

BOND COUNSEL PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (Agreement) is made and entered into effective as of August 18, 2026 (Effective Date) by and between the City of Dripping Springs, a Texas general law municipality (City), and McCall, Parkhurst & Horton L.L.P., a Texas limited liability partnership (Consultant or Bond Counsel). City and Consultant may be referred to individually as a Party and collectively as the Parties.

Recitals

- A. **Procurement and Purpose.** The City issued Request for Proposals and Statements of Qualifications #2025-18: Bond Counsel to obtain professional bond counsel services for possible loan, principal forgiveness, grant, and other financial assistance funding through the Texas Water Development Board (TWDB) and for legal opinions regarding evidences of indebtedness issued by the City for capital financing or refinancing with the TWDB (RFP).
- B. **Selection.** The City selected Consultant based on demonstrated competence and qualifications, and the Parties intend this Agreement to be a professional services agreement governed by applicable Texas law, including Texas Government Code Chapter 2254, to the extent applicable.
- C. **City-Friendly Construction.** This Agreement is intended to preserve the City's governmental discretion, protect public funds, subordinate the Consultant's proposal to the City's contract terms, and provide the City broad rights to use work product and legal opinions for City purposes, while recognizing that Bond Counsel's approving legal opinion is professional legal work product delivered in connection with a closing.
- D. **Attachments.** The following attachments are incorporated into this Agreement only to the extent expressly stated herein and only to the extent they do not conflict with this Agreement:
 - (a) Attachment "A" - Scope of Services and Deliverables;
 - (b) Attachment "B" - Compensation Schedule;
 - (c) Attachment "C" - Consultant's Proposal / Statement of Qualifications;
 - (d) Attachment "D" - Insurance Requirements; and
 - (e) Attachment "E" – Engagement Letter

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. Engagement and Relationship of Parties.

- (a) **Engagement.** The City engages Consultant to provide bond counsel services and related professional legal services described in this Agreement, as requested and authorized by the City.
- (b) **Independent Contractor.** Consultant is an independent contractor and is not an officer, employee, agent, partner, joint venturer, or representative of the City. The City will not provide workers' compensation, unemployment compensation, retirement, health insurance, paid leave, or any other employee benefit to Consultant or its personnel.
- (c) **No Exclusive Engagement.** This Agreement is not exclusive. The City may engage other attorneys, law firms, financial advisors, disclosure counsel, underwriters' counsel, special tax counsel, consultants, or other professionals at any time and for any purpose.
- (d) **Attorney-Client Relationship.** Upon execution of this Agreement, an attorney-client relationship shall exist between the City and Bond Counsel. Bond Counsel shall represent only the City in connection with the services described in this Agreement and shall not act as counsel to any other party or as an intermediary among the parties to any transaction. The services of Bond Counsel are limited to those contracted for in this Agreement, and the City's execution of this Agreement constitutes acknowledgment of those limitations. Nothing in this Agreement shall affect Bond Counsel's responsibility to render an objective Bond Opinion.
- (e) **Objective Bond Opinion.** The Parties acknowledge that Consultant's representation of the City does not limit Consultant's professional responsibility, as bond counsel, to render an objective approving legal opinion when required conditions for delivery of that opinion have been satisfied.

2. Scope of Services.

- (a) **General Scope.** Consultant shall provide all usual, necessary, and customary bond counsel services required for the planning, authorization, approval, issuance, sale, delivery, closing, and post-closing transcript preparation of City bonds, certificates of obligation, notes, obligations, loan agreements, principal forgiveness agreements, grant agreements, and other evidences of indebtedness or financial assistance instruments authorized by the City as it relates to the City's request for financial assistance funding through the TWDB and for legal opinions regarding evidences of indebtedness issued by the City for capital financing or refinancing with the TWDB (collectively, Obligations).
- (b) **TWDB and Funding Program Services.** For any financing, loan, principal forgiveness, grant, or similar funding involving the TWDB or any comparable state or federal funding program, Consultant shall, as applicable and as requested by the City:

