

Rick Schroder

From: Orlando Jay Juarez <ojuarez@mphlegal.com>
Sent: Friday, May 26, 2023 4:44 PM
To: Rick Schroder
Cc: Anne Burger Entekin (HTS); Elizabeth Elleson; Sylvia Ibarra; Whitney Walston
Subject: Johnson City Certificates of Obligation (Agenda and Legal Docs)
Attachments: Johnson City CO Ordinance - 1.pdf; Johnson City - Purchase and Investment Letter - 1.pdf; Johnson City - Paying Agent Ag - 1.pdf; Johnson City Closing Docs-1.pdf

Importance: High

Good afternoon, Rick.

In relation to the City Council’s consideration of the Ordinance authorizing the sale and delivery of the Certificates of Obligation on Tuesday, June 6th, the following agenda caption could be used:

DISCUSS AND TAKE ACTION ON AN ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF COMBINATION TAX AND SURPLUS REVENUE CERTIFICATE OF OBLIGATION, SERIES 2023; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX AND A PLEDGE OF CERTAIN SURPLUS REVENUES OF THE CITY’S WATERWORKS AND SANITARY SEWER SYSTEM; APPROVING AND AUTHORIZING THE EXECUTION OF ALL INSTRUMENTS AND PROCEDURES RELATED THERETO; AND DECLARING AN EFFECTIVE DATE

An initial draft of the Ordinance itself (which is typically the only document included in the Council’s packet) is attached.

Also attached are files containing drafts of the following documents:

1. Purchase and Investment Letter;
2. Paying Agent/Registrar Agreement; and
3. Various documents required to close this transaction.

You will notice that the legal documents contain blanks and highlighted information-- that information will be completed upon receipt of the final pricing information. Because the ordinance considers the imposition of a tax, please ensure that **FOUR** councilmembers are available for the meeting to authorize and approve the execution of the ordinance (as required by Section 22.039 of the Texas Local Government Code).

Our office will be coordinating to deliver an execution packet to your attention. The packet will include tabs indicating where to sign, seal, and notarize each document. Upon receipt, or at any time for that matter, please don’t hesitate to reach this way with any questions or comments. I’ll be on vacation and with limited access to email next week, but will have access to my computer sporadically to address any matters that should arise. I am also [almost] always available on my cell: 210.677.9940.



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City of Johnson City
 Proposed Certificates of Obligation, Series 2023
 Projected 13 Year Amortization
 Direct Placement

Projected Debt Service and I&S Tax Rate Impact Analysis

A	B	C	D	E	F	G	H	I	J	K	L
FYE	Assessed Valuation ⁽¹⁾	Estimated AV Growth	Total Outstanding Debt Service	LESS: Self-Supporting Debt Service ⁽²⁾	Principal	Interest	Total	Projected Tax Supported Debt Service	Estimated I&S Tax Rate ⁽⁵⁾	Estimated I&S Tax Rate Change	FYE
Proposed Certificates of Obligation⁽³⁾⁽⁴⁾ Series 2023											
2023	\$ 289,465,853	39.82%	\$ 222,982	\$ -	\$ -	\$ -	\$ -	\$ 222,982	\$ 0.1077	(0.01)	2023
2024	289,465,853	0.00%	225,172	63,374	70,000	69,417	139,417	301,215	0.1062	(0.00)	2024
2025	289,465,853	0.00%	206,135	62,629	95,000	60,775	155,775	299,281	0.1055	(0.00)	2025
2026	289,465,853	0.00%	207,983	61,819	95,000	56,738	151,738	297,902	0.1050	(0.00)	2026
2027	289,465,853	0.00%	209,584	60,934	100,000	52,700	152,700	301,350	0.1062	0.00	2027
2028	289,465,853	0.00%	200,948	59,984	110,000	48,450	158,450	299,414	0.1055	(0.00)	2028
2029	289,465,853	0.00%	207,385	63,979	110,000	43,775	153,775	297,181	0.1048	(0.00)	2029
2030	289,465,853	0.00%	203,500	62,824	120,000	39,100	159,100	299,776	0.1057	0.00	2030
2031	289,465,853	0.00%	104,554	61,630	115,000	34,000	149,000	191,924	0.0677	(0.04)	2031
2032	289,465,853	0.00%	60,404	60,404	125,000	29,113	154,113	154,113	0.0543	(0.01)	2032
2033	289,465,853	0.00%	59,150	59,150	130,000	23,800	153,800	153,800	0.0542	(0.00)	2033
2034	289,465,853	0.00%	62,868	62,868	135,000	18,275	153,275	153,275	0.0540	(0.00)	2034
2035	289,465,853	0.00%	61,446	61,446	145,000	12,638	157,538	157,538	0.0555	0.00	2035
2036	289,465,853	0.00%	-	-	150,000	6,375	156,375	156,375	0.0551	(0.00)	2036
2037	289,465,853	0.00%	-	-	-	-	-	-	-	(0.06)	2037
2038	289,465,853	0.00%	-	-	-	-	-	-	-	-	2038
2039	289,465,853	0.00%	-	-	-	-	-	-	-	-	2039
2040	289,465,853	0.00%	-	-	-	-	-	-	-	-	2040
2041	289,465,853	0.00%	-	-	-	-	-	-	-	-	2041
2042	289,465,853	0.00%	-	-	-	-	-	-	-	-	2042
2043	289,465,853	0.00%	-	-	-	-	-	-	-	-	2043
2044	289,465,853	0.00%	-	-	-	-	-	-	-	-	2044
			\$ 2,032,106		\$ 1,500,000	\$ 495,054	\$ 1,995,054	\$ 3,286,124			

- Maximum Tax Rate - \$ 0.1077
 - Estimated Tax Rate Increase - \$ (0.0110)

Notes:
 (1) Certified 2023 Values provided by Blanco County Appraisal District.
 (2) Previously the Series 2015 COs were supported by Ad Valorem Taxes; however, going forward those are projected to be self-supporting and funded by VVW&SS revenues.
 (3) Projected TIC is 4.25% for purposes of illustration.
 (4) Estimated closing date of June 29, 2023 with principal and interest payments on February 1 and August 1 of each year starting in 2024.
 (5) Actual FYE 2023 Tax Rate levied. Projected FYE 2024 Tax Rate. Assumed Tax Collection Rate of: 98%.



TABLE OF CONTENTS

City of Johnson City, Texas
Combination Tax and Revenue Certificates of Obligation, Series 2023
Final Numbers

Report	Page
Sources and Uses of Funds	1
Bond Pricing	2
Call Provisions	3
Bond Summary Statistics	4
Form 8038 Statistics	5
Project Fund	6
Bond Debt Service	7
Cost of Issuance	9
Proof of Arbitrage Yield	10

SOURCES AND USES OF FUNDS

City of Johnson City, Texas
Combination Tax and Revenue Certificates of Obligation, Series 2023
Final Numbers

Dated Date 06/29/2023
Delivery Date 06/29/2023

Sources:

Bond Proceeds:	
Par Amount	1,500,000.00
	<hr/>
	1,500,000.00
	<hr/>

Uses:

Project Fund Deposits:	
Project Fund	1,466,710.00
Delivery Date Expenses:	
Cost of Issuance	33,290.00
	<hr/>
	1,500,000.00
	<hr/>

BOND PRICING

City of Johnson City, Texas
Combination Tax and Revenue Certificates of Obligation, Series 2023
Final Numbers

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Term Bond 2036:					
	08/01/2024	70,000	4.250%	4.250%	100.000
	08/01/2025	95,000	4.250%	4.250%	100.000
	08/01/2026	95,000	4.250%	4.250%	100.000
	08/01/2027	100,000	4.250%	4.250%	100.000
	08/01/2028	110,000	4.250%	4.250%	100.000
	08/01/2029	110,000	4.250%	4.250%	100.000
	08/01/2030	120,000	4.250%	4.250%	100.000
	08/01/2031	115,000	4.250%	4.250%	100.000
	08/01/2032	125,000	4.250%	4.250%	100.000
	08/01/2033	130,000	4.250%	4.250%	100.000
	08/01/2034	135,000	4.250%	4.250%	100.000
	08/01/2035	145,000	4.250%	4.250%	100.000
	08/01/2036	150,000	4.250%	4.250%	100.000
		1,500,000			

Dated Date	06/29/2023	
Delivery Date	06/29/2023	
First Coupon	02/01/2024	
Par Amount	1,500,000.00	
Original Issue Discount		
Production	1,500,000.00	100.000000%
Underwriter's Discount		
Purchase Price	1,500,000.00	100.000000%
Accrued Interest		
Net Proceeds	1,500,000.00	

CALL PROVISIONS

City of Johnson City, Texas
Combination Tax and Revenue Certificates of Obligation, Series 2023
Final Numbers

Call Table: CALL

Call Date	Call Price
08/01/2033	100.00

Call Provisions Setup

Bond Component	Call Table	Callable Dates
Term Bond 2036	CALL	Any Date

BOND SUMMARY STATISTICS

City of Johnson City, Texas
Combination Tax and Revenue Certificates of Obligation, Series 2023
Final Numbers

Dated Date	06/29/2023
Delivery Date	06/29/2023
First Coupon	02/01/2024
Last Maturity	08/01/2036
Arbitrage Yield	4.249278%
True Interest Cost (TIC)	4.249278%
Net Interest Cost (NIC)	4.250000%
All-In TIC	4.604199%
Average Coupon	4.250000%
Average Life (years)	7.766
Duration of Issue (years)	6.488
Par Amount	1,500,000.00
Bond Proceeds	1,500,000.00
Total Interest	495,054.17
Net Interest	495,054.17
Bond Years from Dated Date	11,648,333.33
Bond Years from Delivery Date	11,648,333.33
Total Debt Service	1,995,054.17
Maximum Annual Debt Service	159,100.00
Average Annual Debt Service	152,423.49
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Term Bond 2036	1,500,000.00	100.000	4.250%	7.766	1,485.00
	1,500,000.00			7.766	1,485.00

