

ORDINANCE NO. 2024-[]

**ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF DRIPPING SPRINGS,
TEXAS TAX NOTE, SERIES 2024; AUTHORIZING THE LEVY OF AN AD VALOREM
TAX IN SUPPORT OF THE NOTE; AUTHORIZING EXECUTION OF AN
INVESTMENT LETTER AND PAYING AGENT/REGISTRAR AGREEMENT;
AWARDING THE SALE OF THE NOTE; AND AUTHORIZING OTHER MATTERS
RELATED TO THE ISSUANCE OF THE NOTE**

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ORDINANCE NO. [_____]

**ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF DRIPPING SPRINGS,
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AWARDING THE SALE OF THE NOTE; AND AUTHORIZING OTHER MATTERS
RELATED TO THE ISSUANCE OF THE NOTE**

THE STATE OF TEXAS	§
COUNTY OF HAYS	§
CITY OF DRIPPING SPRINGS	§

WHEREAS, the City Council of the City of Dripping Springs, Texas (the "City") deems it advisable to issue a tax note (the "Note") for the purpose of paying in whole or in part contractual obligations incurred for the purposes described in Section 1 hereof ; and

WHEREAS, the Note hereinafter authorized and designated is to be issued and delivered pursuant to Chapter 1431, Texas Government Code, as amended; and

WHEREAS, 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; and

WHEREAS, it is considered to be in the best interest of the City that the interest bearing Note be issued.

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

SECTION 1. RECITALS, AMOUNT AND PURPOSE OF THE NOTE. (a) Recitals, Amount and Purpose. The recitals set forth in the preamble hereof are incorporated by reference herein and shall have the same force and effect as if set forth in this Section. The Note of the City is hereby authorized to be issued and delivered in the aggregate principal amount of \$2,500,000 (the "Note") for the purpose of (1) constructing a City public works facility to support the City’s utility system and City streets (including a building for maintenance staff and a holding yard for related materials and equipment), acquiring the land for such facility and other related costs, including equipping the facility and; (2) paying professional services including fiscal, engineering, architectural and legal fees and other such costs incurred in connection therewith including the costs of issuing the Note.

SECTION 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITIES OF NOTE. The Note issued pursuant to this Ordinance shall be designated: "CITY OF DRIPPING SPRINGS, TEXAS TAX NOTE, SERIES 2024", and initially there shall be

issued, sold, and delivered hereunder one fully registered Note in the denomination of \$2,500,000 dated March 26, 2024, numbered R-1, payable to the initial purchaser thereof (as designated in Section 12 hereof), or to the registered assignee of said Note (in each case, the "Registered Owner"), and said Note shall have a final maturity date of June 1, 2030, but payable in installments on June 1 in each of the years and in the principal installments, respectively, as set forth in the following schedule:

<u>YEARS</u>	<u>PRINCIPAL INSTALLMENTS</u>
2025	\$ [355,000]
2026	\$ [390,000]
2027	\$ [410,000]
2028	\$ [430,000]
2029	\$ [445,000]
2030	\$ [470,000]

The term "Note" as used in this Ordinance shall mean and include collectively the Note initially issued and delivered pursuant to this Ordinance and any substitute or replacement Note exchanged therefor.

SECTION 3. INTEREST. The Note shall bear interest on the unpaid balance of the principal amount thereof in the manner and from the date specified in the FORM OF NOTE set forth in this Ordinance to the scheduled due date, or date of prepayment prior to the scheduled due date, of the principal installments of the Note at a rate of [___]% per annum.

SECTION 4. CHARACTERISTICS OF THE NOTE. (a) Registration, Transfer, Conversion and Exchange; Authentication. The City shall keep or cause to be kept at [_____] in [_ __, _____] (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion and exchange of the Note (the "Registration Books"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of the Note to which payments with respect to the Note shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The City shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar shall make the Registration Books available within the State of Texas. The City shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute

Note. Registration of assignments, transfers, conversions and exchanges of the Note shall be made in the manner provided and with the effect stated in the FORM OF NOTE set forth in this Ordinance. Each substitute Note shall bear a letter and/or number to distinguish it from each other Note.

Except as provided in Section 4(c) of this Ordinance, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Note, date and manually sign the Note, and no such Note shall be deemed to be issued or outstanding unless such Note is so executed. The Paying Agent/Registrar promptly shall cancel the paid Note surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing conversion and exchange of the Note, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Note in the manner prescribed herein, and the Note shall be printed or typed on paper of customary weight and strength. Pursuant to Chapter 1201, Texas Government Code, as amended, and particularly Subchapter D thereof, the duty of conversion and exchange of the Note as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Note, the converted and exchanged Note shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Note that initially was issued and delivered pursuant to this Ordinance, approved by the Attorney General and registered by the Comptroller of Public Accounts.

(b) Payment of Note and Interest. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Note, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Note, and of all conversions and exchanges of the Note, and all replacements of the Note, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the past due interest shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(c) In General. The Note (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on the Note to be payable only to the Registered Owner thereof, (ii) may be redeemed prior to its scheduled maturity at any time, (iii) may be converted and exchanged for another Note, (iv) may be transferred and assigned, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Note shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Note, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF NOTE set forth in this Ordinance. The Note initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Note issued in conversion of and

exchange for the Note issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF NOTE.

(d) Substitute Paying Agent/Registrar. The City covenants with the Registered Owner of the Note that at all times while the Note is outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Note under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 30 days written notice to the Paying Agent/Registrar, to be effective at such time which will not disrupt or delay payment on the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Note, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Note, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

SECTION 5. FORM OF NOTE. The form of the Note, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Note initially issued and delivered pursuant to this Ordinance, shall be, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance.

FORM OF NOTE

TRANSFER OF OWNERSHIP OF THIS NOTE IS SUBJECT TO CERTAIN LIMITATIONS SET FORTH IN THE NOTE ORDINANCE. REFERENCE IS HEREBY MADE TO THE ORDINANCE FOR A DESCRIPTION OF SUCH LIMITATIONS.