- (i) assist the City and its advisors in obtaining loan, principal forgiveness, grant, and other financial assistance funding;
 - (ii) prepare or review legal documents required in connection with the Obligations and related funding;
 - (iii) prepare ordinances, resolutions, orders, certificates, closing certificates, tax certificates, escrow documents, and other instruments necessary to authorize, secure, sell, deliver, and administer the Obligations or funding agreements;
 - (iv) review grant agreements, principal forgiveness agreements, loan agreements, escrow agreements, and related TWDB documents and provide comments necessary or appropriate to protect the City;
 - (v) coordinate with the City, TWDB, the City's financial advisor, engineers, City Attorney, auditors, paying agent/registrar, escrow agent, purchaser, and other transaction participants;
 - (vi) secure approval of the Obligations by the Texas Attorney General and registration by the Comptroller of Public Accounts of the State of Texas, when required;
 - (vii) review certified proceedings and undertake additional duties necessary to render the approving legal opinion with respect to each issue of Obligations; and
 - (viii) prepare and deliver a transcript or electronic closing file of proceedings for each completed financing.
- (c) **Bond Opinion.** Subject to completion of proceedings to Consultant's reasonable professional satisfaction, Consultant shall render its nationally accepted legal opinion covering the validity of the Obligations under Texas law and, when applicable, the exclusion of interest on the Obligations from gross income for federal income tax purposes. The City shall be entitled to rely on the Bond Opinion.
- (d) **Meetings.** Consultant shall attend City Council meetings, staff meetings, agenda briefings, TWDB meetings, closing calls, and other meetings reasonably requested by the City in connection with the Services. Unless approved in advance by the City, meetings shall be attended remotely when remote attendance is reasonably sufficient and cost-effective.

- (e) **Disclosure and Continuing Disclosure.** Unless separately engaged as disclosure counsel, Consultant shall not be responsible for preparing an official statement or other offering document or for independently verifying financial or operating data. However, in its capacity as Bond Counsel, Consultant shall review descriptions of legal documents and legal matters in offering documents for conformity with the documents described and shall draft the City's continuing disclosure undertaking when required. Post-closing continuing disclosure assistance shall be provided only if separately authorized in writing by the City.
- (f) **Excluded Services.** Unless separately engaged in writing, Bond Counsel's services do not include: (a) preparing requests for tax rulings from the Internal Revenue Service or no-action letters from the Securities and Exchange Commission; (b) preparing state securities law memoranda or investment surveys; (c) drafting state constitutional or legislative amendments; (d) pursuing test cases or other litigation; (e) making an investigation or expressing any view as to the creditworthiness of the City or the bonds; (f) except as described in the continuing disclosure section, assisting in the preparation of, or opining on, a continuing disclosure undertaking pertaining to the bonds or, after closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking; (g) representing the City in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations; (h) negotiating the terms of, or opining as to, any investment contract; or (i) addressing any other matter not specifically set forth above that is not required to render the Bond Opinion.
- (g) **City Control.** Consultant shall perform Services only as authorized by the City Administrator, the City Attorney, the City Council, or another person designated in writing by the City. Consultant shall not commit the City to any transaction, legal position, expenditure, schedule, concession, or document without appropriate City authorization.

3. **Standard of Care; Personnel; Performance Requirements.**

- (a) **Standard of Care.** Consultant shall perform the Services in a timely, courteous, professional, and workmanlike manner consistent with the standard of care, skill, diligence, and judgment ordinarily exercised by experienced Texas public finance bond counsel providing similar services to Texas municipalities and TWDB borrowers.
- (b) **Representations.** Consultant represents and warrants that it has the professional skill, experience, staffing, licenses, professional liability insurance, and resources necessary to perform the Services. Consultant further represents that all attorneys providing legal services under this Agreement shall be duly licensed and in good standing in each jurisdiction necessary for the services they perform.

- (c) **Key Personnel.** The City is relying on the qualifications and experience of Consultant's proposed team. Richard S. Donoghue, Jr. shall serve as lead relationship partner unless the City approves a replacement in writing. Angela Avila and Stefano J. Taverna are expected to be available for the roles described in Consultant's proposal. Consultant shall not materially reduce the availability of key personnel or substitute lead personnel without prior notice to and approval by the City, which approval may not be unreasonably withheld if the replacement has comparable qualifications.
- (d) **Responsiveness.** Consultant shall keep the City reasonably informed of progress, deadlines, required actions, legal issues, and risks. Consultant shall respond promptly to reasonable communications from the City, the City Attorney, and authorized transaction participants.
- (e) **No Unauthorized Practice or Delegation.** Consultant shall supervise all attorneys, paralegals, and staff performing Services. Consultant may not subcontract legal services or delegate material responsibilities to another firm without the City's prior written consent.
- (f) **Good Faith and Professional Conduct.** Consultant shall conduct business in good faith and with professionalism and courtesy in dealings with City officials, staff, residents, customers, and transaction participants. Consultant shall promptly report to the City Administrator and City Attorney any material dispute, conflict, or impediment encountered in performing the Services.