	TIC	All-In TIC	Arbitrage Yield
Par Value	1,500,000.00	1,500,000.00	1,500,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		(33,290.00)	
- Other Amounts			
Target Value	1,500,000.00	1,466,710.00	1,500,000.00
Target Date	06/29/2023	06/29/2023	06/29/2023
Yield	4.249278%	4.604199%	4.249278%

FORM 8038 STATISTICS

City of Johnson City, Texas
Combination Tax and Revenue Certificates of Obligation, Series 2023
Final Numbers

Dated Date 06/29/2023
Delivery Date 06/29/2023

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Term Bond 2036:						
	08/01/2024	70,000.00	4.250%	100.000	70,000.00	70,000.00
	08/01/2025	95,000.00	4.250%	100.000	95,000.00	95,000.00
	08/01/2026	95,000.00	4.250%	100.000	95,000.00	95,000.00
	08/01/2027	100,000.00	4.250%	100.000	100,000.00	100,000.00
	08/01/2028	110,000.00	4.250%	100.000	110,000.00	110,000.00
	08/01/2029	110,000.00	4.250%	100.000	110,000.00	110,000.00
	08/01/2030	120,000.00	4.250%	100.000	120,000.00	120,000.00
	08/01/2031	115,000.00	4.250%	100.000	115,000.00	115,000.00
	08/01/2032	125,000.00	4.250%	100.000	125,000.00	125,000.00
	08/01/2033	130,000.00	4.250%	100.000	130,000.00	130,000.00
	08/01/2034	135,000.00	4.250%	100.000	135,000.00	135,000.00
	08/01/2035	145,000.00	4.250%	100.000	145,000.00	145,000.00
	08/01/2036	150,000.00	4.250%	100.000	150,000.00	150,000.00
		1,500,000.00			1,500,000.00	1,500,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	08/01/2036	4.250%	150,000.00	150,000.00		
Entire Issue			1,500,000.00	1,500,000.00	7.7656	4.2493%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	33,290.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00

PROJECT FUND

City of Johnson City, Texas
Combination Tax and Revenue Certificates of Obligation, Series 2023
Final Numbers

Project Fund (PROJ)

Date	Deposit	Interest @ 4.2492782%	Principal	Scheduled Draws	Balance
06/29/2023	1,466,710		1,466,710	1,466,710	
	1,466,710	0	1,466,710	1,466,710	

Arbitrage Yield: 4.2492782%

BOND DEBT SERVICE

City of Johnson City, Texas
Combination Tax and Revenue Certificates of Obligation, Series 2023
Final Numbers

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2024			37,541.67	37,541.67	
08/01/2024	70,000	4.250%	31,875.00	101,875.00	
09/30/2024					139,416.67
02/01/2025			30,387.50	30,387.50	
08/01/2025	95,000	4.250%	30,387.50	125,387.50	
09/30/2025					155,775.00
02/01/2026			28,368.75	28,368.75	
08/01/2026	95,000	4.250%	28,368.75	123,368.75	
09/30/2026					151,737.50
02/01/2027			26,350.00	26,350.00	
08/01/2027	100,000	4.250%	26,350.00	126,350.00	
09/30/2027					152,700.00
02/01/2028			24,225.00	24,225.00	
08/01/2028	110,000	4.250%	24,225.00	134,225.00	
09/30/2028					158,450.00
02/01/2029			21,887.50	21,887.50	
08/01/2029	110,000	4.250%	21,887.50	131,887.50	
09/30/2029					153,775.00
02/01/2030			19,550.00	19,550.00	
08/01/2030	120,000	4.250%	19,550.00	139,550.00	
09/30/2030					159,100.00
02/01/2031			17,000.00	17,000.00	
08/01/2031	115,000	4.250%	17,000.00	132,000.00	
09/30/2031					149,000.00
02/01/2032			14,556.25	14,556.25	
08/01/2032	125,000	4.250%	14,556.25	139,556.25	
09/30/2032					154,112.50
02/01/2033			11,900.00	11,900.00	
08/01/2033	130,000	4.250%	11,900.00	141,900.00	
09/30/2033					153,800.00
02/01/2034			9,137.50	9,137.50	
08/01/2034	135,000	4.250%	9,137.50	144,137.50	
09/30/2034					153,275.00
02/01/2035			6,268.75	6,268.75	
08/01/2035	145,000	4.250%	6,268.75	151,268.75	
09/30/2035					157,537.50
02/01/2036			3,187.50	3,187.50	
08/01/2036	150,000	4.250%	3,187.50	153,187.50	
09/30/2036					156,375.00
	1,500,000		495,054.17	1,995,054.17	1,995,054.17

BOND DEBT SERVICE

City of Johnson City, Texas
Combination Tax and Revenue Certificates of Obligation, Series 2023
Final Numbers

Period Ending	Principal	Coupon	Interest	Debt Service
09/30/2024	70,000	4.250%	69,416.67	139,416.67
09/30/2025	95,000	4.250%	60,775.00	155,775.00
09/30/2026	95,000	4.250%	56,737.50	151,737.50
09/30/2027	100,000	4.250%	52,700.00	152,700.00
09/30/2028	110,000	4.250%	48,450.00	158,450.00
09/30/2029	110,000	4.250%	43,775.00	153,775.00
09/30/2030	120,000	4.250%	39,100.00	159,100.00
09/30/2031	115,000	4.250%	34,000.00	149,000.00
09/30/2032	125,000	4.250%	29,112.50	154,112.50
09/30/2033	130,000	4.250%	23,800.00	153,800.00
09/30/2034	135,000	4.250%	18,275.00	153,275.00
09/30/2035	145,000	4.250%	12,537.50	157,537.50
09/30/2036	150,000	4.250%	6,375.00	156,375.00
	1,500,000		495,054.17	1,995,054.17

COST OF ISSUANCE

City of Johnson City, Texas
Combination Tax and Revenue Certificates of Obligation, Series 2023
Final Numbers

Cost of Issuance	\$/1000	Amount
Financial Advisory Fee	7.83333	11,750.00
Computer Structure Fee	2.33333	3,500.00
Bond Counsel Fee	8.33333	12,500.00
Bond Counsel Expenses	1.66667	2,500.00
Attorney General's Fee	1.00000	1,500.00
CUSIP Fee	0.49333	740.00
Paying Agent/Registrar Fee	0.20000	300.00
Miscellaneous	0.33333	500.00
	22.19333	33,290.00

PROOF OF ARBITRAGE YIELD

City of Johnson City, Texas
Combination Tax and Revenue Certificates of Obligation, Series 2023
Final Numbers

Date	Debt Service	Present Value to 06/29/2023 @ 4.2492782304%
02/01/2024	37,541.67	36,623.50
08/01/2024	101,875.00	97,315.80
02/01/2025	30,387.50	28,423.67
08/01/2025	125,387.50	114,844.16
02/01/2026	28,368.75	25,442.77
08/01/2026	123,368.75	108,342.47
02/01/2027	26,350.00	22,659.15
08/01/2027	126,350.00	106,391.70
02/01/2028	24,225.00	19,974.03
08/01/2028	134,225.00	108,368.95
02/01/2029	21,887.50	17,303.62
08/01/2029	131,887.50	102,097.24
02/01/2030	19,550.00	14,819.26
08/01/2030	139,550.00	103,580.77
02/01/2031	17,000.00	12,355.71
08/01/2031	132,000.00	93,942.51
02/01/2032	14,556.25	10,143.95
08/01/2032	139,556.25	95,230.59
02/01/2033	11,900.00	7,951.40
08/01/2033	141,900.00	92,842.86
02/01/2034	9,137.50	5,854.14
08/01/2034	144,137.50	90,423.65
02/01/2035	6,268.75	3,850.84
08/01/2035	151,268.75	90,989.90
02/01/2036	3,187.50	1,877.43
08/01/2036	153,187.50	88,349.93
	1,995,054.17	1,500,000.00

Proceeds Summary

Delivery date	06/29/2023
Par Value	1,500,000.00
Target for yield calculation	1,500,000.00

ORDINANCE NO. 2023-_____

ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF \$ _____ IN AGGREGATE PRINCIPAL AMOUNT OF "CITY OF JOHNSON CITY, TEXAS COMBINATION TAX AND SURPLUS REVENUE CERTIFICATE OF OBLIGATION, SERIES 2023"; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX AND A PLEDGE OF CERTAIN SURPLUS REVENUES OF THE CITY'S WATERWORKS AND SANITARY SEWER SYSTEM; APPROVING AND AUTHORIZING THE EXECUTION OF ALL INSTRUMENTS AND PROCEDURES RELATED THERETO INCLUDING A PAYING AGENT/REGISTRAR AGREEMENT AND A PURCHASE AND INVESTMENT LETTER; AND DECLARING AN EFFECTIVE DATE

**THE STATE OF TEXAS
COUNTY OF BLANCO
CITY OF JOHNSON CITY, TEXAS**

WHEREAS, the CITY OF JOHNSON CITY, TEXAS (the "*City*") in Blanco County, Texas, is a political subdivision of the State of Texas operating as a home-rule city pursuant to the Texas Local Government Code and its City Charter; and

WHEREAS, the City Council of the City hereby determines that it is necessary and desirable to finance all or a portion of the costs associated with (1) designing, acquiring, constructing, renovating, improving, and equipping various City street and sidewalk improvements, including necessary capital maintenance and utilities relocation, drainage, and landscaping necessary or incidental thereto, (2) designing, renovating, improving, and equipping various drainage improvements (collectively, the "*Project*"), and the payment of professional services related to the acquisition, design, construction, project management, and financing of the aforementioned Project;

WHEREAS, the City Council of the City intends to finance the Project from proceeds derived from the sale of a Combination Tax and Surplus Revenue Certificate of Obligation issued by the City pursuant to V.T.C.A., Local Government Code, Subchapter C of Chapter 271, as amended; and

WHEREAS, the Project being financed with the Certificate of Obligation being issued pursuant to this Ordinance was not included in a bond proposition to authorize the issuance of bonds for the same purpose that was submitted to the voters of the City during the preceding three years and failed to be approved; and

WHEREAS, on April 4, 2023, the City Council adopted a resolution authorizing and directing the City Secretary to give notice of intention to issue Certificates of Obligation in the principal amount not to exceed \$1,500,000 to finance the Project, with the City Council's anticipated date of approval of the Certificates of Obligation stated to be June 6, 2023; and