NO. R-1

**UNITED STATES OF AMERICA
STATE OF TEXAS**

REGISTERED

\$ 2,500,000

**CITY OF DRIPPING SPRINGS, TEXAS
TAX NOTE**

SERIES 2024

**INTEREST
RATE**

[_____]%

**DATED
DATE**

March 26, 2024

**FINAL MATURITY
DATE**

June 1, 2030

REGISTERED OWNER: [_____]

PRINCIPAL AMOUNT: TWO MILLION FIVE HUNDRED THOUSAND DOLLARS

ON THE FINAL MATURITY DATE SPECIFIED ABOVE, the City of Dripping Springs, Texas (the "City"), being a political subdivision, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on June 1 in each of the years, in the principal installments set forth in the following schedule and bearing interest at the per annum rate set forth above:

<u>YEARS</u>	<u>PRINCIPAL INSTALLMENTS</u>
2025	\$ [355,000]
2026	\$ [390,000]
2027	\$ [410,000]
2028	\$ [430,000]
2029	\$ [445,000]
2030	\$ [470,000]

The City promises to pay interest on the unpaid principal installments hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the date of initial delivery of the Note on March 26, 2024 at the Interest Rate per annum specified above. Interest is payable on December 1, 2024 and semiannually on each June 1 and December 1 thereafter to the date of payment of the principal installment specified above; except, that if this Note is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal installment shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal installment shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Note, if any, for which this Note is being exchanged is due but has not been paid, then this Note shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Note are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Note shall

be paid to the Registered Owner hereof upon presentation and surrender of this Note at maturity, at [_____], which is the "Paying Agent/Registrar" for this Note at its designated office for payment currently, [_____, _____](the "Designated Payment/Transfer Office"). The payment of interest on this Note shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Note (the "Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared at the close of business on the last business day of the preceding month each such date (the "Record Date") on the registration books kept by the Paying Agent/Registrar (the "Registration Books"). In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Note appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Note for redemption and payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The City covenants with the Registered Owner of this Note that on or before each principal payment date, interest payment date, and accrued interest payment date for this Note it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Note, when due.

IF THE DATE for the payment of the principal of or interest on this Note shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the City where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS NOTE is a fully registered note dated March 26, 2024, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of **\$2,500,000, FOR THE PURPOSE OF (1) CONSTRUCTING A CITY PUBLIC WORKS FACILITY TO SUPPORT THE CITY'S UTILITY SYSTEM AND CITY STREETS (INCLUDING A BUILDING FOR MAINTENANCE STAFF AND A HOLDING YARD FOR RELATED MATERIALS AND**

EQUIPMENT), ACQUIRING THE LAND FOR SUCH FACILITY AND OTHER RELATED COSTS, INCLUDING EQUIPPING THE FACILITY AND; (2) PAYING PROFESSIONAL SERVICES INCLUDING FISCAL, ENGINEERING, ARCHITECTURAL AND LEGAL FEES AND OTHER SUCH COSTS INCURRED IN CONNECTION THEREWITH INCLUDING THE COSTS OF ISSUING THE NOTE.

ON JUNE 1, 2025, or on any date thereafter, the Note may be redeemed prior to its scheduled maturity, at the option of the City, with funds derived from any available and lawful source, at par plus accrued interest to the date fixed for redemption as a whole, or in part.

AT LEAST THIRTY DAYS PRIOR to the date fixed for any optional redemption of this Note or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the Registered Owner hereof at its address as it appeared on the Registration Books on the day such notice of redemption is mailed; provided, however, that the failure of the Registered Owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of this Note. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for this Note or portions thereof which are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, this Note or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for redemption, and shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

UPON THE PAYMENT OR PARTIAL REDEMPTION of the outstanding principal balance of this Note, the Paying Agent/Registrar, shall note in the Payment Record appearing on this Note the amount of such payment or partial redemption, the date said payment was made and the remaining unpaid principal balance of this Note and shall then have said entry signed by an authorized official of the Paying Agent/Registrar. The Paying Agent/Registrar shall also record such information in the Registration Books, and the Paying Agent/Registrar shall also record in the Registration Books all payments of principal installments on such Certificate when made on their respective due dates.

THIS NOTE is issuable in the form of one fully-registered Note without coupons in the denomination of \$2,500,000. This Note may be transferred or exchanged as provided in the Ordinance, only upon the registration books kept for that purpose at the above-mentioned office of the Paying Agent/Registrar upon surrender of this Note together with a written instrument of transfer or authorization for exchange satisfactory to the Paying Agent/Registrar and duly executed by the Registered Owner or his duly authorized attorney, and thereupon a new Note of the same maturity and in the same aggregate principal amount shall be issued by the Paying Agent/Registrar to the transferee in exchange therefor as provided in the Ordinance, and upon payment of the charges therein prescribed. The City and the Paying Agent/Registrar may deem and treat the person in whose name this Note is registered as the absolute owner hereof for the purpose of receiving

payment of, or on account of, the principal hereof and interest due hereon and for all other purposes. The Paying Agent/Registrar shall not be required to make any such transfer or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

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

THIS NOTE shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the Certificate of Authentication shall have been executed by the Paying Agent/Registrar or the Comptroller's Registration Certificate hereon shall have been executed by the Texas Comptroller of Public Accounts.

IT IS HEREBY certified, recited and covenanted that this Note has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Note have been performed, existed and been done in accordance with law; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Note, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said City, and have been pledged for such payment, within the limit prescribed by law; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Note, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said City, and have been pledged for such payment, within the limit prescribed by law.

BY BECOMING the Registered Owner of this Note, the Registered Owner hereby acknowledges all of the terms and provisions of the Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the City, and agrees that the terms and provisions of this Note and the Ordinance constitute a contract between each Registered Owner hereof and the City.

IN WITNESS WHEREOF, the City has caused this Note to be signed with the manual or facsimile signature of the Mayor of the City and countersigned with the manual or facsimile signature of the City Secretary of said City, and has caused the official seal of the City to be duly impressed, or placed in facsimile, on this Note.