4. **Compensation; Contingency; Invoices.**

- (a) **Compensation Schedule.** The City shall compensate Consultant only as provided in Attachment "B" - Compensation Schedule, unless the City approves a written amendment or written task authorization signed by an authorized City representative.
- (b) **Bond Counsel Fee Contingent on Closing.** The Bond Counsel fee for an issue of Obligations is contingent upon the issuance and delivery of the applicable Obligations. Except for reimbursable expenses expressly approved under this Agreement or separate services expressly authorized in writing by the City, no Bond Counsel fee is earned or payable for an issue that does not close.
- (c) **No Less City-Friendly Term.** Any term in Consultant's proposal, engagement letter, invoice, email, or other document that would require the City to pay a Bond Counsel fee, partial fee, break-up fee, hourly fee, termination fee, or accrued fee for a financing that does not close is rejected and is of no force or effect unless separately approved by the City Council in a written amendment expressly referencing this Section.

- (d) **Fee Cap and Prior Approval.** The fees and reimbursable expenses stated in Attachment “B” are maximum amounts. Charges exceeding the applicable schedule, cap, or approved task authorization shall not be paid unless approved in advance in writing by the City.
- (e) **Reimbursable Expenses.** The City shall reimburse Bond Counsel for all normal, actual out-of-pocket expenses incurred, including travel (with mileage reimbursed at the then-current rate established by the Internal Revenue Service), Attorney General filing fees, communications, reproduction, and delivery service, in connection with the services performed. Travel to the City from Bond Counsel’s Austin office is not anticipated to be billed; however, in the event other travel is necessary, it shall not be undertaken without prior approval by the City. Copying charges shall not exceed \$0.20 per page. Large copying orders may be subcontracted, in which case the actual charges will be billed.
- (f) **Invoices.** Consultant shall submit invoices in sufficient detail for the City to verify the Services performed, the transaction or matter involved, the applicable fee category, and reimbursable expenses. Invoices shall include supporting documentation for reimbursable expenses.
- (g) **Payment Timing.** Subject to the Texas Prompt Payment Act, applicable law, and the City’s right to dispute invoices, the City shall pay undisputed amounts within thirty (30) days after receipt of a complete, accurate, and approved invoice. For closing-contingent Bond Counsel fees, invoices may be submitted at or after Closing.
- (h) **Invoice Rejection and Correction.** The City may reject any invoice that is incomplete, inaccurate, unsupported, unauthorized, inconsistent with this Agreement, or otherwise disputed in good faith. The City shall provide notice of the reason for rejection, and Consultant shall correct and resubmit the invoice. The payment period for rejected amounts shall begin upon the City’s receipt of the corrected invoice.
- (i) **No Individual Liability.** No elected official, officer, employee, volunteer, or representative of the City shall have personal liability for amounts owed under this Agreement.
- (j) **Appropriation and Funding.** This Agreement is subject to the City’s budgeting, appropriation, and funding requirements and is contingent upon the release and availability of funds to the extent required by the RFP, TWDB, or other applicable funding source. The City does not waive any constitutional, statutory, charter, budgetary, or appropriation limitation.

5. **City Ownership and Use of Deliverables; Consultant Materials.**

- (a) **City Deliverables.** All ordinances, resolutions, orders, certificates, closing documents, transcripts, schedules, memoranda, comments, correspondence, checklists, and other deliverables prepared specifically for the City under this Agreement (Deliverables) shall be provided to the City in usable electronic form upon request, subject to applicable attorney-client privilege, confidentiality obligations, professional responsibility rules, and third-party rights.
- (b) **City Right to Use and Rely.** The City has a perpetual, irrevocable, royalty-free right to use, copy, retain, archive, reproduce, distribute, disclose, and rely on the Deliverables and Bond Opinions for the City's governmental, financing, audit, regulatory, disclosure, grant, recordkeeping, public information, and legal purposes. This right includes the right to provide Bond Opinions and other Deliverables to the TWDB, Texas Attorney General, Comptroller, auditors, rating agencies, financial advisors, paying agents, escrow agents, underwriters, purchasers, trustees, repositories, regulators, and other persons with a legitimate role in the applicable transaction or City governmental purpose.
- (c) **Consultant Pre-Existing Materials.** Consultant retains ownership of its pre-existing templates, forms, know-how, research, internal legal analysis, internal databases, non-City-specific drafting conventions, and other intellectual property developed independently of this Agreement (Consultant Materials). To the extent any Consultant Materials are incorporated into Deliverables, Consultant grants the City the license and use rights described in Section 5(b).
- (d) **No Restriction on Public Duties.** Consultant shall not assert copyright, work-product ownership, confidentiality, or other proprietary claims to prevent the City from complying with applicable law, maintaining public records, completing or administering a financing, making required disclosures, responding to auditors or regulators, or using the Deliverables for City purposes.
- (e) **File Transfer on Request or Termination.** Upon the City's request and subject to applicable law and professional responsibility rules, Consultant shall promptly provide the City or successor counsel copies of the City's client file, including executed and draft transaction documents reasonably necessary for continued representation, completion of a financing, audit response, regulatory review, or public record purpose.