WHEREAS, the notice with respect to the Project was duly published in the *Johnson City Record Courier*, which is a newspaper of general circulation in the City, in its issues of April 12, 2023 and April 19, 2023; and

WHEREAS, the notice with respect to the Project was additionally posted on the City's website on April 6, 2023, and has remained on the City's website continuously to this day; and

WHEREAS, the City received no petition signed by at least five percent of the qualified electors of the City protesting the issuance of Certificates of Obligation; and

WHEREAS, it is considered to be in the best interest of the City that said interest bearing Certificate of Obligation be issued; 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;

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

SECTION 1. AMOUNT AND PURPOSE OF THE CERTIFICATE OF OBLIGATION. The certificate of obligation of the City further described in Section 2 of this Ordinance and referred to herein as the "Certificate of Obligation" is hereby authorized to be issued and delivered in the aggregate principal amount of \$_____ **FOR PAYING, ALL OR A PORTION, OF THE CITY'S CONTRACTUAL OBLIGATIONS INCURRED FOR THE PURPOSE OF (1) DESIGNING, ACQUIRING, CONSTRUCTING, RENOVATING, IMPROVING, AND EQUIPPING VARIOUS CITY STREET AND SIDEWALK IMPROVEMENTS, INCLUDING NECESSARY CAPITAL MAINTENANCE AND UTILITIES RELOCATION, DRAINAGE, AND LANDSCAPING NECESSARY OR INCIDENTAL THERETO, (2) DESIGNING, RENOVATING, IMPROVING, AND EQUIPPING VARIOUS DRAINAGE IMPROVEMENTS, AND (3) THE PAYMENT OF PROFESSIONAL SERVICES RELATED TO THE ACQUISITION, DESIGN, CONSTRUCTION, PROJECT MANAGEMENT, AND FINANCING OF THE AFOREMENTIONED PROJECTS.**

SECTION 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND MATURITY OF THE CERTIFICATE OF OBLIGATION. Each certificate of obligation issued pursuant to and for the purpose described in Section 1 of this Ordinance shall be designated: **CITY OF JOHNSON CITY, TEXAS COMBINATION TAX AND SURPLUS REVENUE CERTIFICATE OF OBLIGATION, SERIES 2023**, and initially there shall be issued, sold and delivered hereunder one fully registered certificate of obligation, without interest coupons, dated _____, 2023, in the aggregate principal amount of \$_____, numbered R-1 (the "**Initial Certificate of Obligation**"), with any certificate of obligation issued in replacement thereof being in the denomination and principal amount hereinafter stated and numbered consecutively from R-2 upward, payable in installments to the initial registered owner thereof, or to the registered assignee of said certificate of obligation (in each case, the "**Registered Owner**"). The Certificate of Obligation shall be subject to redemption as provided in the **FORM OF CERTIFICATE OF OBLIGATION**.

Principal of the Certificate of Obligation shall finally mature on _____, 20___. The principal shall be payable in installments on the dates and in the principal installment amounts and shall bear interest at the per annum rate set forth in the following schedule:

INSTALLMENT DATE	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)	INSTALLMENT DATE	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)

The term "*Certificate of Obligation*" as used in this Ordinance shall mean and include the Certificate of Obligation initially issued and delivered pursuant to this Ordinance, as well as all other substitute certificates of obligation and replacement certificates of obligation issued pursuant hereto.

SECTION 3. INTEREST. The Certificate of Obligation shall bear interest from the dates specified in the FORM CERTIFICATE OF OBLIGATION set forth in this Ordinance to the date of maturity at the respective rate per annum for each principal installment set forth above. Said interest shall be payable in the manner provided and on the dates stated in the FORM OF CERTIFICATE OF OBLIGATION set forth in this Ordinance. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

SECTION 4. CHARACTERISTICS OF THE CERTIFICATE OF OBLIGATION; APPROVAL OF PAYING AGENT/REGISTRAR AGREEMENT. (a) Registration, Transfer, and Exchange; Authentication. The City shall keep or cause to be kept at the designated corporate trust or commercial banking office (initially located in Farmers Branch, Texas) of _____ (the "*Paying Agent/Registrar*") books or records for the registration of the transfer and exchange of the Certificate of Obligation (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 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 and exchanges as herein provided. Attached hereto as *Exhibit A* is a copy of the Paying Agent/Registrar Agreement between the City and the Paying Agent/Registrar which is hereby approved in substantially final form, and the Mayor, Mayor Pro-Tem, Chief Administrative Officer and City Secretary of the City are hereby authorized to execute the Paying Agent/Registrar Agreement and approve any changes in

the final form thereof.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of the Certificate of Obligation to which payments with respect to the Certificate of Obligation shall be mailed, as herein provided; but it shall be the duty of the 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's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Certificate of Obligation shall be paid as provided in the FORM CERTIFICATE OF OBLIGATION set forth in this Ordinance. Each substitute Certificate of Obligation shall bear a letter and/or number to distinguish it from each other Certificate of Obligation.

Except as provided in (c) below, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate of Obligation, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Certificate of Obligation shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel the paid Certificate of Obligation or a Certificate of Obligation surrendered for transfer. 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, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Certificate of Obligation in the manner prescribed herein, and said Certificate of Obligation shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Chapter 1201, Texas Government Code, and particularly Subchapter D and Section 1201.067 thereof, the duty of transfer and exchange of Certificate of Obligation as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the transferred and exchanged Certificate of Obligation shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Certificate of Obligation which 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 Certificate of Obligation 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 Certificate of Obligation, 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 Certificate of Obligation.

(c) In General. The Certificate of Obligation (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificate of Obligation to be payable only to the Registered Owner thereof, (ii) may be transferred and assigned, (iii) shall have the characteristics, (iv) shall be signed, sealed, executed and authenticated, (v) shall be payable as to principal and interest, and (vi) shall be administered and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Certificate of Obligation, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF CERTIFICATE OF OBLIGATION set forth in this Ordinance. The

Initial Certificate of Obligation is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Certificate of Obligation issued in exchange for the Initial Certificate of Obligation 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 CERTIFICATE OF OBLIGATION. In lieu of the executed Paying Agent/Registrar's Authentication Certificate described above, the Initial Certificate of Obligation delivered on the closing date (as further described in subparagraph (i) below) shall have attached thereto the Comptroller's Registration Certificate substantially in the form set forth in the FORM OF CERTIFICATE OF OBLIGATION below, manually executed by the Comptroller of Public Accounts of the State of Texas or by her duly authorized agent, which certificate shall be evidence that the Initial Certificate of Obligation has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and has been registered by the Comptroller.

(d) Substitute Paying Agent/Registrar. The City covenants with the registered owner of the Certificate of Obligation that at all times while the Certificate of Obligation is outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Certificate of Obligation under this Ordinance, and that the Paying Agent/Registrar will be one entity and shall be an entity registered with the Securities and Exchange Commission. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to 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 Certificate of Obligation, 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 the Registered Owner of the Certificate of Obligation, 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.

(e) Delivery of Initial Certificate of Obligation. On the closing date, one Initial Certificate of Obligation representing the entire principal amount of the Certificate of Obligation, payable in stated installments to the initial registered owner named in Section 15 of this Ordinance or its designee, executed by manual or facsimile signature of the Mayor or Mayor Pro-Tem and City Secretary of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the Purchaser (defined below) or its designee. The Paying Agent/Registrar shall insert the date of delivery and deliver the Certificate of Obligation to the Purchaser.

SECTION 5. FORM OF CERTIFICATE OF OBLIGATION. The form of the Certificate of Obligation, 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 only to the Certificate of Obligation initially issued and delivered pursuant to this Ordinance), shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

FORM OF CERTIFICATE OF OBLIGATION

R-1	UNITED STATES OF AMERICA STATE OF TEXAS CITY OF JOHNSON CITY, TEXAS	PRINCIPAL AMOUNT \$ _____
COMBINATION TAX AND SURPLUS REVENUE CERTIFICATE OF OBLIGATION SERIES 2023		

<u>INTEREST RATE</u>	<u>DELIVERY DATE</u>	<u>MATURITY DATE</u>
As set forth below	June 29, 2023	_____

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

ON THE MATURITY DATE specified above, the **CITY OF JOHNSON CITY, TEXAS** (the "*City*"), being a political subdivision and home-rule municipality of the State of Texas located in Blanco County, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "**Registered Owner**"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date of this Certificate of Obligation as specified above, at the respective Interest Rates per annum specified below, payable on _____, 20____, and semiannually on each _____ and _____ thereafter to the Maturity Date specified above; except that if this Certificate of Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount 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 amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate of Obligation, if any, for which this Certificate of Obligation is being exchanged is due but has not been paid, then this Certificate of Obligation shall bear interest from the date to which such interest has been paid in full. This Certificate of Obligation shall finally mature on _____, 20____, but shall be payable in installments on the dates and in the principal amounts set forth in the table below:

[The remainder of this page intentionally left blank.]

INSTALLMENT DATE	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)	INSTALLMENT DATE	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The last principal installment of this Certificate of Obligation shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate of Obligation at maturity, at the designated corporate trust or commercial banking office (initially located in Farmers Branch, Texas) of _____, which is the "**Paying Agent/Registrar**" for this Certificate of Obligation. The payment of all other principal installments of and interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, 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 Certificate of Obligation (the "**Ordinance**") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the **last business day** of the month next preceding each such date (the "**Record Date**") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "**Special Record Date**") will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "**Special Payment Date**" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Registered Owner appearing on the Registration Books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice. The City covenants with the Registered Owner of this Certificate of Obligation that on or before each principal payment date, interest payment date and accrued interest payment date for this Certificate of Obligation 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 Certificate of Obligation, when due.