City Secretary

Mayor

(SEAL)

FORM OF PAYMENT RECORD

PAYMENT RECORD

Date of Payment	Principal Payment (amount and installment(s) to which payment is applied)	Remaining Principal Balance	Name and Title of Authorized Officer Making Entry	Signature of Authorized Officer
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Note is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Note has been issued under the provisions of the Ordinance described in the text of this Note; and that this Note has been issued in conversion or replacement of, or in exchange for the fully registered Note which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated _____.

[_____]
Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or Taxpayer
Identification Number of Transferee

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

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints
_____, attorney, to register the transfer of the within
Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed
by a member firm of the New York Stock
Exchange or a commercial bank or trust
company.

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

**FORM OF REGISTRATION CERTIFICATE OF
THE COMPTROLLER OF PUBLIC ACCOUNTS:**

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this _____.

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

SECTION 6. INTEREST AND SINKING FUND. A special "Interest and Sinking Fund" is hereby created and shall be established and maintained by the City at an official depository bank of said City. Said Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of said City, and shall be used only for paying the interest on and principal of the Note. All ad valorem taxes levied and collected for and on account of said Note shall be deposited, as collected, to the credit of said Interest and Sinking Fund. During each year while the Note is outstanding and unpaid, the governing body of said City shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on the Note as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of said Note as such principal matures (but never less than 2% of the original principal amount of said Note as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of said City, with full allowances being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in said City, for each year while the Note is outstanding and unpaid, and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Note, as such interest comes due and such principal matures are hereby pledged for such payment, within the limit prescribed by law. Accrued interest on the Note shall be deposited in the Interest and Sinking Fund and used to pay interest on the Note.

SECTION 7. ESTABLISHMENT OF PROJECT FUND. (a) Project Fund. The City's Tax Note, Series 2024 Project Fund is hereby created and shall be established and maintained by the City at an official depository bank of the City. Proceeds from the sale of the Note, including any premium, but excluding accrued interest, shall be deposited into the Project Fund.

(b) Investment of Funds. The City hereby covenants that the proceeds of the sale of the Note will be used as soon as practicable for the purposes for which the Note is issued. Obligations purchased as an investment of money in any fund shall be deemed to be a part of such fund. Any money in any fund created by this Ordinance may be invested as permitted by the Texas Public Funds Investment Act, as amended.

(c) Security for Funds. All funds created by this Ordinance shall be secured in the manner and to the fullest extent required by law for the security of funds of the City.

(d) Maintenance of Funds. Any funds created pursuant to this Ordinance may be created as separate funds or accounts or as subaccounts of the City's General Fund held by the City's depository, and, as such, not held in separate bank accounts, such treatment shall not constitute a commingling of the monies in such funds or of such funds and the City shall keep full and complete records indicating the monies and investments credited to each such fund.

(e) Interest Earnings. Interest earnings derived from the investment of proceeds from the sale of the Note shall be used along with the Note proceeds for the purpose for which the Note is issued as set forth in Section 1 hereof or to pay principal or interest payments on the Note; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on note proceeds which are required to be rebated to the United States of America pursuant to Section 11 hereof in order to prevent the Note from being an arbitrage bond shall be so rebated and not considered as interest earnings for the purposes of this Section.

(f) Perfection. Chapter 1208, Texas Government Code, applies to the issuance of the Note and the pledge of the ad valorem taxes granted by the City under this Section, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Note is outstanding and unpaid such that the pledge of the ad valorem taxes granted by the City under this Section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the Owner of the Note the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

SECTION 8. DEFEASANCE OF THE NOTE. (a) The Note and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Note") within the meaning of this Ordinance, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Note, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or a commercial bank or trust company for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the City with the Paying Agent/Registrar or a commercial bank or trust company for the payment of its services until the Defeased Note shall have become due and payable or (3) any combination of (1) and (2). At such time as the Note shall be deemed to be a Defeased Note hereunder, as aforesaid, such Note and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Note as aforesaid when proper notice of redemption of such Note shall have been given, in accordance with this Ordinance. Any money so deposited with the Paying Agent/Registrar or a commercial bank or trust company as provided in this Section may, at the discretion of the City Council, also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar or a commercial bank or trust company pursuant to this Section which is not required for the payment of such Note and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be remitted to the City Council.

(c) Notwithstanding any provision of any other Section of this Ordinance which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Note and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Note and premium, if any and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until the Defeased Note shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Note the same as if it had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(d) Notwithstanding anything elsewhere in this Ordinance, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or a commercial bank or trust company pursuant to this Section for the payment of the Note and such Note shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of the Note affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Note to be paid at its maturity, the City retains the right under Texas law to later call that Defeased Note for redemption in accordance with the provisions of the Ordinance authorizing its issuance, the City may call such Defeased Note for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to such Defeased Note as though it was being defeased at the time of the exercise of the option to redeem the Defeased Note and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Note.

SECTION 9. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED NOTE.

(a) Replacement Note. In the event the outstanding Note is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new note of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Note, in replacement for such Note in the manner hereinafter provided.

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

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

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

(e) Authority for Issuing Replacement Note. In accordance with Subchapter B of Texas Government Code, Chapter 1206, this Section of this Ordinance shall constitute authority for the issuance of any such replacement Note without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such Note is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Note in the form and manner and with the effect, as provided in Section 9(a) of this Ordinance for the Note issued in conversion and exchange for the Note.

SECTION 10. CUSTODY, APPROVAL, AND REGISTRATION OF THE NOTE; BOND COUNSEL'S OPINION; AND CONTINGENT INSURANCE PROVISION, IF OBTAINED. The Mayor of the City is hereby authorized to have control of the Note initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Note pending its delivery and investigation, examination, and approval by the Attorney General of the State of Texas, and registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Note said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Note attached to such Note, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Note. The approving legal opinion of the City's Bond Counsel may, at the option of the City, be printed on the Note issued and delivered under this Ordinance, but it shall not have any legal effect, and shall be

solely for the convenience and information of the Registered Owner of the Note. In addition, if bond insurance is obtained, the Note may bear an appropriate legend as provided by the insurer.