6. **Records; Public Information; Confidentiality.**

- (a) **Records.** Consultant shall maintain complete and accurate records of Services performed, invoices, expenses, communications, drafts, final Deliverables, and transaction documents in accordance with prudent law firm practices, applicable professional responsibility rules, and any recordkeeping requirements applicable to the City or the funding source.

- (b) **Public Information.** Consultant acknowledges that records relating to this Agreement may be subject to the Texas Public Information Act, including Texas Government Code Chapter 552, and to the public contracting information requirements applicable to certain governmental contracts. Consultant shall cooperate with the City in responding to public information requests, subpoenas, audits, or regulatory requests relating to this Agreement.
- (c) **Attorney-Client Privilege.** Nothing in this Agreement requires the City or Consultant to waive the attorney-client privilege, attorney work-product doctrine, or any other applicable privilege or protection. Consultant shall promptly notify the City Attorney of any request, subpoena, demand, or legal process seeking privileged or confidential City information.
- (d) **Confidential Information.** Consultant shall protect confidential, privileged, security-sensitive, personal, financial, and non-public information obtained through the representation and shall use such information only for purposes of performing the Services or as otherwise authorized by the City or required by law.
- (e) **City Public Information Decisions.** The City, through the City Attorney or other authorized official, retains authority to determine how the City will respond to public information requests. Consultant shall not independently release City records or privileged information unless authorized by the City or required by law after notice to the City.
- (f) **Responsible Use of Artificial Intelligence.** The City encourages responsible and secure use of artificial intelligence, machine learning, generative artificial intelligence, large language models, automated drafting, automated research, or similar technologies or tools (AI Tools) where such use improves efficiency, quality, or responsiveness in the performance of the Services. Any use of AI Tools by Consultant or its personnel in connection with the Services is subject to the following requirements:
 - (i) **Professional Review and Verification.** All work product, research, analysis, citations, summaries, drafts, calculations, and other outputs generated, assisted, or informed by AI Tools shall be reviewed, validated, and verified by attorneys or other qualified professionals with appropriate expertise before delivery to or reliance by the City.
 - (ii) **Protection of City Data.** Consultant shall not input, upload, transmit, disclose, or otherwise provide confidential, privileged, security-sensitive, personal, financial, non-public, or sensitive City information, documents, data, or records to any shared, public, third-party, externally hosted, or externally trained AI Tool, server, model, platform, or service without the City's express prior written consent. Any approved use shall comply with all confidentiality, privilege, cybersecurity, data protection, public information, and professional responsibility obligations applicable to the Services.

- (iii) **No Training Without Consent.** Consultant shall not permit City information, documents, data, records, or Deliverables to be used to train, improve, fine-tune, or otherwise develop any AI Tool or model that is available to any person other than Consultant for the City's representation, unless the City gives express prior written consent.
- (iv) **Consultant Responsibility.** Consultant remains fully responsible for the accuracy, completeness, quality, originality, legal sufficiency, ethical compliance, confidentiality, privilege protection, and contractual compliance of all Services and Deliverables, regardless of whether AI Tools are used.
- (v) **Disclosure Upon Request.** Upon the City's request, Consultant shall disclose in reasonable detail the nature and extent of AI Tool use in performing the Services, including the general type of AI Tool used, the categories of tasks for which it was used, and the safeguards used to protect City information, while preserving applicable attorney-client privilege, attorney work product, and legal ethics obligations.
- (vi) **No Replacement of Professional Judgment.** AI Tools shall not be used as a substitute for the independent legal judgment, professional responsibility, supervision, or final review of attorneys and other qualified professionals performing the Services.
- (vii) **Incident Notice.** Consultant shall promptly notify the City Attorney if Consultant becomes aware of any unauthorized disclosure, exposure, compromise, or misuse of City information through or relating to an AI Tool.

7. Conflicts of Interest and Ethical Compliance.

- (a) **No Conflicts.** Consultant represents that, as of the Effective Date and based on its conflicts review, it has no conflict of interest that would materially impair its representation of the City in the Services. Consultant shall comply with all applicable professional responsibility rules governing conflicts of interest.
- (b) **Ongoing Duty to Disclose.** Consultant shall promptly disclose in writing to the City Administrator and City Attorney any actual, potential, or apparent conflict of interest involving the City, the Obligations, the TWDB funding, or a transaction participant that arises during the term of this Agreement.
- (c) **No Advance Blanket Waiver.** The City does not provide a blanket advance waiver for Consultant to represent other parties in matters adverse to the City. Any conflict waiver must be in writing, must identify the relevant facts and risks, and must be approved by the City in accordance with applicable law and professional responsibility rules.