IF THE DATE for the payment of the principal of or interest on this Certificate of Obligation shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business, 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, or the United States Postal Service is not open for business; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS CERTIFICATE OF OBLIGATION is one of a series of Certificate of Obligation dated as of ____, 20__, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$____ **FOR PAYING, ALL OR A PORTION, OF THE CITY'S CONTRACTUAL OBLIGATIONS INCURRED FOR THE PURPOSE OF (1) DESIGNING, ACQUIRING, CONSTRUCTING, RENOVATING, IMPROVING, AND EQUIPPING VARIOUS CITY STREET AND SIDEWALK IMPROVEMENTS, INCLUDING NECESSARY CAPITAL MAINTENANCE AND UTILITIES RELOCATION, DRAINAGE, AND LANDSCAPING NECESSARY OR INCIDENTAL THERETO, (2) DESIGNING, RENOVATING, IMPROVING, AND EQUIPPING VARIOUS DRAINAGE IMPROVEMENTS, AND (3) THE PAYMENT OF PROFESSIONAL SERVICES RELATED TO THE ACQUISITION, DESIGN, CONSTRUCTION, PROJECT MANAGEMENT, AND FINANCING OF THE AFOREMENTIONED PROJECTS.**

ON ANY DATE, the unpaid principal installments of this Certificate may be redeemed prior to their scheduled payment dates, at the option of the City, with funds derived from any available and lawful source, as a whole or in part, at a redemption price equal to the principal amount to be redeemed, plus accrued interest thereon to the date of redemption. The City shall give written notice of its direction to redeem the principal installments of this Certificate to the Paying Agent/Registrar and the Holder of this Certificate by United States mail, first-class postage prepaid, no later than 30 days prior to the redemption date.

UPON THE PAYMENT OF THE OUTSTANDING principal balance of this Certificate of Obligation, the Paying Agent/Registrar, shall note in the Payment Record appearing on this Certificate of Obligation the amount of such payment, the date said payment was made and the remaining unpaid principal balance of this Certificate of Obligation 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.

THIS CERTIFICATE OF OBLIGATION IS ISSUED AS A FULLY REGISTERED CERTIFICATE OF OBLIGATION, without interest coupons, in the denomination of the principal amount thereof. As provided in the Ordinance, this Certificate of Obligation may, at the request of the Registered Owner or the assignee hereof, be assigned or transferred for a like aggregate principal amount of a fully registered Certificate of Obligation in the denomination of the principal amount hereof, without interest coupons, payable to the Registered Owner or assignees as the case may be, having the same denomination, upon surrender of this Certificate of Obligation to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Certificate of Obligation must be presented and surrendered to the Paying

Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate of Obligation. The form of Assignment printed or endorsed on this Certificate of Obligation may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate of Obligation by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring or exchanging any Certificate of Obligation will be paid by the City. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment or transfer, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer 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 Certificate of Obligation 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 Certificate of Obligation.

IT IS HEREBY certified, recited, and covenanted that this Certificate of Obligation 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 Certificate of Obligation have been performed, existed, and been done in accordance with law; that this Certificate of Obligation is a general obligation of the City, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate of Obligation, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limits prescribed by law and that this Certificate of Obligation is additionally secured by a lien on and limited pledge of Surplus Revenues, if any, received by the City from the ownership and operation of the City's waterworks and sanitary sewer system, all as provided in the Ordinance authorizing the Certificate of Obligation.

THE CITY also has reserved the right to amend the Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the Registered Owner of the Certificate of Obligation.

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

IN WITNESS WHEREOF, the City has caused this Certificate of Obligation to be signed with the manual or facsimile signature of the Mayor or Mayor Pro-Tem of the City, and countersigned with the manual or facsimile signature of the City Secretary of the City, and the official seal of the City has been duly impressed, or placed in facsimile, on this Certificate of Obligation.

Countersigned:

(facsimile signature)
City Secretary, City of Johnson City, Texas

(facsimile signature)
Mayor, City of Johnson City, Texas

(CITY SEAL)

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

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

Witness my signature and seal this

(COMPTROLLER'S SEAL)

Comptroller of Public Accounts
of the State of Texas

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Certificate of Obligation 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 Certificate of Obligation has been issued under the provisions of the Ordinance described in the text of this Certificate of Obligation; and that this Certificate of Obligation has been issued in replacement of, or transferred for, a Certificate of Obligation of a series 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

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

[The remainder of this page intentionally left blank.]

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned Registered Owner of this Certificate of Obligation, or duly authorized representative or attorney thereof, hereby sells, assigns and transfers this Certificate of Obligation and all rights hereunder unto _____

(Assignee's Social Security or Taxpayer Identification Number) (Please print or typewrite Assignee's name and address, including zip code)

and hereby irrevocably constitutes and appoints _____ attorney to transfer the registration of this Certificate of Obligation on the Paying Agent/Registrar's Registration Books 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 Certificate of Obligation in every particular, without alteration or enlargement or any change whatsoever.

SECTION 6. INTEREST AND SINKING FUND; TAX LEVY. A special Interest and Sinking Fund for the Certificate of Obligation (the "*Interest and Sinking Fund*") is hereby created solely for the benefit of the Certificate of Obligation, and the Interest and Sinking Fund shall be established and maintained by the City at an official depository bank of the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Certificate of Obligation. All ad valorem taxes levied and collected for and on account of the Certificate of Obligation shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while the Certificate of Obligation or interest thereon is outstanding and unpaid, the City shall compute and ascertain a rate and amount of ad valorem tax which, together with "Surplus Revenues" with respect to the Certificate of Obligation (as described in Section 7(a) below) budgeted to pay principal and interest coming due during such fiscal year, will be sufficient to raise and produce the money required to pay the interest on the Certificate of Obligation as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of its Certificate of Obligation as such principal matures (but never less than 2% of the original principal amount of the Certificate of Obligation as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the City, with full allowance 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 the City for each year while the Certificate of Obligation or interest thereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the respective Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the

payment of the interest on and principal of the Certificate of Obligation, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

SECTION 7. SURPLUS REVENUES. Pursuant to Section 271.052 of the Texas Local Government Code and Chapter 1502, Texas Government Code, the Certificate of Obligation additionally shall be payable from and secured by limited surplus revenues derived by the City from the City's waterworks and sewer system remaining, if any, after (a) payment of all amounts constituting operation and maintenance expenses of said waterworks and sewer system, and (b) payment of all debt service, reserve, and other requirements and amounts required to be paid under all ordinances heretofore or hereafter authorizing (i) all bonds and (ii) all other obligations not on a parity with the Certificate of Obligation, which are payable from and secured by any waterworks and sewer system revenues, and (c) payment of all amounts payable from any waterworks and sewer system revenues pursuant to contracts heretofore or hereafter entered into by the City in accordance with law (the "*Surplus Revenues*"). If for any reason the City fails to deposit ad valorem taxes levied pursuant to Section 6 hereof to the credit of the Interest and Sinking Fund in an amount sufficient to pay, when due, the principal of and interest on the Certificate of Obligations, then Surplus Revenues may be deposited to the credit of the Interest and Sinking Fund and used to pay such principal and/or interest. The City reserves, and shall have, the right to issue bonds and other obligations not on a parity with the Certificate of Obligation, and to enter into contracts, in accordance with applicable laws, to be payable from and secured by any waterworks and sewer system revenues.

SECTION 8. CONSTRUCTION FUND. There is hereby created and established in the depository of the City, a fund to be called the *City of Johnson City, Texas Combination Tax and Surplus Revenue Certificate of Obligation (Series 2023) Construction Fund* (herein called the "*Construction Fund*"). Proceeds from the sale and delivery of the Certificate of Obligation (other than proceeds representing accrued interest on the Certificate of Obligation and any premium on the Certificate of Obligation that is not used by the City to pay costs of issuance in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended, which shall be deposited in the Interest and Sinking Fund) shall be deposited in the Construction Fund. Money in the Construction Fund shall be subject to disbursements by the City for payment of all costs incurred in carrying out the purpose for which the Certificate of Obligation are issued, including but not limited to costs for construction, engineering, architecture, financing, financial consultants and legal services related to the project being financed with proceeds of the Certificate of Obligation and the issuance of the Certificate of Obligation. All funds remaining on deposit in the Construction Fund upon completion of the projects being financed with the proceeds from the Certificate of Obligation, if any, shall be transferred to the Interest and Sinking Fund.

SECTION 9. INVESTMENTS. Funds on deposit in the Interest and Sinking Fund and the Construction Fund shall be secured by the depository bank of the City in the manner and to the extent required by law to secure other public funds of the City and may be invested from time to time in any investment authorized by applicable law, including but not limited to the Public Funds Investment Act (Chapter 2256, Texas Government Code), and the City's investment

policy adopted in accordance with the provisions of the Public Funds Investment Act; provided, however, that investments purchased for and held in the Interest and Sinking Fund shall have a final maturity no later than the next principal or interest payment date for which such funds are required, and investments purchased for and held in the Construction Fund shall have a final maturity of not later than the date the City reasonably expects the funds from such investments will be required to pay costs of the projects for which the Certificate of Obligation were issued. Income and profits from such investments shall be deposited in the respective Fund which holds such investments; however, any such income and profits from investments in the Construction Fund may be withdrawn by the City and deposited in the Interest and Sinking Fund to pay all or a portion of the interest next coming due on the Certificate of Obligation. It is further provided, however, that any interest earnings on Certificate of Obligation proceeds which are required to be rebated to the United States of America pursuant to Section 14 hereof in order to prevent the Certificate of Obligation from being an arbitrage bond shall be so rebated and not considered as interest earnings for the purposes of this Section.

SECTION 10. EMPOWERED. The City Secretary is hereby ordered to do any and all things necessary to accomplish the transfer of monies to the Interest and Sinking Fund of this issue in ample time to pay such items of principal and interest.

SECTION 11. DEFEASANCE OF THE CERTIFICATE OF OBLIGATION. (a) The Certificate of Obligation and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "*Defeased Certificate of Obligation*") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Certificate of Obligation, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, 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 in accordance with an escrow agreement or other instrument (the "*Future Escrow Agreement*") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure 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 for the payment of its services until the Defeased Certificate of Obligation shall have become due and payable. At such time as a Certificate of Obligation shall be deemed to be a Defeased Certificate of Obligation hereunder, as aforesaid, such Certificate of Obligation and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem the Defeased Certificate of Obligation that is made in conjunction with the payment arrangements specified in subsection (a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the City expressly reserves the right to call the Defeased Certificate of Obligation for redemption; (2) gives notice of the reservation of that right to the Registered Owner of the Defeased Certificate of Obligation immediately following the making of the payment

arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the City be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Certificate of Obligation and interest thereon, with respect to which such money has been so deposited, shall be turned over to the City, or deposited as directed in writing by the City. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of the Defeased Certificate of Obligation may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Certificate of Obligation, with respect to which such money has been so deposited, shall be remitted to the City or deposited as directed in writing by the City.

