues, the interest on and principal of each Liquidity Provider Note and other amounts due the Liquidity Provider under the Credit Agreement, as and when the same shall become due; and

(d) to the extent the same are reasonably anticipated to be paid with Pledged Revenues, the interest on and principal of the BANA Note, the interest on and principal of the

JPMC Note, and other amounts due BANA and JPMC under the Series F Credit Agreement, as and when the same shall become due; and

(e) any legal debt or obligation of the System as and when the same shall become due, including any Subordinated Obligations.

Section 4.13. Revenue Fund. Pursuant to **Section 2.16** hereof, the City hereby reaffirms its covenant to the holders of the Prior Lien Bonds, and affirms to BANA, as holder of the BANA Note and to JPMC, as holder of the JPMC Note, and hereby covenants with respect to the Holders of the Liquidity Provider Notes, that all Gross Revenues shall be deposited as received in the "City of Dallas, Texas Waterworks and Sewer System Revenue Fund" (hereinafter referred to as the "Revenue Fund"), which shall be kept separate and apart from all other funds of the City. Revenues received for the Revenue Fund shall be deposited from time to time as received in such bank or banks as may be selected by the City in accordance with applicable laws relating to the selection of City depositories.

Section 4.14. Compliance with Prior Lien Bond Ordinance and Other Documents. The City will comply with the terms and provisions of the Prior Lien Bond Ordinance, and any other ordinance (including specifically, but not by way of limitation, the ordinance authorizing the issuance of the Series F Commercial Paper Notes) or contract to which the City is a party, the non-compliance with which would materially adversely affect the ability of the City to make payments on the Notes when due. The City shall make the deposits to and payments from the Revenue Fund when and as required by the Prior Lien Bond Ordinance, and such deposits shall be made in the order and with the priorities set forth in the Prior Lien Bond Ordinance.

Section 4.15. Reservation of Right to Issue or Incur Prior Lien Bonds and Obligations of Inferior Lien. In accordance with **Section 4.09** hereof, the City hereby expressly reserves the right to hereafter issue Prior Lien Bonds in accordance with the provisions of the Prior Lien Bond Ordinance, payable from and secured by a lien on and pledge of the Pledged Revenues prior in right and claim to the lien and pledge securing the payment of the Liquidity Provider Notes. In accordance with **Section 4.09** hereof, the City also retains the right to issue or incur Subordinated Obligations.

Section 4.16. Notice to Rating Agencies. The City shall cause to be provided to the Rating Agencies notice of any proposed amendment to this Ordinance (including, without limitation, an amendment to this Ordinance as described in **Section 4.03(b)** hereof), or the occurrence of the termination or expiration of the Commitment or the substitution of liquidity or credit facilities prior to, or contemporaneously with, the expiration of the Credit Agreement, or any change in the Issuing and Paying Agent or the Dealer, with such notice to be provided in the manner set forth in the Issuing and Paying Agent Agreement.

Section 4.17. Purchase of Commercial Paper Notes by the City. Notwithstanding anything to the contrary contained in this Ordinance, to the extent that the Dealer cannot sell Commercial Paper Notes to renew or refund Outstanding Commercial Paper Notes on their

maturity, the City may use funds from sources other than (i) money on deposit in the Series G Note Payment Fund or the Series G Note Construction Account, (ii) the proceeds of Prior Lien Bonds or Subordinated Obligations, or (iii) money on deposit in any debt service fund or reserve fund established for the benefit of the Prior Lien Bonds or Subordinated Obligations, to purchase Commercial Paper Notes issued to renew and refund such maturing Commercial Paper Notes. Such payment, issuance and purchase are not intended to constitute an extinguishment of the obligation represented by such maturing Commercial Paper Notes and the City may issue Commercial Paper Notes to renew and refund the Commercial Paper Notes held by it when the Dealer is again able to sell Commercial Paper Notes. While such Commercial Paper Notes are held by the City they shall bear interest at the rate being earned by the funds used to purchase such Commercial Paper Notes on the date of purchase.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES OF NOTEHOLDERS

Section 5.01. Events of Default. If one or more of the following events shall occur:

(a) if default shall be made in the due and punctual payment of principal of any Commercial Paper Note when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if the City shall fail to make due and punctual payment of interest on any Commercial Paper Note when and as such interest installment shall become due and payable and such failure shall continue for five (5) Business Days;

(c) if the principal of a liquidity provider note issued pursuant to the related Series F Credit Agreement (and interest accrued thereon) shall become due and payable prior to the maturity thereof under such liquidity provider note and the related Series F Credit Agreement;

(d) if the principal of the Liquidity Provider Note (and interest accrued thereon) shall become due and payable prior to the maturity thereof under the Liquidity Provider Note and the Credit Agreement;

(e) if default shall be made by the City in the performance or observance of any other of the covenants, agreements or conditions on its part in this Ordinance or in the Commercial Paper Notes contained, and such default shall continue for a period of sixty (60) days after written notice thereof; provided, however, if such default cannot be cured within the sixty (60) day period but corrective action to cure such default is

commenced and diligently pursued until the default is corrected no such Event of Default shall be deemed to have occurred; or

(f) if there shall occur the dissolution (without a successor being named to assume the rights and obligations) or liquidation of the City or the filing by the City of a voluntary petition in bankruptcy, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of its creditors, or the entry by the City into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceeding for the adjustment of its debts instituted under the provisions of the Bankruptcy Code, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted;

then such event as described above shall constitute an "Event of Default" under this Ordinance.