- (d) **Other Public Finance Clients.** Bond Counsel represents many political subdivisions and investment banking firms, among others, who do business with political subdivisions. During the term of this Agreement, one or more of Bond Counsel's present or future clients may have transactions with the City. Bond Counsel may also be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of bonds. Such representation shall not adversely affect Bond Counsel's ability to represent the City as it relates to the City's request for financial assistance funding through the TWDB and the rendering of legal opinions regarding evidences of indebtedness issued by the City for capital financing or refinancing with the TWDB either because such matters will be sufficiently different from the issuance of the bonds so as to make such representations not adverse to Bond Counsel's representation of the City, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the bonds. Execution of this Agreement shall constitute the City's consent to Bond Counsel's representation of others consistent with the circumstances described in this paragraph.
- (e) **Mandatory Conflict Forms.** Consultant shall timely submit and update all conflict and disclosure forms required by the City, the Texas Ethics Commission, Texas Local Government Code Chapter 176, Texas Government Code Section 2252.908, and any other applicable law, including Conflict of Interest Questionnaire forms and Certificate of Interested Parties Form 1295, as applicable.

8. Legal Compliance; Funding Requirements.

- (a) **General Compliance.** Consultant shall comply with all federal, state, and local laws, regulations, ordinances, rules, funding requirements, and professional responsibility obligations applicable to the Services.
- (b) **TWDB, EPA, and DBE Requirements.** To the extent applicable to the Services or to the funding source, Consultant shall comply with TWDB requirements, EPA requirements, and the Disadvantaged Business Enterprise (DBE) Program requirements referenced in the RFP, including good faith efforts and the six affirmative steps for procurement opportunities when applicable.
- (c) **Equal Opportunity.** Consultant shall comply with applicable equal employment opportunity requirements, including Executive Order 11246, as amended, and applicable Department of Labor regulations, to the extent applicable to this Agreement.
- (d) **Texas Government Contract Verifications.** To the extent applicable to this Agreement and only to the extent consistent with federal law, Consultant verifies and represents that:
 - (i) (a) it does not boycott Israel and will not boycott Israel during the term of this Agreement, as contemplated by Texas Government Code Chapter 2271;

- (ii) (b) it is not identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Texas Government Code Chapter 2252 relating to companies with business operations in Sudan, companies with business operations in Iran, or foreign terrorist organizations;
- (iii) (c) if applicable, it does not have a policy or practice of discriminating against a firearm entity or firearm trade association; and
- (iv) (d) if applicable, it does not boycott energy companies.
- (e) **No Gifts or Gratuities.** Consultant shall not offer or provide any gift, favor, benefit, gratuity, or thing of value to a City officer, employee, or agent in violation of law or City policy.
- (f) **Licensing and No Debarment.** Consultant represents that neither the firm nor any attorney assigned to the City's account is suspended, debarred, or otherwise prohibited from professional practice by any federal, state, or local agency, court, or licensing authority. Consultant further represents that there are no legal or administrative proceedings in which the firm, or any of its attorneys, have been involved as defendants relative to investigations into or violations of any regulatory agency rules including, but not limited to, the Securities and Exchange Commission, the New York Stock Exchange, the Financial Industry Regulatory Authority, the Municipal Securities Regulatory Board, and the Texas Bond Review Board.

9. Insurance and Risk Allocation.

- (a) **Insurance.** Consultant shall maintain insurance coverage during the term of this Agreement in the types and amounts stated in Attachment "D" - Insurance Requirements, including professional liability insurance with limits not less than \$10,000,000 per claim and in the aggregate, unless the City approves different limits in writing.
- (b) **Certificates.** Consultant shall provide certificates of insurance upon execution of this Agreement and upon renewal or replacement of any required policy. Insurance companies providing required coverage shall be authorized to transact business in Texas and rated at least A by AM Best or an equivalent rating service, unless otherwise approved by the City.
- (c) **Indemnification.** To the fullest extent permitted by law and without waiving any immunity or defense available to the City, Consultant shall indemnify, defend, and hold harmless the City, its officers, officials, employees, agents, and volunteers from and against claims, damages, losses, liabilities, fines, penalties, costs, and expenses, including reasonable attorney's fees, to the extent arising out of or resulting from Consultant's negligent acts or omissions, willful misconduct, fraud, violation of law, infringement of third-party rights, or breach of this Agreement. This indemnity does not apply to the extent a claim is caused by the City's gross negligence or willful misconduct.