(c) The term "*Defeasance Securities*" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Certificate of Obligation.

(d) Until the Defeased Certificate of Obligation shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for the Defeased Certificate of Obligation the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(e) In the event that the City elects to defease less than all of the principal amount of Certificate of Obligation of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Certificate of Obligation by such random method as it deems fair and appropriate.

SECTION 12. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATE OF OBLIGATION. (a) *Replacement Certificate of Obligation.* In the event any outstanding Certificate of Obligation is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new certificate of

obligation of the same principal amount, maturity, and interest rates, as the damaged, mutilated, lost, stolen, or destroyed Certificate of Obligation, in replacement for such Certificate of Obligation in the manner hereinafter provided.

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

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

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

(e) Authority for Issuing Replacement Certificate of Obligation. In accordance with Chapter 1201, Texas Government Code, as amended, this Section of this Ordinance shall constitute authority for the issuance of any such replacement certificate of obligation 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 Certificate of Obligations is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Certificate of Obligation in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for a Certificate of Obligation issued in exchange for another Certificate of Obligation.

SECTION 13. CUSTODY, APPROVAL, AND REGISTRATION OF THE CERTIFICATE OF OBLIGATION; BOND COUNSEL'S OPINION, BOND INSURANCE, AND CUSIP NUMBERS. The Mayor or Mayor Pro-Tem of the City is hereby authorized to have control of the Certificate of Obligation initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Certificate of Obligation pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Certificate of Obligation said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Certificate of Obligation, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the City's Bond Counsel (with an appropriate certificate pertaining thereto executed by facsimile signature of the City Secretary of the City), a statement regarding the issuance of a municipal bond insurance policy to secure payment of debt service on the Certificate of Obligation, if any, and the assigned CUSIP numbers may, at the option of the City, be printed on the Certificate of Obligation issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owner of the Certificate of Obligation.

SECTION 14. COVENANTS REGARDING TAX-EXEMPTION OF INTEREST ON THE CERTIFICATE OF OBLIGATION. (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 Certificate of Obligation as obligations 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 Certificate of Obligation 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 of the Certificate of Obligation 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 Certificate of Obligation, 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 Certificate of Obligation 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 Certificate of Obligation (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 Certificate of Obligation being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Certificate of Obligation 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 Certificate of Obligation, 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 Certificate of Obligation, other than investment property acquired with --

(A) proceeds of the Certificate of Obligation invested for a reasonable temporary period of three years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the Certificate of Obligation are 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 Certificate of Obligation;

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

(8) to refrain from using the proceeds of the Certificate of Obligation or proceeds of any prior obligations to pay debt service on another issue more than 90 days after the date of issue of the Certificate of Obligation in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Certificate of Obligation) 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 Certificate of Obligation have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (9), 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 certificateholders. 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 refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Certificate of Obligation. 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 Certificate of Obligation, 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 Certificate of Obligation 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 Certificate of Obligation, 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 Certificate of Obligation under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor or the City Secretary of the City to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Certificate of Obligation.

(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 (collectively referred to herein as 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 Certificate of Obligation, or (2) the date the Certificate of Obligation 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 Certificate of

Obligation. 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 projects financed or refinanced with the proceeds of the Certificate of Obligation 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 Certificate of Obligation. 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 that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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

(f) Designation as Qualified Tax-Exempt Obligation. The City hereby designates the Certificate of Obligation 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 Certificate of Obligation is issued, the City (including any subordinate entities) has not designated nor will designate the Certificate of Obligation or other obligations, which when aggregated with the Certificate Obligation, 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 Certificate of Obligation 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 Certificate of Obligation will not be considered a "private activity Certificate of Obligation" within the meaning of section 141 of the Code.

(g) Written Procedures. Unless superseded by another action of the City, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the City Council hereby adopts and establishes the instructions attached hereto as *Exhibit B* as the City's written procedures.

SECTION 15. SALE AND DELIVERY OF THE CERTIFICATE OF OBLIGATION. The Certificate of Obligation is hereby initially sold and shall be delivered to _____ (the "Purchaser") for cash for the par value thereof and no accrued interest, pursuant to the purchase and investment letter, attached hereto as Exhibit C, dated the date of the final passage of this Ordinance which the Mayor, Mayor Pro Tempore, or Chief Administrative Officer are each hereby individually authorized to execute and deliver. It is hereby officially found, determined and declared that the terms of this sale are the most advantageous reasonably

obtainable. The Certificate of Obligations initially shall be registered in the name of _____.

SECTION 16. RESERVED.

SECTION 17. FURTHER PROCEDURES; ENGAGEMENT OF PROFESSIONAL FIRMS. (a) The Mayor, Mayor Pro-Tem, Chief Administrative Officer and City Secretary of the City, and all other officers, employees, and agents of the City, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Certificate of Obligation, the sale of the Certificate of Obligation, the Official Statement, and the Paying Agent/Registrar Agreement. In addition, prior to the initial delivery of the Certificate of Obligation, the Mayor, Mayor Pro-Tem, City Secretary, Chief Administrative Officer and Bond Counsel are hereby authorized and directed to approve any technical changes or correction 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, (ii) obtain a rating from any of the national bond rating agencies or satisfy any requirements of the provider of a municipal bond insurance policy, if any, or (iii) obtain the approval of the Certificate of Obligation by the Attorney General's office. In case any officer whose signature shall appear on any Certificate of Obligation shall cease to be such officer before the delivery of such Certificate of Obligation, 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 18. ORDINANCE A CONTRACT; AMENDMENTS. This Ordinance shall constitute a contract with the Registered Owner of the Certificate of Obligation, binding on the City and its successors and assigns, and shall not be amended or repealed by the City as long as any Certificate of Obligation remains outstanding except as permitted in this Section. The City may, without the consent of or notice to the Registered Owner, amend, change, or modify this Ordinance as may be required (i) by the provisions hereof, (ii) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (iii) in connection with any other change which is not to the prejudice of the Registered Owner. The City may, with the written consent of the Registered Owner of the Certificate of Obligation, amend, change, modify, or rescind any provisions of this Ordinance not otherwise permitted to be amended in accordance with the preceding sentence. Whenever the City shall desire to make any amendment or addition to or rescission of this Ordinance requiring consent of the Registered Owner, the City shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to the Registered Owner at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, the City shall receive an instrument or instruments in writing executed by the Registered Owner of the Certificate of Obligation requiring the consent of the Registered Owner, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall

specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City may adopt such amendment, addition, or rescission in substantially such form, except as herein provided. No Registered Owner may thereafter object to the adoption of such amendment, addition, or rescission, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

SECTION 19. NO RULE 15c2-12 UNDERTAKING; ANNUAL FINANCIAL STATEMENTS. The City has not made an undertaking in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") in connection with the issuance of the Certificate of Obligation inasmuch as the Purchaser is not acting as an "underwriter in a primary offering of municipal securities" within the meaning of the Rule. The City is not, therefore, obligated pursuant to the Rule to provide any on-going disclosure relating to the City or the Certificate of Obligation.

SECTION 20. SECURITY INTEREST. Chapter 1208, Texas Government Code, applies to the issuance of the Certificate of Obligation and the pledge of the ad valorem taxes and surplus revenues granted by the City under Sections 6 and 7 of this Ordinance, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Certificate of Obligation are outstanding and unpaid such that the pledge of the ad valorem taxes or surplus revenues granted by the City under Sections 6 and 7 of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Registered Owner of the Certificate of Obligation 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, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

SECTION 21. REMEDIES IN EVENT OF DEFAULT. In addition to all the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the City (i) defaults in the payment of the principal, premium, if any, or interest on the Certificate of Obligation, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance and the continuation thereof for 30 days after the City has received written notice of such defaults, the Registered Owner of the Certificate of Obligation shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

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

SECTION 22. 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, the Purchaser and the Registered Owner of the Certificate of Obligation, 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, the Purchaser and the Registered Owner of the Certificate of Obligation.

SECTION 23. 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 24. 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 25. EFFECTIVE DATE. Pursuant to the provisions of Section 1201.028, Texas Government Code, this Ordinance shall become effective immediately after its adoption by the City Council.

[The remainder of this page left blank intentionally.]

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF JOHNSON CITY, TEXAS AT A REGULAR MEETING ON THE 6th DAY OF JUNE, 2023, AT WHICH MEETING A QUORUM WAS PRESENT.

City Secretary

Mayor

(SEAL)

** ** * * *

EXHIBIT A

FORM OF PAYING AGENT/REGISTRAR AGREEMENT

THE PAYING AGENT/REGISTRAR AGREEMENT IS OMITTED AT THIS POINT
AS IT APPEARS IN EXECUTED FORM ELSEWHERE IN THIS TRANSCRIPT.

PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT, dated as of _____, 2023 (this "*Agreement*"), is by and between the CITY OF JOHNSON CITY, TEXAS (the "*Issuer*") and _____ (the "*Bank*") a national banking association duly organized and operating under the laws of the United States of America and authorized to transact business in the State of Texas.

WHEREAS, the Issuer has duly authorized and provided for the issuance of its \$ _____ CITY OF JOHNSON CITY, TEXAS COMBINATION TAX AND SURPLUS REVENUE CERTIFICATE OF OBLIGATION, SERIES 2023 (the "*Certificates*"), such Certificates to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Certificates are scheduled to be delivered to the initial purchaser thereof on or about June 29, 2023; 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 the Certificates and with respect to the registration, transfer, and exchange thereof by the registered owners 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 Certificates;

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

The Issuer hereby appoints the Bank as Registrar with respect to the Certificates. As Registrar for the Certificates, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Certificates and with respect to the transfer and exchange thereof as provided herein and in the Ordinance, a copy of which books and records shall be maintained at the office of the Bank located in the State of Texas or shall be available to be accessed from such office located in the State of Texas.