Section 5.02. Suits at Law or in Equity and Mandamus. In case one or more Events of Default shall occur, then and in every such case the Holder of any Note at the time Outstanding shall be entitled to proceed to protect and enforce such Holder's rights by such appropriate judicial proceeding as such Holder shall deem most effectual to protect and enforce any such right, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in this Ordinance, or in aid of the exercise of any power granted in this Ordinance, or to enforce any other legal or equitable right vested in the Holders of Notes by this Ordinance or the Notes or by law. The provisions of this Ordinance shall be a contract with each and every Holder of Notes and the duties of the City shall be enforceable by any Noteholder by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

Section 5.03. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Holders of Notes is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by the Holder of any one or more of the Notes.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Amendments or Modifications Without Consent of Holders of Notes. This Ordinance and the rights and obligations of the City and of the Holders of Notes may be modified or amended at any time by a supplemental ordinance, without notice to or the consent of any Noteholders, but only to the extent permitted by law, and, subject to the rights of the holders of the Notes, only 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, or to surrender any right or power herein reserved to or conferred upon the City;

(2) to (a) increase the principal amount of Commercial Paper Notes that may be Outstanding at any one time under the terms of this Ordinance or (b) adjust the principal amounts of, or to add sub-series for, the Commercial Paper Notes that may be Outstanding at any one time under the terms of this Ordinance, provided that the City satisfies either (i) the requirements of **Section 4.03(a)** hereof in providing liquidity or credit support with respect to the increased principal amount of Commercial Paper Notes authorized to be Outstanding at any one time or (ii) the requirements of **Section 4.03(b)** hereof to issue the increased principal amount of Commercial Paper Notes without liquidity and/or credit support;

(3) to cure any ambiguity or inconsistency, or to cure or correct any defective provision contained in this Ordinance, upon receipt by the City of an approving opinion of Bond Counsel selected by the City, that the same is needed for such purpose, and will more clearly express the intent of this Ordinance;

(4) to effect such changes as are determined by the City Council to be necessary or advisable in connection with exercising the authority reserved to the City in **Section 4.03(b)** hereof; or

(5) to supplement the security for the Notes, replace or provide additional credit facilities, make such changes, modifications or amendments as may be necessary or desirable in order to obtain the approval of this Ordinance by the Attorney General of Texas, as required by **Section 6.08** hereof, or to obtain or maintain the granting of a rating on the Notes by a nationally recognized municipal bond rating agency, or change the form of the Notes, or make such other changes in the provisions hereof as the City may deem necessary or desirable and which shall not materially adversely affect the interests of the Holders of the Notes;

provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions of this Ordinance or of the Commercial Paper Notes so as to:

(A) Make any change in the maturity of any of the Outstanding Commercial Paper Notes;

(B) Reduce the rate of interest borne by any of the Outstanding Commercial Paper Notes;

(C) Reduce the amount of the principal payable on any of the Outstanding Commercial Paper Notes;

(D) Modify the terms of payment of principal of or interest on the Outstanding Commercial Paper Notes, or impose any conditions with respect to such payment;

(E) Affect the rights of the Holders of less than all of the Outstanding Commercial Paper Notes; or

(F) Reduce or restrict the pledge made pursuant to **Section 2.10** hereof for payment of the Commercial Paper Notes;

and provided, further, that no change, modification or amendment shall be made in this Ordinance or become valid and effective (i) without the approval of such change, modification or amendment by the Attorney General of the State of Texas, to the extent required by the Act, and (ii) without the written consent of the Liquidity Provider (which, in the case of an amendment authorizing an increase in the principal amount of Commercial Paper Notes at any one time Outstanding, shall mean the written consent of the Liquidity Provider providing, as of the effective date of the authority to issue additional Commercial Paper Notes in excess of the maximum principal amount of Commercial Paper Notes then authorized by the City Council at any one time to be Outstanding, the liquidity or credit support, if any, required by **Section 4.03(a)** hereof).

Section 6.02. Additional Actions. (a) Any Authorized Representative, the City Secretary, and the other officers of the City, each are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Notes and otherwise to effectuate the purposes of this Ordinance, the Credit Agreement, the Fee Agreement, the Dealer Agreement, the Issuing and Paying Agent Agreement and the Offering Memorandum. Specifically, by the adoption of this Ordinance, the City Council hereby authorizes the payment of the fees and expenses incurred and to be paid by the City in connection with the issuance, sale and delivery of the Notes and the execution and delivery of the Credit Agreement, the Fee Agreement, the Dealer Agreement and the Issuing and Paying Agent Agreement, including, without limitation, fees of Rating Agencies, as further described in Schedule I attached hereto.