- (d) **No City Indemnity.** The City does not indemnify Consultant or any other person. Any provision in an attachment, proposal, invoice, or other document requiring the City to indemnify, defend, or hold harmless Consultant is void and unenforceable.
- (e) **No Waiver of Immunity.** Nothing in this Agreement waives or limits any governmental immunity, sovereign immunity, official immunity, statutory cap, limitation of liability, defense, or other protection available to the City or its officers, officials, employees, agents, or volunteers under Texas law.

10. Term; Termination; Suspension.

- (a) **Term.** This Agreement begins on the Effective Date and continues until the earlier of completion of the Services and payment of undisputed amounts due, expiration of any stated term approved by the City, or termination under this Agreement.
- (b) **Termination for Convenience.** The City may terminate this Agreement, in whole or in part, at any time and for any reason by written notice to Consultant. Consultant may terminate this Agreement only as permitted by applicable professional responsibility rules and upon at least thirty (30) days' written notice, unless a shorter period is required by law or ethical obligation.
- (c) **Termination for Cause.** The City may terminate this Agreement immediately upon written notice if Consultant materially breaches this Agreement, has an unwaived conflict of interest, loses required licensure or insurance, fails to perform in a timely or professional manner, violates applicable law, or makes a material misrepresentation.
- (d) **Compensation Upon Termination.** If this Agreement is terminated, Consultant shall be paid only undisputed amounts earned and payable under this Agreement as of the termination date. For any issue of Obligations that has not closed, no Bond Counsel fee shall be due unless the City Council has approved a separate written amendment expressly authorizing a non-contingent fee for that matter. Approved reimbursable expenses actually incurred before termination may be paid if properly documented and otherwise payable under this Agreement. If the City terminates this Agreement prior to the closing of a bond issue, Bond Counsel shall be entitled to payment of all fees and expenses accrued to the date of such termination from the proceeds of future bond issues, if and when such bonds are issued.
- (e) **Transition Assistance.** Upon termination or suspension, Consultant shall reasonably cooperate with the City and successor counsel to avoid prejudice to the City, including by promptly providing the City's file as described in Section 5(e) and identifying pending deadlines, required approvals, and unresolved legal issues.
- (f) **Suspension.** The City may suspend any or all Services by providing written notice. During suspension, Consultant shall stop work as directed and shall not incur additional costs unless authorized by the City.

11. Assignment; Notices; Order of Precedence.

- (a) **Assignment.** Consultant may not assign, transfer, delegate, or subcontract this Agreement or any obligation under it without the City's prior written consent. Any attempted assignment without consent is void.
- (b) **Notices.** All notices required or permitted under this Agreement shall be in writing and shall be delivered by hand delivery, nationally recognized overnight courier, certified mail, or email with confirmation of transmission, addressed as follows:

To the City:

City of Dripping Springs
Attn: City Administrator
PO Box 384
Dripping Springs, TX 78620

To Consultant:

McCall, Parkhurst & Horton L.L.P.
Attn: Richard S. Donoghue, Jr.
600 Congress Avenue, Suite 2150
Austin, TX 78701
rdonoghue@mphlegal.com

- (c) **Change of Address.** Either Party may change its notice address by giving written notice to the other Party. Notice is deemed received upon delivery if delivered by hand or email, one (1) business day after deposit with an overnight courier, or three (3) days after deposit in the United States mail, postage prepaid.
- (d) **Order of Precedence.** In the event of any conflict, inconsistency, ambiguity, or additional term among the documents comprising this Agreement, the following order of precedence controls:
 - (i) this Agreement, excluding attachments;
 - (ii) Attachment "B" - Compensation Schedule;
 - (iii) Attachment "A" - Scope of Services and Deliverables;
 - (iv) Attachment "D" - Insurance Requirements;
 - (v) the RFQ and addenda, to the extent incorporated for funding or procurement requirements;
 - (vi) Attachment "E" – Engagement Letter
 - (vii) Attachment "C" - Consultant's Proposal/Statement of Qualifications.
- (e) **Proposal Subordinate.** Consultant's proposal is included for background, qualifications, staffing, and scope detail only. Any limitation of liability, payment term, conflict waiver, City indemnity, non-contingent fee, termination payment, venue provision, governing law provision, arbitration provision, confidentiality restriction, or other term in Consultant's proposal that conflicts with or is less favorable to the City than this Agreement is rejected and superseded.

12. Governing Law; Venue; Dispute Resolution.

- (a) **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to conflict-of-law principles.
- (b) **Venue.** Mandatory and exclusive venue for any suit, claim, or proceeding arising out of or relating to this Agreement shall lie in a court of competent jurisdiction in Hays County, Texas.
- (c) **No Arbitration.** No dispute arising out of or relating to this Agreement shall be subject to arbitration or mandatory mediation unless the City agrees in writing after the dispute arises.
- (d) **Cumulative Remedies.** The City's rights and remedies under this Agreement are cumulative and are in addition to rights and remedies available at law or in equity.
- (e) **Survival.** Provisions that by their nature should survive termination or expiration survive, including provisions concerning payment limitations, records, confidentiality, public information, ownership and use rights, indemnity, insurance, conflicts, governing law, venue, no waiver of immunity, and order of precedence.