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

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 hereto for the first year of this Agreement and thereafter the fees and amount set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for municipalities, which shall be supplied to the Issuer on or before 90 days prior to the close of the Fiscal year of the Issuer, and shall be effective upon the first day of the following Fiscal Year; provided, however, notwithstanding anything herein or in Annex A to the contrary, the aggregate value of this Agreement shall not exceed the dollar limitation set forth in Sections 2271.002(a)(2) and 2274.002 of the Texas Government Code, as amended. The Issuer covenants to provide notice to the Bank upon any change in the Issuer's Fiscal Year within ten (10) business days of the governing body of the Issuer's decision to change the Fiscal Year of the Issuer.

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:

"Acceleration Date" on any Certificate means, if applicable, the date on and after which the principal or any or all installments of interest, or both, are due and payable on any Certificate which has become accelerated pursuant to the terms of the Certificate.

"Bank Office" means the corporate trust or commercial banking office of the Bank, initially 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 **"Certificate Holder"** each means the Person in whose name a Certificate is registered in the Certificate Register.

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

"Ordinance" means the resolutions, orders or ordinances of the governing body of the Issuer pursuant to which the Certificates are issued, certified by the City Secretary or any other officer of the Issuer and delivered to the Bank, together with any pricing certificate executed pursuant thereto.

"*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 Certificates*" of any particular Certificate means every previous Certificate evidencing all or a portion of the same obligation as that evidenced by such particular Certificate (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Certificate for which a replacement Certificate 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 Certificate to be redeemed means the date fixed for such redemption pursuant to the terms of the Ordinance.

"*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.

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

"*Stated Maturity*" means the date specified in the Ordinance the principal of a Certificate is scheduled to be due and payable.

SECTION 2.02. OTHER DEFINITIONS. The terms "Bank," "Issuer," and "Certificates" ("Certificate") 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. (a) Principal Payments. 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, pay on behalf of the Issuer the principal of each Certificate at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Certificate to the Bank at the Bank Office.

(b) Interest Payments. 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, pay on behalf of the Issuer the interest on each Certificate 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 Holders of the Certificates (or their Predecessor Certificates) on the respective Record Date (as defined in the Ordinance), to the address appearing on the Certificate Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

(c) Federal Tax Information Reporting. To the extent required by the Code and the Treasury Regulations (both as defined in the Ordinance), it shall be the duty of the Bank to report to the owners of the Certificates and the Internal Revenue Service (i) the amount of "reportable payments," if any, subject to back up withholding during each year and the amount of tax withheld, if any, with respect to the payments on the Certificates, and (ii) the amount of interest or amount treated as interest, such as original issue discount, on the Certificates required to be included in the gross income of the owners thereof for federal income tax purposes.

SECTION 3.02. PAYMENT DATES. The Issuer hereby instructs the Bank to pay the principal of and interest on the Certificates on the dates specified in the Ordinance.

ARTICLE FOUR REGISTRAR

SECTION 4.01. CERTIFICATE 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 "*Certificate Register*") for recording the names and addresses of the Holders of the Certificates, the transfer, exchange, and replacement of the Certificates, and the payment of the principal of and interest on the Certificates to the Holders 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. If the Bank Office is located outside the State of Texas, a copy of the Certificate Register shall be kept in the State of Texas. All transfers, exchanges, and replacement of Certificates shall be noted in the Certificate Register.

Every Certificate 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, 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 Certificates.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Certificates, the exchange or transfer by the Holders thereof will be

completed and new Certificates delivered to the Holder or the assignee of the Holder in not more than three business days after the receipt of the Certificates to be cancelled 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. CERTIFICATES. The Issuer shall provide an adequate inventory of printed Certificates to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Certificates will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Certificates in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that is maintained for its own securities.

SECTION 4.03. FORM OF CERTIFICATE REGISTER. The Bank, as Registrar, will maintain the Certificate Register relating to the registration, payment, transfer, and exchange of the Certificates 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 Certificate Register in any form other than those which the Bank has currently available and currently utilizes at the time.

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

SECTION 4.04. LIST OF CERTIFICATE HOLDERS. 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 Certificate Register. The Issuer may also inspect the information contained in the Certificate 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.

Unless required by law, the Bank will not release or disclose the contents of the Certificate 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 Certificate 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 Certificate Register.

SECTION 4.05. RETURN OF CANCELLED CERTIFICATES. The Bank will, at such reasonable intervals as it determines, surrender Certificates to the Issuer in lieu of which or in exchange for which other Certificates have been issued, or which have been paid, or will provide a certificate of destruction relating thereto.

SECTION 4.06. MUTILATED, DESTROYED, LOST, OR STOLEN CERTIFICATES. The Issuer hereby instructs the Bank, subject to the applicable provisions of the Ordinance, to deliver and issue Certificates in exchange for or in lieu of mutilated, destroyed, lost, or stolen Certificates as long as the same does not result in an over issuance.

In case any Certificate shall be mutilated, or destroyed, lost, or stolen, the Bank, in its discretion, may execute and deliver a replacement Certificate of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Certificate, or in lieu of and in substitution for such destroyed, lost, or stolen Certificate, 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 Certificate, 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 Certificate shall be borne by the Holder of the Certificate mutilated, or destroyed, lost, or stolen.

SECTION 4.07. 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 the Certificates it has paid pursuant to Section 3.01, Certificates it has delivered upon the transfer or exchange of any Certificates pursuant to Section 4.01, and Certificates it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Certificates pursuant to Section 4.06.

ARTICLE FIVE THE BANK

SECTION 5.01. DUTIES OF BANK. The Bank undertakes to perform the duties set forth herein and in the Ordinance and agrees to use reasonable care in the performance thereof.

The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Certificates in the manner disclosed in the closing memorandum as prepared by the Issuer's financial advisor, bond counsel or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum acknowledged by the financial advisor or the Issuer 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 such instructions.

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 Certificates, but is protected in acting upon receipt of Certificates 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 the 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.

SECTION 5.03. RECITALS OF ISSUER. The recitals contained herein with respect to the Issuer and in the Certificates 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 Holders of any Certificate, or any other Person for any amount due on any Certificate from its own funds.

SECTION 5.04. MAY HOLD CERTIFICATES. The Bank, in its individual or any other capacity, may become the owner or pledgee of Certificates 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. MONEY HELD BY BANK. The Bank shall deposit any moneys received from the Issuer into an account to be held in an agency capacity for the payment of the Certificates, with such moneys in the account that exceed the deposit insurance, available to the Issuer, provided by the Federal Deposit Insurance Corporation to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas and to the extent practicable under the laws of the United States of America to secure and be pledged as collateral for trust accounts until the principal and interest on such securities 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 Certificates shall, at its own expense and risk, request such other medium of payment.

Funds held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained in the name and for the benefit of the Issuer.

The Bank shall be under no liability for interest on any money received by it hereunder.

Any money deposited with the Bank for the payment on any Certificate and remaining unclaimed for three years after final maturity of the Certificate has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Texas Property Code (Unclaimed Property).

The Bank will comply with the reporting provisions of Chapter 74 of the Property Code with respect to property that is presumed abandoned under Chapter 72 or Chapter 75 of the Property Code or inactive under Chapter 73 of the Property Code.

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 County in the State of Texas where either the Bank maintains an office or the administrative offices of 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 located 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 Certificates are 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 from time to time, which establishes requirements for securities 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. CERTIFICATE OF INTERESTED PARTIES FORM 1295. Unless otherwise exempt, the Bank represents that it has submitted to the Issuer an executed disclosure of interested parties form, which was completed and filed with the Texas Ethics Commission (the "TEC") in accordance with the provisions of Section 2252.908, Texas Government Code, and the applicable rules adopted by the TEC (found at 1 Tex. Admin. Code Section 46.1 - 46.5).

SECTION 5.11. NOT A LISTED 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, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudanlist.pdf>;
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>; or
<https://comptroller.texas.gov/purchasing/docs/ftolist.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the 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. The Bank understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

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 shown on the signature page of this Agreement.

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; MERGER, CONVERSION, CONSOLIDATION OR SUCCESSION. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Any corporation into which the Bank may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor Bank hereunder without the execution or filing of

any paper or any further act on the part of either of the parties hereto. In case any Certificate shall have been registered, but not delivered, by the Bank then in office, any successor by merger, conversion, or consolidation to such authenticating Bank may adopt such registration and deliver the Certificate so registered with the same effect as if such successor Bank had itself registered such Certificate.

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 on the date of final payment of the principal of and interest on the Certificates to the Holders thereof or may be earlier terminated by either party upon 60 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 Holders of the Certificates of the appointment of a successor Paying Agent/Registrar. If the 60-day notice period expires and no successor has been appointed, the Bank, at the expense of the Issuer, has the right to petition a court of competent jurisdiction to appoint a successor under the Agreement. Furthermore, the Bank and the 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 Certificates.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Certificate Register (or a copy thereof), together with other pertinent books and records relating to the Certificates, 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.

[The remainder of this page intentionally left blank.]