SECTION 11. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE NOTE. (a) Covenants. The City covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Note as an obligation described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

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

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Note 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;

(3) 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 Note (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;

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

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

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

(A) proceeds of the Note invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the Note is issued,

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

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

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

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Note) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Note has 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.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the City for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the holders of the Note. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of a refunding note, transferred proceeds (if any) and proceeds of the refunded note expended prior to the date of issuance of the Note. 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 Note, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Note 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 Note, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Note under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor 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 Note. This Ordinance is intended to satisfy the official intent requirements set forth in Section 1.150-2 of the Treasury Regulations.

(d) Allocation Of, and Limitation On, Expenditures for the Project. The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Ordinance (the "Project") on its books and records in accordance with the requirements of the Internal Revenue Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Note, or (2) the date the Note is retired. The City agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Note. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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

(f) Designation as Qualified Tax-Exempt Obligations. The City hereby designates the Bond as a "qualified tax-exempt obligation" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the City represents, covenants and warrants the following: (a) that during the calendar year in which the Bond is issued, the City (including any subordinate entities) has not designated nor will designate obligations, which when aggregated with the Bond, will result in more than \$10,000,000 of "qualified tax-exempt obligations" being issued; (b) that the City reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Bond is issued, by the City (or any subordinate entities) will not exceed \$10,000,000; and, (c) that the City will take such action or refrain from such action as necessary, and as more particularly set forth in this Section, in order that the Bond will not be considered a "private activity bond" within the meaning of section 141 of the Code.

(g) Reimbursement. This Ordinance is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

SECTION 12. SALE OF THE NOTE. The Note is hereby sold and shall be delivered to [_____] (the "Purchaser") pursuant to and in accordance with the terms and provisions of the investment and commitment letter (the "Investment Letter") relating to the Note and dated the date of the passage of this Ordinance, in substantially the form attached hereto as Exhibit "A." The Note shall initially be registered in the name of the Purchaser.

In consultation with, and reliance upon the advice of the financial advisor for the City, the City Council hereby finds the terms and sale of the Note are the most advantageous reasonably available on the date and time of the pricing of the Note given the then existing market conditions and the stated terms of sale on such date and time and accordingly that such terms are in the best interest of the City.

SECTION 13. DEFAULT AND REMEDIES. (a) Events of Default. Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

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

(ii) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the Registered Owner of the Note, including, but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by the Registered Owner to the City.

(b) Remedies for Default.

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

(ii) It is provided that all such proceedings shall be instituted and maintained for the benefit of the Registered Owner of the Note.

(c) Remedies Not Exclusive.

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be

in addition to every other remedy given hereunder or under the Note or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Note shall not be available as a remedy under this Ordinance.

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

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

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

SECTION 14. APPROVAL OF PAYING AGENT/REGISTRAR AGREEMENT. Attached hereto as Exhibit "B" is a substantially final form of the Paying Agent/Registrar Agreement. The Mayor is hereby authorized to amend, complete or modify such agreement as necessary and is further authorized to execute such agreement.

SECTION 15. AMENDMENT OF ORDINANCE. The City hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The City may from time to time, without the consent of the holder, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the holder, (ii) grant additional rights or security for the benefit of the holder, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the holder, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, (v) obtain insurance or ratings on the Note, (vi) obtain the approval of the Attorney General of the State Texas, or (vii) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be inconsistent with the provisions of this Ordinance and that shall not in the opinion of the City's Bond Counsel materially adversely affect the interests of the Noteholder.

(b) Except as provided in paragraph (a) above, the holder of the Note shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the City; provided, however, that without the consent of the holder, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in the Note so as to:

- (1) Make any change in the maturity of the Note;
- (2) Reduce the rate of interest borne by the Note;
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on the Note; or
- (4) Modify the terms of payment of principal or of interest or redemption premium on the outstanding Note or impose any condition with respect to such payment.

(c) If at any time the City shall desire to amend this Ordinance under this Section, the City shall send by U.S. mail to each registered owner of the Note a copy of the proposed amendment.

(d) Upon the adoption of any amendatory Ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be modified and amended in accordance with such amendatory Ordinance, and the respective rights, duties, and obligations of the City and the holder of the Note shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

SECTION 16. FURTHER ACTIONS. The officers and employees of the City are hereby authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Note, the initial sale and delivery of the Note, the Paying Agent/Registrar Agreement, any insurance commitment letter or insurance policy and the Investment Letter. In addition, prior to the initial delivery of the Note, the Mayor, the City Finance Director and Bond Counsel are each hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance and as described in the Official Statement or (ii) obtain the approval of the Note by the Texas Attorney General's office.

In case any officer of the City whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 17. INTERPRETATIONS. All terms defined herein and all pronouns used in this Ordinance shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the articles and sections of this Ordinance and the Table of Contents of this Ordinance have been inserted for convenience of reference only and are not to be considered a part

hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Note and the validity of the lien on and pledge of ad valorem taxes to secure the payment of the Note.

SECTION 18. NO CONTINUING DISCLOSURE UNDERTAKING. The placement of the Note is exempt from Securities and Exchange Commission Rule 15c2-12; however, the City will provide for the benefit of the purchaser of the Note the City's most current audited financial information upon written request.

[While the Note remains outstanding and the Purchaser is the holder thereof, and upon reasonable written request from the Purchaser, the Issuer will provide the Purchaser with audited financial statements within 270 days after the close of each Issuer fiscal year ending on and after September 30, 2024, if audited financial statements are then available, unless such information is already available on the EMMA website of the Municipal Securities Rulemaking Board; provided, however, the failure of the Issuer to provide any such audited financial statements shall in no way constitute an event of default or breach hereunder or under the Investment Letter.]

SECTION 19. INTERESTED PARTIES. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City and the registered owner of the Note, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City and the registered owner of the Note.