13. General Provisions.

- (a) **Entire Agreement.** This Agreement contains the entire agreement of the Parties regarding the Services and supersedes all prior or contemporaneous agreements, proposals, negotiations, representations, and understandings, whether oral or written, relating to the Services.
- (b) **Amendment.** This Agreement may be modified only by a written amendment signed by both Parties and approved by the City in the manner required by law and City policy.
- (c) **Severability.** If any provision of this Agreement is held invalid or unenforceable, the provision shall be enforced to the maximum extent permitted by law and the remaining provisions shall remain in effect.
- (d) **Waiver.** The failure of either Party to enforce any provision of this Agreement is not a waiver of the right to enforce that provision or any other provision later.
- (e) **Counterparts and Electronic Signatures.** This Agreement may be executed in counterparts and by electronic signature, each of which is deemed an original and all of which together constitute one instrument.
- (f) **Authority.** Each person signing this Agreement represents that the person has authority to sign on behalf of the Party identified below.

- (g) **No Third-Party Beneficiaries.** Except for the City indemnitees expressly protected under this Agreement, this Agreement is for the sole benefit of the Parties and does not create rights in any third party.
- (h) **Sales Tax Exemption.** The City is exempt from payment of sales, use, rental, and certain excise taxes under Texas law. Consultant shall not include such taxes in invoices to the City and shall cooperate with the City in documenting the City's tax-exempt status.
- (i) **Force Majeure.** Neither Party is liable for delay or failure in performance to the extent caused by an event beyond the reasonable control of the affected Party, including acts of God, war, terrorism, pandemic, natural disaster, or governmental action prohibiting performance, provided the affected Party promptly notifies the other Party and uses diligent efforts to resume performance. Force majeure does not entitle Consultant to increased compensation or payment of a non-contingent Bond Counsel fee.
- (j) **Consequential Damages.** Neither Party shall be liable to the other for special, consequential, indirect, punitive, or exemplary damages, except that this limitation does not limit Consultant's indemnification obligations, confidentiality obligations, professional responsibility obligations, or liability for willful misconduct, fraud, or knowing violation of law.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CITY OF DRIPPING SPRINGS

**MCCALL, PARKHURST & HORTON
L.L.P.**

ATTACHMENT “A”
SCOPE OF SERVICES AND DELIVERABLES

1. **Bond Counsel Services for Obligations.** For each series of Obligations authorized by the City, Consultant shall provide the following services, as applicable:
 - (a) consult with the City, the City Attorney, financial advisor, engineers, auditors, and other advisors in planning the financing, including consultations concerning federal tax matters;
 - (b) examine applicable constitutional, statutory, regulatory, charter, ordinance, election, and contractual authority;
 - (c) prepare all ordinances, resolutions, orders, contracts, paying agent/registrar agreements, escrow agreements, tax certificates, closing certificates, officer certificates, notices, and other legal instruments pursuant to which the Obligations will be authorized, secured, sold, delivered, and administered;
 - (d) prepare election proceedings if necessary and if authorized by the City, subject to a separate fee schedule provided by Consultant and approved by the City;
 - (e) draft the City’s continuing disclosure undertaking when required;
 - (f) attend meetings and calls reasonably requested by the City;
 - (g) prepare documents necessary to obtain Texas Attorney General approval and Comptroller registration when required;
 - (h) supervise execution and delivery of the Obligations to the initial purchaser;
 - (i) render the Bond Opinion at Closing, subject to completion of proceedings to Consultant’s reasonable professional satisfaction; and
 - (j) prepare and deliver a transcript or closing file of proceedings.
2. **TWDB and Principal Forgiveness Services.** For TWDB financings, principal forgiveness, grants, or similar funding, Consultant shall also, as applicable:
 - (a) assist in preparing and reviewing legal documents in connection with loan, grant, and principal forgiveness funding;
 - (b) prepare authorizing ordinances or resolutions and documents necessary to authorize TWDB financial assistance;
 - (c) review TWDB commitment, loan, grant, principal forgiveness, and escrow documents and provide comments as necessary or appropriate;
 - (d) assist with engagement and documentation for any required escrow agent;

- (e) coordinate execution and delivery of TWDB documents; and
- (f) undertake additional duties reasonably necessary to render the opinion required for the TWDB financing or funding.