(b) In order for the City Council to be kept informed of the general activities and future needs of the System, the Chief Financial Officer of the City or the designee thereof shall report periodically to the Government Performance and Financial Management Committee duly appointed by the City Council, but no less frequently than once each calendar quarter, and provide the Government Performance and Financial Management Committee with a summary of recent events relating to the System and actions taken by the City with respect to such events.

(c) True and correct copies of this Ordinance shall be furnished to the Rating Agencies promptly after the adoption of this Ordinance, to notify such parties that the Series G

Commercial Paper Notes will be supported by a liquidity facility issued by the Liquidity Provider in the manner described in this Ordinance.

(d) The City shall not execute the Credit Agreement, the Fee Agreement, the Issuing and Paying Agent Agreement or the Dealer Agreement unless the each of the parties has confirmed to an Authorized Representative that either it (i) has made disclosure filings to the Texas Ethics Commission in accordance with Section 2252.908, Texas Government Code or (ii) is exempt from making filings under Section 2252.908(c)(4), Texas Government Code. If clause (i) above applies to any party, within thirty (30) days of receipt of any such disclosure filing the filing will be acknowledged by the City in accordance with the rules of the Texas Ethics Commission.

Section 6.03. Ordinance to Constitute a Contract; Equal Security. In consideration of the acceptance of the Notes, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the City and the Holders from time to time of the Notes and the pledge made in this Ordinance by the City and the covenants and agreements set forth in this Ordinance to be performed by the City shall be for the equal and proportionate benefit, security and protection of all Holders of the Notes, without preference, priority or distinction as to security or otherwise of any of the Notes authorized hereunder over any of the others by reason of time of issuance, sale or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Ordinance or, with respect to the Liquidity Provider Note, the Credit Agreement.

Section 6.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Notes issued hereunder.

Section 6.05. Payment and Performance on Business Days. Whenever under the terms of this Ordinance or the Commercial Paper Notes, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Commercial Paper Notes, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Commercial Paper Notes, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on such day.

Section 6.06. Limitation of Benefits with Respect to the Ordinance. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Ordinance or the Notes is intended or should be construed to confer upon or give to any person other than the City, the Holders of the Notes, the Issuing and Paying Agent and the parties to the Dealer Agreement, the Credit Agreement and the Fee

Agreement, any legal or equitable right, remedy or claim under or by reason of or in respect to this Ordinance or any covenant, condition, stipulation, promise, agreement or provision herein contained. This Ordinance and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the City, the Holders of the Notes, the Issuing and Paying Agent and the parties to the Dealer Agreement, the Credit Agreement and the Fee Agreement as herein and therein provided.

Section 6.07. Use of Offering Memorandum. The use by the Dealer of the Offering Memorandum, prepared in connection with the sale of Commercial Paper Notes, and the distribution of the Offering Memorandum by the Dealer, is approved subject to the approval thereof by an Authorized Representative. Any Authorized Representative is hereby authorized to provide to the Dealer such information as may be necessary, in the reasonable judgment of the Dealer, to update, on an annual basis, the Offering Memorandum.

Section 6.08. Approval of Attorney General. The Authorized Representative shall submit this Ordinance and a transcript of proceedings related thereto to the Attorney General of the State of Texas for approval, as required by the Act. No Notes herein authorized to be issued shall be sold or delivered by an Authorized Representative until the Attorney General of the State of Texas shall have approved this Ordinance, the Credit Agreement, the Fee Agreement and other agreements and proceedings as may be required in connection therewith, all as required by the Act. 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 Commercial Paper Notes, in the amount determined in accordance with the provisions of Section 1202.004, Texas Government Code.

Section 6.09. Series E Commercial Paper Notes Issued under Ordinance No. 29377. On the effective date of the Series G Credit Agreement, (i) any Series E Commercial Paper Notes outstanding under the provisions of Ordinance No. 29377 may be retired through the issuance of Commercial Paper Notes authorized by this Ordinance and (ii) the authority to issue Series E Commercial Paper Notes under authority of Ordinance No. 29377 shall expire. Proceeds of Commercial Paper Notes, if any, issued to retire any Series E Commercial Paper Notes shall be deposited to the credit of the note payment fund established under Ordinance No. 29377.

Section 6.10. Preamble. The preamble to this Ordinance shall be considered an integral part of this Ordinance, and is herein incorporated as part of the body of this Ordinance for all purposes.

Section 6.11. Immediate Effect. This Ordinance shall be effective immediately from and after its passage in accordance with the provisions of Section 1201.028, Texas Government Code.

Section 6.12. Open Meeting. It is hereby officially found and determined that the meeting at which this Ordinance was passed 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.

PASSED AND APPROVED the 9th day of June, 2021.

APPROVED AS TO FORM:
Christopher J. Caso, City Attorney

By: _____
Assistant City Attorney

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 9th day of June, 2021, and an Ordinance authorizing the issuance and sale of commercial paper notes in an aggregate principal amount at any one time outstanding not to exceed \$300,000,000, 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 9th day of June, 2021.

Bilierae Johnson, City Secretary
City of Dallas, Texas

(SEAL)