SECTION 20. INCORPORATION OF RECITALS. The City hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the City hereby incorporates such recitals as a part of this Ordinance.

SECTION 21. INCONSISTENT PROVISIONS. All orders, ordinances or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

SECTION 22. SEVERABILITY. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 23. REPEALER. All orders, ordinances and resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

SECTION 24. EFFECTIVE DATE OF ORDINANCE. This Ordinance shall become effect immediately from and after its passage on first and final reading in accordance with Section 1201.028, Texas Government Code, as amended.

SECTION 25. PERFECTION. Chapter 1208, Government Code, applies to the issuance of the Note and the pledge of ad valorem taxes and surplus net revenues granted by the City under Sections 6 and 7 of this Ordinance, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Note is outstanding and unpaid such that the pledge of ad valorem taxes and surplus net revenues granted by the City under Sections 6 and 7 of this Ordinance is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owner of the Note the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

SECTION 26. REIMBURSEMENT. The City expects to pay expenditures in connection with the purposes set forth in the Section 1 of this Ordinance prior to the issuance of the Note. The City finds, considers and declares that the reimbursement of the City for the payment of such expenditures will be appropriate and consistent with the lawful objectives of the City and, as such, chooses to declare its intention, in accordance with the provisions of Section 1.150-2 of the Treasury Regulations, to reimburse itself for such payments at such time as it issues the Note to accomplish the purposes set forth in Section 1 of this Ordinance. All costs to be reimbursed pursuant hereto will be capital expenditures. The Note will not be issued by the City in furtherance of this Ordinance after a date which is later than 18 months after the later of (1) the date the expenditures are paid or (2) the date on which the property, with respect to which such expenditures were made, is placed in service. The foregoing notwithstanding, the Note will not be issued pursuant to this Ordinance more than three years after the date any expenditure which is to be reimbursed is paid.

SECTION 27. PAYMENT OF ATTORNEY GENERAL FEE. The City hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of the Note or (ii) \$9,500, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code. The appropriate member of the City's staff is hereby instructed to take the necessary measures to make this payment. The City is also authorized to reimburse the appropriate City funds for such payment from proceeds of the Note.

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IN ACCORDANCE WITH SECTION 1201.028, Texas Government Code, finally passed, approved and effective on this 5th day of March, 2024.

THE CITY OF DRIPPING SPRINGS, TEXAS

Mayor
City of Dripping Springs, Texas

ATTEST:

City Secretary
City of Dripping Springs, Texas

EXHIBIT "A"
INVESTMENT LETTER

March 5, 2024

City of Dripping Springs, Texas
511 Mercer Street
Dripping Springs, Texas 78620

McCall, Parkhurst & Horton L.L.P.
600 Congress Avenue, Suite 2150
Austin, Texas 78701

SAMCO Capital Markets
6805 N. Capital of Texas Highway, Suite 350
Austin, Texas 78731

Re: City of Dripping Springs, Texas Tax Note, Series 2024 (the "Note")

I, the undersigned, being an authorized officer of [_____] (the "Purchaser") a qualified institutional buyer within the meaning of Regulation D promulgated under the Securities Act of 1933 (the "33 Act"), or an "accredited investor" within the meaning of Section 2(a)(15) of the 1933 Act, engaged in the business of making loans, acknowledge that the City of Dripping Springs, Texas (the "Issuer" or the "City"), is issuing its Tax Note, Series 2024 (the "Note") for the purpose of (1) constructing a City public works facility to support the City's utility system and City streets (including a building for maintenance staff and a holding yard for related materials and equipment), acquiring the land for such facility and other related costs, including equipping the facility and; (2) paying professional services including fiscal, engineering, architectural and legal fees and other such costs incurred in connection therewith including the costs of issuing the Note.

The Note is to be issued under the authority of Chapter 1431 of the Texas Government Code, as amended. The Purchaser understands that the Note will be secured by a levy of an annual ad valorem tax, within the limits prescribed by law, upon all taxable property within the City.

The Purchaser understands that the Note is payable from, and secured by a lien on and pledge of, the receipts of an ad valorem tax levied in sufficient amounts (within the limits prescribed by law) to provide for the payment of the interest on and principal of the Note, as such interest and principal come due. In accordance with State law, the Issuer is limited to a tax rate of \$2.50 per \$100 of taxable assessed valuation for certain purposes, including the payment of debt service on certain of its debt, including the Note.

The Purchaser further understands that the Note will be approved by the Attorney General of the State of Texas, and will be delivered in the form of one fully-registered Note in the denomination of the aggregate principal amount thereof, which will be made payable to the order of the Purchaser.

In connection with the Note, the Purchaser agrees as follows:

- A. The Purchaser will purchase the Note, which shall be delivered to the Purchaser on or about March 26, 2024. Interest will accrue on the principal installments of the Note at the interest rates shown in the table below. The first interest payment date for the Note shall be December 1, 2024, with interest payable on each June and December thereafter until maturity or prior redemption. The Note shall have a maturity date of June 1, 2030, and the principal of the Note will be payable in annual installments, [or upon redemption at the option of the Issuer on June 1, 2025, or any date thereafter], under the terms and conditions described below. The purchase price for the Note shall be the principal amount thereof. Interest on the Note will accrue from the date of initial delivery. Annual principal installment payments shall be made to the registered owner of the Note on June 1 of each the years, and in the amounts, shown below:

<u>Year</u>	<u>Principal Installment</u>	<u>Interest Rates</u>
2025	\$ [355,000]	%
2026	\$ [390,000]	%
2027	\$ [410,000]	%
2028	\$ [430,000]	%
2029	\$ [445,000]	___ %
2030	\$ [470,000]	_ %