3. **Deliverables.** Deliverables include draft and final authorizing ordinances or resolutions, financing agreements, closing certificates, tax certificates, escrow documents, Attorney General submission materials, Bond Opinions, closing transcripts, and other legal documents prepared for the City under this Agreement.

ATTACHMENT “B” COMPENSATION SCHEDULE

1. **Closing-Contingent Bond Counsel Fees.** The Bond Counsel fee for legal services for the issuance of each series of Obligations is contingent upon issuance and delivery of that series. If the applicable series does not close, the City owes no Bond Counsel fee for that series, except for separately authorized services or reimbursable expenses expressly payable under this Attachment.
2. **Standard General Obligation Bonds, Certificates of Obligation, Notes, and Similar Obligations.** For each series of general obligation bonds, certificates of obligation, tax notes, or similar obligations issued by the City pursuant to the scope of services described under subparagraph (a) of Section 2 of this Agreement, the Bond Counsel fee shall be calculated as set out in Attachment “E”.
3. **Hourly Services Only if Separately Authorized.** The following services may be billed hourly only if separately authorized in writing by the City before the services are performed: litigation support or consultation regarding litigation affecting Obligations;
 - (ii) post-closing continuing disclosure assistance beyond drafting the initial undertaking;
 - (iii) IRS audit, voluntary closing agreement, or SEC investigation assistance;
 - (iv) legal opinions other than the Bond Opinion; and
 - (v) services not required to render the Bond Opinion.

(b) Unless a different rate is approved in writing by the City, the maximum hourly rate for separately authorized services is \$300 per hour.
4. **Expenses.** The City shall reimburse reasonable, actual, necessary, and documented out-of-pocket expenses, including Attorney General filing fees, Comptroller registration costs, transcript reproduction, delivery service, and approved travel. Mileage, if approved, shall be reimbursed at no more than the then-current IRS standard mileage rate. In-house copying charges shall not exceed \$0.20 per page. Expenses may be billed at or after Closing, and post-closing transcript expenses may be billed after Closing if properly documented.
5. **No Fees for Withdrawn or Unissued Debt.** If the City elects not to proceed with a financing, postpones a financing, changes the financing plan, rejects bids, does not receive funding, fails to obtain voter approval, or otherwise does not issue the applicable Obligations, Consultant is not entitled to a Bond Counsel fee for that matter.

ATTACHMENT “C”
CONSULTANT’S PROPOSAL/STATEMENT OF QUALIFICATIONS

1. **Incorporation for Limited Purposes.** Consultant’s response to RFP and SOQ #2025-18: Bond Counsel Services, including qualifications, proposed team, experience, references, proposed contract terms, additional data, insurance information, and no-litigation statements, is incorporated by reference solely for the following limited purposes:
 - (a) identifying Consultant’s qualifications, experience, and proposed personnel;
 - (b) supplementing the scope of Services to the extent consistent with this Agreement;
 - (c) confirming representations regarding licensing, professional liability insurance, financial condition, and absence of litigation or regulatory proceedings; and
 - (d) documenting procurement history and the basis for selection.
2. **Subordination.** The proposal is subordinate to this Agreement. No term in the proposal modifies the Agreement unless expressly stated in a written amendment signed by both Parties and approved by the City.
3. **Excluded Proposal Terms.** Without limiting the foregoing, any proposal term that would reduce the City’s rights, expand the City’s payment obligations, limit Consultant’s obligations, create a blanket conflict waiver, require City indemnity, require arbitration, change venue, change governing law, impose confidentiality beyond applicable law and privilege, or make fees payable without Closing is superseded and of no effect.

ATTACHMENT “D” INSURANCE REQUIREMENTS

1. **Required Coverage.** During the term of this Agreement and any renewal or extension, Consultant shall maintain the following insurance coverage:
 - (a) **Workers’ Compensation:** statutory workers’ compensation insurance as required by Texas law, if Consultant has employees;
 - (b) **Professional Liability/Legal Malpractice:** minimum limits of \$10,000,000 per claim and in the aggregate.
2. **Policy Requirements.** All required insurance shall:
 - (a) be issued by insurers authorized to transact business in Texas and rated at least A by AM Best or an equivalent rating service, unless otherwise approved by the City;
 - (b) provide at least ten (10) days’ prior written notice to the City for cancellation, non-renewal, or material change, to the extent available from the insurer.
3. **Certificates.** Consultant shall provide certificates of insurance evidencing required coverage upon execution of this Agreement, upon renewal, and upon request by the City.
4. **No Limitation.** Insurance requirements do not limit Consultant’s liability or indemnity obligations under this Agreement.

**ATTACHMENT “E”
ENGAGEMENT LETTER**