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

By: _____
Title: _____

Address: _____

CITY OF JOHNSON CITY, TEXAS

By: _____
Title: Mayor

Address: 303 E. Pecan Drive
Johnson City, Texas 78636

Attest:

Title: City Secretary

SCHEDULE A

PAYING AGENT/REGISTRAR FEE SCHEDULE

\$ ____

EXHIBIT B

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Certificate of Obligation, the City's chief financial officer (the "Responsible Person"), which currently is the Chief Administrative Officer, will:

- (i) instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities financed with the Certificate of Obligation must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Certificate of Obligation will be entered into within six (6) months of the date of delivery of the Certificate of Obligation (the "*Issue Date*");
- (ii) monitor that at least 85% of the proceeds of the Certificate of Obligation to be used for the construction, renovation or acquisition of any facilities are expended within three (3) years of the Issue Date;
- (iii) restrict the yield of the investments to the yield on the Certificate of Obligation after three (3) years of the Issue Date;
- (iv) monitor all amounts deposited into a sinking fund or funds (e.g., the Interest and Sinking Fund), to assure that the maximum amount invested at a yield higher than the yield on the Certificate of Obligation does not exceed an amount equal to the debt service on the Certificate of Obligation in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Certificate of Obligation for the immediately preceding 12-month period;
- (v) ensure that no more than 50% of the proceeds of the Certificate of Obligation are invested in an investment with a guaranteed yield for four years or more;
- (vi) maintain any official action of the City (such as a reimbursement resolution) stating its intent to reimburse with the proceeds of the Certificate of Obligation any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
- (vii) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and
- (viii) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every 5 years after the Issue Date and (B) within 30 days after the date the Certificate of Obligation are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Certificate of Obligation the Responsible Person will:

- (i) monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- (ii) monitor whether, at any time the Certificate of Obligation is outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
- (iii) monitor whether, at any time the Certificate of Obligation is outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);
- (iv) monitor whether, at any time the Certificate of Obligation is outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;
- (v) determine whether, at any time the Certificate of Obligation is outstanding, any person, other than the City, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- (vi) determine whether, at any time the Certificate of Obligation is outstanding, the facilities are sold or otherwise disposed of; and
- (vii) take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Ordinance related to the public use of the facilities.

C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Certificate of Obligation and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Certificate of Obligation. If any portion of the Certificate of Obligation is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Person. The Responsible Person shall receive appropriate training regarding the City's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed or refinanced with the proceeds of the Certificate of Obligation. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

EXHIBIT C

FORM OF PURCHASE AND INVESTMENT LETTER

THE PURCHASE AND INVESTMENT LETTER IS OMITTED AT THIS POINT AS IT APPEARS
IN EXECUTED FORM ELSEWHERE IN THIS TRANSCRIPT.

PURCHASE AND INVESTMENT LETTER

June 6, 2023

City of Johnson City, Texas
303 E. Pecan Drive
Johnson City, Texas 78636

McCall, Parkhurst & Horton L.L.P.
112 E. Pecan, Suite 1310
San Antonio, Texas 78205

Hilltop Securities Inc.
70 Northeast Loop 410, Suite 750
San Antonio, Texas 78216

Re: \$_____ City of Johnson City, Texas Combination Tax and Surplus Revenue
Certificate of Obligation, Series 2023

I, the undersigned, being an authorized officer of _____, (the "Bank") being a financial institution, to-wit: a bank within the definition of section 3(a)(2) of the Securities Act of 1933, engaged in the business of investing in securities such as the certificate described below (the "Certificate"), acknowledge that the City of Johnson City, Texas (the "Issuer") is issuing its \$_____ Combination Tax and Surplus Revenue Certificate of Obligation, Series 2023, for the public purpose of providing funds for (1) designing, acquiring, constructing, renovating, improving, and equipping various City street and sidewalk improvements, including necessary capital maintenance and utilities relocation, drainage, and landscaping necessary or incidental thereto, (2) designing, renovating, improving, and equipping various drainage improvements, and (3) the payment of professional services related to the acquisition, design, construction, project management, and financing of the aforementioned projects. The Certificate is to be issued under the authority of Chapter 271, Texas Local Government Code, as amended.

The Bank understands that the Certificate will be 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 Certificate, as such interest and principal come due, and the Certificate is additionally secured by a pledge of surplus revenues of the City's waterworks and sanitary sewer system, all as provided in the ordinance authorizing the issuance and sale of the Certificate (the "Certificate Ordinance"). In accordance with State law, the Issuer is limited to a tax rate of \$1.50 per \$100 of taxable assessed valuation, including the payment of debt service on its debt, including the Certificate.

The Bank further understands that the Certificate will be sold for cash, will be approved by the Attorney General of the State of Texas, and will be delivered in the form of one fully-registered Certificate representing the aggregate maturity amount of the Certificate of \$____. The Certificate will initially be made payable to the order of the Bank, but may be assigned by the Bank in whole, but not in part, and the Bank or any assignee of the Certificate from any prior registered owner shall be the registered owner thereof. The Certificate will be delivered in physical form and will not be subject to a book entry system of payment, registration and transfer.

In connection with the Certificate, the Bank agrees as follows:

- A. Delivery of the Certificate to the Bank (the "Closing") shall be made at the office of the Bank, who will be serving as Paying Agent/Registrar for the Certificate, on June 29, 2023 (the "Closing Date"), it being understood that this delivery date may be extended by mutual consent of the Bank and the Issuer.
- B. The purchase price for the Certificate shall be the principal amount thereof.
- C. Interest on the Certificate will accrue from the date of initial delivery, and shall be payable _____, 20__, and semiannually on each _____ and _____ thereafter. The outstanding principal balance of the Certificate shall bear interest as described below.
- D. The outstanding principal balance of the Certificate shall finally mature on _____, 20__, but shall mature and be paid in installments on the dates and in the amounts and shall bear interest on the unpaid principal installment amounts thereof as set forth in the table below:

<u>Payment Date</u>	<u>Principal Installment (\$)</u>	<u>Interest Rate (%)</u>
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- E. The unpaid principal installments of the Certificate are subject redemption, at the option of the Issuer, in whole or in part, prior to their scheduled due dates at the redemption price of par plus accrued interest to the date of redemption.
- F. The Certificate will be fully registered as to principal and interest, and the Bank shall serve as the initial paying agent and registrar for the Certificate, at no additional cost, subject to the Bank being permitted to resign as Paying Agent in the event the Bank is no longer the holder of the Note.
- G. In regard to its purchase of the Certificate, the Bank acknowledges that no prospectus or other offering document has been prepared; however, the Issuer has furnished the Bank with a term sheet and all information requested by the Bank to permit the Bank to make an informed decision concerning its purchase of the Certificate, and the Bank has made such inspections and investigations as it has deemed necessary to determine the investment quality of the Certificate and to assess risk factors associated with the purchase and ownership of the Certificate. The Bank hereby acknowledges and represents that it is familiar with the financial condition of the Issuer and the ability of the Issuer to timely pay the principal of and interest on the Certificate. The Bank has had a reasonable opportunity to request and review such other information as requested of the Issuer in order for the Bank to make an informed investment decision. The Bank is not relying on McCall, Parkhurst & Horton L.L.P., the Issuer's Bond Counsel, or Hilltop Securities Inc., the Issuer's Financial Advisor, as to the completeness or accuracy of any financial information provided to the Bank by the Issuer in connection with its determination to make an investment in the Certificate. In connection with the purchase of the Certificate, the Bank is not acting in a fiduciary capacity to the Issuer or in the capacity of broker, dealer, municipal securities underwriter, financial advisor or municipal advisor.
- H. The Certificate is being purchased by the Bank for the account of the Bank as evidence of a loan (and not on behalf of another), and the Bank has no present intention of reselling such Certificate, 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 Bank reserves the right to sell, pledge, transfer, convey, hypothecate, or dispose of the Certificate without notice to the Issuer at some future date, but only to persons who have been provided sufficient information with which to make an informed decision to invest in the Certificate.
- I. The Bank acknowledges that the Certificate will not be rated. In addition, the Bank acknowledges that the Certificate will not be listed on any securities exchange. Further, the Bank acknowledges that no trading market now exists for the Certificate, and none may exist in the future. Accordingly, the Bank 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 Certificate may not be possible or may be at a price below that which the Bank is paying for the Certificate.

- J. It is understood and agreed that the Bank is buying the Certificate in a private placement by the Issuer to the Bank; consequently the Issuer has not undertaken to make any on-going disclosures for the benefit of the registered owner of the Certificate in accordance with Rule 15c2-12 of the Securities and Exchange Commission.
- K. This agreement shall be terminated by delivery of the Certificate in the amount of \$ _____ to the Bank on the Closing Date, provided that the representations of the Bank, in G. above, shall survive the termination hereof.
- L. The Issuer will designate the Certificate as a "qualified tax-exempt obligation" within the meaning of section 265(b) of the Internal Revenue Code. In furtherance of that designation, in the Certificate 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 Certificate as a "qualified tax-exempt obligation."
- M. To the extent this Purchase and Investment Letter constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code, as amended, the Bank hereby verifies that our company and our 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 Purchase and Investment Letter. The foregoing verification is made solely to enable the Issuer to comply with such Section and to the extent such Section does not contravene applicable federal or Texas law. As used in the foregoing verification, "boycott Israel," a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, as amended, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.
- N. The Bank represents that neither our company nor any of our respective parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, 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, Texas Government Code, as amended, and posted on any of the following pages of such officer's Internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, as amended, and to the extent such Section does not contravene applicable federal or Texas law and excludes our company and any of its respective parent companies, 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.

- O. To the extent this Purchase and Investment Letter constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Bank hereby verifies that our company and our 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 Purchase and Investment Letter. The foregoing verification is made solely to enable the Issuer to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, “boycott energy companies,” a term defined in Section 2274.001(1), Texas Government Code, as amended, (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code, as amended, (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above.
- P. To the extent this Purchase and Investment Letter constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Bank hereby verifies that our company and our 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 Purchase and Investment Letter. The foregoing verification is made solely to enable the Issuer to comply with such Section and to the extent such Section does not contravene applicable federal or Texas law;
- As used in the foregoing verification and the following definitions,
- (i) “discriminate against a firearm entity or firearm trade association,” a term defined in Section 2274.001(3), Texas Government Code, as amended, (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that

restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association;

(ii) "firearm entity," a term defined in Section 2274.001(6), Texas Government Code, as amended, (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as amended, as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as amended, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as amended, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as amended, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting); and

(iii) "firearm trade association," a term defined in Section 2274.001(7), Texas Government Code, as amended, (as enacted by such Senate Bill), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

- Q. As used in Sections M through P, we understand "affiliate" to mean an entity that controls, is controlled by, or is under common control with our company within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.
- R. The Bank understands and agree that the foregoing representations and warranties will be relied upon by McCall, Parkhust & Horton L.L.P., Bond Counsel to the Issuer, in rendering its opinion on the exemption of the Note from the registration requirements under existing federal and state securities laws
- S. As a condition to the purchase of the Certificate, the Bank shall receive at the Closing:

1. Certified copy of the Certificate Ordinance, duly executed and delivered.
2. No litigation certificate.
3. An opinion of Bond Counsel in substantially the form attached hereto as Exhibit A.
4. An opinion of the Attorney General of the State of Texas to the effect that the Certificate 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.
5. The Certificate, duly executed.