- B. It is understood and agreed that on June 1, 2025, or on any date thereafter, the Note may be redeemed prior to its scheduled maturity, at the option of the City, with funds derived from any available and lawful source, at par plus accrued interest to the date fixed for redemption as a whole, or in part.
- C. The Note will be fully registered as to principal and interest, and [_____] (the "Bank") shall serve as the initial paying agent and registrar for the Note pursuant to the paying agent/registrar agreement between the Bank and the City, except for the reimbursement of any reasonable expenditures incurred by the Bank in the capacity of paying agent and registrar.
- D. In regard to its purchase of the Note, the Purchaser acknowledges that no prospectus or other offering document has been prepared; however, the Issuer has furnished the Purchaser with all information requested by the Purchaser to permit the Purchaser to make an informed decision concerning its purchase of the Note, and the Purchaser has made such inspections and investigations as it has deemed necessary to determine the investment quality of the Note and to assess all risk factors associated with the purchase and ownership of the Note. The

Purchaser hereby acknowledges and represents that it has been furnished with such financial information relating to the City as it has requested for the purpose of making its assessment of extending the loan to the City. The Purchaser has been furnished with such financial information relating to the Issuer as it has requested for the purposes of making its assessment of making a loan to the Issuer by purchasing the Note. The Purchaser has had a reasonable opportunity to request and review such other information as it needs from the Issuer in order to enable it to make its investment decision. The Purchaser is not relying on McCall, Parkhurst & Horton L.L.P., the Issuer's Bond Counsel, or SAMCO Capital Markets, Inc., the Issuer's Financial Advisor, as to the completeness or accuracy of any financial information provided to the Purchaser by the Issuer in connection with its determination to extend credit through its purchase of the Note.

- E. The Note is being purchased for the account of the Purchaser as evidence of a loan (and not on behalf of another), and the Purchaser has no present intention of reselling the Note or dividing its interest therein, either currently or after the passage of a fixed or determinable period of time or upon the occurrence or nonoccurrence of any predetermined event or circumstance; provided, however that the Purchaser reserves the right to sell, pledge, transfer, convey, hypothecate, participate interests in, or dispose of the Note at some future date, but only to persons who have been provided sufficient information with which to make an informed decision to extend credit through its purchase of the Note. The Note may be transferred and registered in the name of the new registered owner in whole but not in part.
- F. Delivery of the Note to the Purchaser (the "Closing") shall be made at the Purchaser on or about March 26, 2024; provided that it is understood that the delivery date may be extended by mutual consent of the Purchaser and the Issuer.
- G. The Purchaser acknowledges that the Note will not be rated by any securities rating service. In addition, the Purchaser acknowledges that the Note will not be listed on any securities exchange. Further, no trading market now exists in the Note, and none may exist in the future. Accordingly, the Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to the maturity for the Note may not be possible or may be at a price below that which the Purchaser is paying for the Note.
- H. It is understood and agreed that the Purchaser is buying the Note in a private placement by the Issuer to the Purchaser. The Note is exempt from any federal securities registration requirements by virtue of Section 3(a)(2) of the Securities Act of 1933. The private placement of the Note with the Bank is exempt from the provisions of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"); consequently the Issuer has not undertaken to make any on-going disclosures for the benefit of the registered owner of the Note in accordance with the Rule. [While the Note remains outstanding and the Purchaser is the holder thereof, and upon reasonable written request from the Purchaser, the Issuer will provide the Purchaser with audited financial statements within [270] days after the close of each Issuer fiscal year ending on and after September 30, 2024, if audited financial

statements are then available or as may become available thereafter, unless such information is already available on the EMMA website of the Municipal Securities Rulemaking Board.]

- I. The Issuer will designate the Note as a "qualified tax-exempt obligation" for the Purchaser. In furtherance of that designation, in the Ordinance, the Issuer will covenant to take such action which would assure or to refrain from such action which would adversely affect the treatment of the Note as a "qualified tax-exempt obligation."
- J. This agreement shall be terminated by delivery of \$2,500,000 in principal amount of the Note to the Bank at the date of Closing, provided that the representations of the Purchaser in E above, shall survive the termination hereof.
- K. As a condition to the purchase of the Note, the Purchaser shall receive at the Closing an opinion of Bond Counsel in substantially the form attached hereto as Exhibit A. In addition, the Purchaser shall receive, at the Closing, an opinion of the Attorney General of the State of Texas to the effect that the Note has been lawfully issued by the Issuer and is a valid and binding obligation of the Issuer under applicable laws of the State of Texas.
- L. The Purchaser and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non-affiliated persons of municipal advisory services and/or investment advisory services. With respect to this agreement and any other information, materials or communications provided by the Purchaser: (a) the Purchaser and its representatives are not recommending an action to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to this agreement, information, materials or communications; (c) the Purchaser and its representatives are acting for their own interests; and (d) the Issuer has been informed that the Issuer should discuss this agreement and any such other information, materials or communication with any and all internal and external advisors and experts that the Issuer deems appropriate before action on this agreement or any such other information, materials or communications.
- M. The Purchaser makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Government Code"), in entering into this agreement. As used in such verifications, "affiliate means an entity that controls, is controlled by, or is under common control with the Purchaser within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this agreement, notwithstanding anything in this agreement to the contrary.

- (a) Not a Sanctioned Company. The Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes each Purchaser and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (b) No Boycott of Israel. The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.
- (c) No Discrimination Against Firearm Entities. The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.
- (d) No Boycott of Energy Companies. The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

N. Attorney General Standing Letter. The Purchaser represents that it has, or will have prior to the date of Closing, on file with the Texas Attorney General a standing letter addressing the representations and verifications contained in Section M of this Agreement in a form accepted by the Texas Attorney General. In addition, if the Purchaser or the parent company, a wholly- or majority-owned subsidiary or another affiliate of the Purchaser receives or has received a letter from the Texas Comptroller of Public Accounts pursuant to Chapter 809, Texas Government Code seeking written verification that it does not boycott energy companies (a “Comptroller Request Letter”), such Purchaser shall promptly notify the City and Bond Counsel (if it has not already done so) and provide to the City or Bond Counsel, two business days prior to Closing and additionally upon request by the City or Bond Counsel, written verification to the effect that its standing letter described in the preceding sentence remains in effect and may be relied upon by the City and the Texas Attorney General (the “Bringdown Verification”). The Bringdown Verification shall also confirm that the Purchaser (or the parent company, a wholly- or majority-owned subsidiary or other affiliate of the Purchaser that received the Comptroller Request Letter) intends to

timely respond or has timely responded to the Comptroller Request Letter. The Bringdown Verification may be in the form of an e-mail.

[The Remainder of This Page is Intentionally Left Blank.]

Respectfully submitted,

[_____]

By: _____

Name: _____

Title: _____

ACCEPTANCE

ACCEPTED pursuant to the Ordinance adopted by the City Council of the City of Dripping Springs, Texas, this the ____ day of _____, 2024.

Mayor
City of Dripping Springs, Texas

EXHIBIT A

[An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Note, assuming no material changes in facts or law.]

CITY OF DRIPPING SPRINGS, TEXAS TAX NOTE, SERIES 2024 IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,500,000

AS BOND COUNSEL FOR THE CITY OF DRIPPING SPRINGS, TEXAS (the "City") of the note described above (the "Note"), we have examined into the legality and validity of the Note, which bears interest from the dates specified in the text of the Note, until maturity or redemption, at the rate and payable on the dates specified in the text of the Note and in the Ordinance of the City adopted on March 5, 2024 authorizing the issuance of the Note (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, certified copies of the proceedings of the City, and other pertinent documents authorizing and relating to the issuance of the Note, including one executed Note (Note Number R-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Note has been authorized, issued and delivered in accordance with law; and the Note constitutes a valid and legally binding obligation of the City except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally or by governmental immunity or general principles of equity which permit the exercise of judicial discretion; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Note have been levied and pledged for such purpose, within the limit prescribed by law, all as provided in the Ordinance.

IT IS FURTHER OUR OPINION, that except as discussed below, under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion, for federal income tax purposes, the interest on the Note (i) is excludable from the gross income of the owners and (ii) the Note will not be treated as a "specified private activity bond" the interest on which would be included as an alternative minimum tax preferred item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance by the City with certain representations and covenants regarding the use and investment of the proceeds of the Note and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the City to comply with such covenants, interest on the Note may become includable in gross income retroactively to the date of issuance of the Note.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or

local tax consequences of acquiring, carrying, owning, or disposing of the Note, including the amount, accrual or receipt of interest on, the Note. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. The owners of the Note should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Note.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Note, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of a result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Note. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Note as includable in gross income for federal income tax purposes.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Note is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by Section 55 of the Code.

OUR SOLE ENGAGEMENT in connection with the issuance of the Note is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Note under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Note for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Note, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Note and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of the City, the assessed valuation of taxable property within the City and the sufficiency of the pledged revenues of the City.

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

EXHIBIT "B"
PAYING AGENT/REGISTRAR AGREEMENT

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of March 26, 2024 (this "Agreement"), by and between the City of Dripping Springs, Texas (the "Issuer"), and [_____](the "Bank").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Tax Note, Series 2024 (the "Note") in the aggregate principal amount of \$2,500,000, such Note to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Note is scheduled to be delivered to the purchaser thereof on or about March 26, 2024; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Note and with respect to the registration, transfer and exchange thereof by the registered owner thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Note;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Note. As Paying Agent for the Note, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Note as the same become due and payable to the registered owner thereof, all in accordance with this Agreement and the "Ordinance" (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Note. As Registrar for the Note, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Note and with respect to the transfer and exchange thereof as provided herein and in the "Ordinance."

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Note.

Section 1.02. Compensation.

[As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Schedule A attached.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).]

ARTICLE TWO

DEFINITIONS

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Bank Office" means the designated office of the Bank as indicated on the signature page hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Fiscal Year" means the fiscal year of the Issuer, ending September 30.

"Holder" and "Note Holder" each means the Person in whose name a Note is registered in the Note Register.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Ordinance" means the ordinance of the governing body of the Issuer pursuant to which the Note is issued, certified by the City Secretary or any other officer of the Issuer and delivered to the Bank.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Note" of any particular Note means every previous Note evidencing the same obligation as that evidenced by such particular Note (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Note for which a replacement Note has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Ordinance).

"Redemption Date" when used with respect to any Note to be redeemed means the date fixed for such redemption pursuant to the terms of the Ordinance.

"Registered Owner" each means the Person in whose name a Security is registered in the Security Register.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Note Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Note.

"Stated Maturity" means the date specified in the Ordinance when the principal of the Note is scheduled to be due and payable.

Section 2.02. Other Definitions.

The terms "Bank," "Issuer," and "Note" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE THREE

PAYING AGENT

Section 3.01. Duties of Paying Agent.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer by no later than 10:00 a.m. Central Time on the applicable payment date, pay on behalf of the Issuer the principal of each Note at its Stated Maturity or Redemption Date to the Holder upon surrender of the Note to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer by no later than 10:00 a.m. Central Time on the applicable payment date, pay on behalf of the Issuer the interest on the Note when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by

United States Mail, first class postage prepaid, on each payment date, to the Holder of the Note (or its Predecessor Note) on the respective Record Date, to the address appearing on the Note Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of and interest on the Note on the dates specified in the Ordinance.

Section 3.03. Reporting Requirements.

To the extent required by the Internal Revenue Code of 1986, and any regulations or rulings promulgated by the U.S. Department of the Treasury Regulations, the Bank shall report, or assure that a report is made to the Holders and the Internal Revenue Service, any amount of acquisition premium, interest paid on, original issue discount or adjusted basis of the Security.

ARTICLE FOUR

REGISTRAR

Section 4.01. Note Register - Transfers and Exchanges.

The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Note Register") and, if the Bank Office is located outside the State of Texas, a copy of such books and records shall be kept in the State of Texas, for recording the names and addresses of the Holder of the Note, the transfer, exchange and replacement of the Note and the payment of the principal of and interest on the Note to the Holder and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges and replacement of the Note shall be noted in the Note Register.

Every Note surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the Financial Industry Regulatory Authority (as successor to the National Association of Security Dealers), in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Note.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Note, the exchange or transfer by the Holder thereof will be completed and a new Note delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Note to be canceled in an exchange or transfer and

the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. Form of Note Register.

The Bank, as Registrar, will maintain the Note Register relating to the registration, payment, transfer and exchange of the Note in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Note Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Note Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.03. List of Note Holder. The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Note Register. The Issuer may also inspect the information contained in the Note Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Note Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Note Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Note Register.

Section 4.04. Return of Canceled Certificates.

The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, the Note in lieu of which or in exchange for which another Note has been issued, or which has been paid.

Section 4.05. Mutilated, Destroyed, Lost or Stolen Note.

The Issuer hereby instructs the Bank, subject to the applicable provisions of the Ordinance, to deliver and issue a Note in exchange for or in lieu of a mutilated, destroyed, lost, or stolen Note as long as the same does not result in an overissuance.

In case any Note shall be mutilated, or destroyed, lost or stolen, the Bank, in its discretion, may execute and deliver a replacement Note of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Note, or in lieu of and in substitution for such destroyed lost or stolen Note, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Note, and of the authenticity of the ownership

thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Note shall be borne by the Holder of the Note mutilated, or destroyed, lost or stolen.

Section 4.06. Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to any portion of the Note it has paid pursuant to Section 3.01, Note it has delivered upon the transfer or exchange of any Note pursuant to Section 4.01, and Note it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Note pursuant to Section 4.05.

ARTICLE FIVE

THE BANK

Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

Section 5.02. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Note, but is protected in acting upon receipt of a Note containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a

resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

(g) The Bank shall maintain a copy of the Note Register within the State of Texas.

The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Note in the manner described in any closing memorandum as prepared by the City, the City's Financial Advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum acknowledged by the Issuer or its Financial Advisor or other agent as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with the instructions set forth in the closing memorandum.

Section 5.03. Recitals of Issuer.

The recitals contained herein with respect to the Issuer and in the Note shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holder of any Note, or any other Person for any amount due on any Note from its own funds.

Section 5.04. May Hold Note.

The Bank, in its individual or any other capacity, may become the owner or pledgee of the Note and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. Moneys Held by Bank.

The Bank shall deposit any moneys received from the Issuer into a trust account to be held in an agent capacity for the payment of the Note, with such moneys in the account that exceed the deposit insurance available to the Issuer by the Federal Deposit Insurance Corporation, to be fully collateralized with the Note or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for trust accounts until the principal and interest on such Note have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Note shall, at its own expense and risk, request such other medium of payment.

Subject to the Unclaimed Property Law of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Note and remaining unclaimed for three years after the final maturity of the Note has become due and payable will be paid by the Bank to the Issuer if the Issuer so elects, and the Holder of such Note shall hereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease. If the Issuer does not elect, the Bank is directed to report and dispose of the funds in compliance with Title Six of the Texas Property Code, as amended.

Section 5.06. Indemnification.

To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State and County where the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08. Depository Trust Company Services.

It is hereby represented and warranted that, in the event the Note is otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements," effective August 1, 1987, which establishes requirements for Note to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

Section 5.09. Attorney General Standing Letter.

The Bank represents that it has, or will have prior to the date of Closing, on file with the Texas Attorney General a standing letter addressing the representations and verifications contained in Section 5.10 of this Agreement in a form accepted by the Texas Attorney General. In addition, if The Bank or the parent company, a wholly- or majority-owned subsidiary or

another affiliate of such Bank receives or has received a letter from the Texas Comptroller of Public Accounts pursuant to Chapter 809, Texas Government Code seeking written verification that it does not boycott energy companies (a “Comptroller Request Letter”), such Bank shall promptly notify the Issuer and Bond Counsel (if it has not already done so) and provide to the Issuer or Bond Counsel, two business days prior to Closing and additionally upon request by the Issuer or Bond Counsel, written verification to the effect that its standing letter described in the preceding sentence remains in effect and may be relied upon by the Issuer and the Texas Attorney General (the “Bringdown Verification”). The Bringdown Verification shall also confirm that such Bank (or the parent company, a wholly- or majority-owned subsidiary or other affiliate of the Bank that received the Comptroller Request Letter) intends to timely respond or has timely responded to the Comptroller Request Letter. The Bringdown Verification may be in the form of an e-mail.

Section 5.10. Verifications of Statutory Representations and Covenants.

The Bank makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the “Government Code”), in entering into this Agreement. As used in such verifications, “affiliate means an entity that controls, is controlled by, or is under common control with the Bank within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Agreement, notwithstanding anything in this Agreement to the contrary.

- (a) Not a Sanctioned Company. The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes each Bank and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (b) No Boycott of Israel. The Bank hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.
- (c) No Discrimination Against Firearm Entities. The Bank hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the

foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

- (d) No Boycott of Energy Companies. The Bank hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

ARTICLE SIX

MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses set forth below:

Issuer

City of Dripping Springs, Texas
511 Mercer Street
Dripping Springs, Texas 78620
Attn: City Manager

Paying Agent/Registrar

[_____]
[Address and POC _____]

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns.

All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Any corporation or association into which the Bank may be converted or merged, or with which it may be consolidated, or to which it may sell, lease, or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party, ipso facto, shall be and become successor Paying Agent/Registrar hereunder and vested with all of the powers, rights, obligations, duties, remedies, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 6.06. Severability.

In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.08. Entire Agreement.

This Agreement and the Ordinance constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Ordinance, the Ordinance shall govern.

Section 6.09. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination.

This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Note to the Holder thereof or (ii) may be earlier terminated by either party upon thirty (30) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed

by the Issuer and such appointment accepted and (b) notice has been given to the Holder of the Note of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Note.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Note Register (or a copy thereof), together with other pertinent books and records relating to the Note, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.11. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

[_____]

By: _____

Title: _____

CITY OF DRIPPING SPRINGS, TEXAS

By: _____
Mayor

SCHEDULE A