[Execution page follows]

Respectfully submitted,

By: _____

Title _____

ACCEPTANCE

ACCEPTED pursuant to the Certificate Ordinance adopted by the City Council of the City of Johnson City, Texas on June 6, 2023, and this acceptance is as of the date first set forth above.

Mayor
City of Johnson City, Texas

Exhibit A

Form of Opinion of Bond Counsel

June 29, 2023

City of Johnson City, Texas
303 E. Pecan Drive
Johnson City, Texas 78636

Re: \$ _____ City of Littlefield, Texas Combination Tax and Surplus Revenue
Certificate of Obligation, Series 2023

AS BOND COUNSEL FOR THE CITY OF JOHNSON CITY, TEXAS, the issuer (the "Issuer") of the certificate (the "Certificate") described above, we have examined into the legality and validity of the Certificate, which bears interest from the date of initial delivery of the Certificate, until maturity or prior redemption, at the rate and payable on the dates as stated in the text of the Certificate, and matures all in accordance with the terms and conditions stated in the text of the Certificate. Terms used herein and not otherwise defined shall have the meaning given in the order of the Issuer authorizing the issuance and sale of the Certificate (the "Certificate Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Certificate, including executed Certificate Number R-1.

BASED ON SAID EXAMINATION, it is our opinion that the Certificate has been authorized, issued and duly delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to principles of governmental immunity, bankruptcy, reorganization, and other similar matters affecting creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Certificate constitutes a valid and legally binding obligation of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Certificate have been levied and pledged for such purpose, within the limits prescribed by law, on all taxable property within the Issuer; and that the Certificate is additionally secured by and payable from a pledge of the surplus revenues of the Issuer's waterworks and sanitary sewer system remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue bonds or other obligations (now or hereafter outstanding) that are payable from all or part of the net revenues of the Issuer's waterworks and sewer system, all as provided in the Certificate Ordinance.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Certificate is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Certificate are not "specified private activity bonds" and that, accordingly, interest on the Certificate will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code").

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 Certificate, including the amount, accrual or receipt of interest on, the Certificate. Owners of the Certificate should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Certificate.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Certificates, 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.

IN EXPRESSING THE AFOREMENTIONED OPINIONS, we have relied on and assume continuing compliance with, certain representations contained in the federal tax certificate of the Issuer and covenants set forth in the Certificate Ordinance, relating to, among other matters, the use of the project being financed and the investment and expenditure of the proceeds and certain other amounts used to pay or to secure the payment of debt service on the Certificate, the accuracy of which we have not independently verified. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Certificate may become includable in gross income retroactively to the date of issuance of the Certificate.

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 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 Certificate. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer 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 Certificate as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificate is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole

purpose of rendering an opinion with respect to the legality and validity of the Certificate under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificate 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 Issuer, or the disclosure, if any, thereof in connection with the sale of the Certificate, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificate and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the Issuer.

Respectfully,

§
**CITY OF JOHNSON CITY, TEXAS
COMBINATION TAX AND SURPLUS REVENUE
CERTIFICATE OF OBLIGATION, SERIES 2023**

TABLE OF CONTENTS

PRIMARY FINANCING DOCUMENTS AND AGREEMENTS

*Resolution Authorizing Publication of Notice of Intention.....	1
*Affidavit of Publication	2
*Certificate of Posting	3
*Certificate Ordinance.....	4
*Purchase Letter.....	5
*Paying Agent/Registrar Agreement	6
*Specimen Certificate.....	7

DOCUMENTS RELATED TO TAX EXEMPTION

Federal Tax Certificate	8
Form 8038-G.....	9

CERTIFICATES

*General Certificate	10
*Signature Identification and No-Litigation Certificate	11

MISCELLANEOUS DOCUMENTS

*Instruction Letters to Attorney General and Comptroller of Public Accounts	12
Closing Memorandum	13
Receipt for Proceeds	14
Acknowledged Form 1295.....	15

OPINIONS

Attorney General's Opinion with Comptroller's Registration Certificate.....	16
Opinion of Bond Counsel	17

* Denotes documents provided to the Attorney General.

CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS §
COUNTY OF BLANCO §
CITY OF JOHNSON CITY §

I, the undersigned City Secretary of the City of Johnson City, Texas (the "City"), hereby certify as follows:

1. The City Council of said City convened in Regular Meeting on June 6, 2023, at its regular meeting place at City, and the roll was called of the duly constituted officers and members of said City Council, to wit:

Stephanie Fisher	Mayor
Shelton Coleman	Mayor Pro Tempore
Pat Dildine	Councilmember
Kari Thomas	Councilmember
Gayla Guthrie	Councilmember
Teresa Babb	Councilmember

and all of said officers and members of said City Council were present, except the following absentees: _____. Whereupon the following was transacted at said Meeting: a written

ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF \$_____ IN AGGREGATE PRINCIPAL AMOUNT OF "CITY OF JOHNSON CITY, TEXAS COMBINATION TAX AND SURPLUS REVENUE CERTIFICATE OF OBLIGATION, SERIES 2023"; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX AND A PLEDGE OF CERTAIN SURPLUS REVENUES OF THE CITY'S WATERWORKS AND SANITARY SEWER SYSTEM; APPROVING AND AUTHORIZING THE EXECUTION OF ALL INSTRUMENTS AND PROCEDURES RELATED THERETO INCLUDING A PAYING AGENT/REGISTRAR AGREEMENT AND A PURCHASE AND INVESTMENT LETTER; ENGAGING CONSULTANTS, INCLUDING A FINANCIAL ADVISOR, AND DECLARING AN EFFECTIVE DATE

was duly introduced for the consideration of said City Council. It was then duly moved and seconded that said Ordinance be passed and, after due discussion, said motion carrying with it the adoption of said Ordinance, prevailed and carried by the following vote:

AYES: ___ NOES: ___ ABSTENTIONS: ___

2. A true, full and correct copy of the aforesaid Ordinance adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; the Ordinance has been duly recorded in said City Council's minutes of said Meeting; the above and foregoing paragraph is a true, full and correct excerpt from said City Council's minutes of said Meeting pertaining to the passage of said Ordinance; the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said City Council as indicated therein; each of the officers and members of said City Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that said Ordinance would be introduced and considered for passage at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for

such purpose, and that said Meeting was open to the public and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED THE 6th DAY OF JUNE, 2023.

(SEAL)

City Secretary
City of Johnson City, Texas

GENERAL CERTIFICATE

THE STATE OF TEXAS §
COUNTY OF BLANCO §
CITY OF JOHNSON CITY §

We, the undersigned, hereby officially certify that we are the Mayor and City Secretary, respectively, of the **CITY OF JOHNSON CITY, TEXAS** (the "**City**"), and we further certify as follows:

1. This certificate is given for the benefit of the Attorney General of the State of Texas and all parties interested in the \$_____ **CITY OF JOHNSON CITY, TEXAS COMBINATION TAX AND SURPLUS REVENUE CERTIFICATE OF OBLIGATION, SERIES 2023** (the "**Certificate**"), dated as of _____, 2023, and authorized by an ordinance passed by the City Council of the City on June 6, 2023.

2. The City is a duly incorporated Type A general law municipality operating and existing under the Constitution and laws of the State of Texas.

3. No litigation of any nature has ever been filed pertaining to, affecting or contesting: (a) the issuance, delivery, payment, security or validity of the proposed Certificate; (b) the authority of the officers of the City to issue, execute and deliver the Certificate; or (c) the validity of the corporate existence or the current Tax Rolls of the City; and no litigation is pending pertaining to, affecting or contesting the boundaries of the City.

4. The currently effective ad valorem tax appraisal roll of the City (the "**Tax Roll**") is the Tax Roll prepared and approved during the calendar year 2022, being the most recently approved Tax Roll of the City; that the taxable property in the City has been appraised, assessed, and valued as required and provided by the Texas Constitution and Property Tax Code (collectively, "**Texas law**"); that the Tax Roll for said year has been submitted to the City Council of the City as required by Texas law, and has been approved and recorded by the City Council; and according to the Tax Roll for said year the net aggregate taxable value of taxable property in the City (after deducting the amount of all applicable exemptions required or authorized under Texas law), upon which the annual ad valorem tax of the City has been or will be imposed and levied, is \$302,859,092.

5. Attached hereto as Exhibit A is a true, full and correct schedule and statement of the proposed Certificate and of all presently outstanding tax bond indebtedness of the City, and attached hereto as Exhibit B is a combined debt service schedule for all outstanding tax bond indebtedness of the City.

6. Revenues of the City's waterworks and sanitary sewer system have not been encumbered other than with respect to the outstanding obligations of the City as described in Exhibit C attached hereto.

7. The City is not in default as to any covenant, condition, or obligation in connection with any of the outstanding obligations of the City as described in Exhibit A and Exhibit C or the ordinances authorizing the same.

8. Attached hereto as Exhibit D is a true, full and correct schedule and statement of the income and expenses of the City's waterworks and sanitary sewer system for the past five fiscal years of the City.

9. Attached hereto as Exhibit E is a true, full and correct schedule of the City's current waterworks and sanitary sewer system rates and charges.

10. The following persons are the duly elected members of the City Council of the City as of the date hereof:

Stephanie Fisher	Mayor
Shelton Coleman	Mayor Pro Tempore
Pat Dildine	Councilmember
Kari Thomas	Councilmember
Gayla Guthrie	Councilmember
Teresa Babb	Councilmember

11. The following persons are the duly appointed Chief Administrative Officer and City Secretary of the City as of the date hereof:

Chief Administrative Officer	Rick A. Schroder
City Secretary	Whitney Walston

12. Proceeds of the Certificate of Obligation will not be used for a purpose previously rejected by voters of the City in a bond election held during the preceding three years.

13. The City has received all required disclosure filings under Section 2252.908, Texas Government Code, in connection with the authorization and issuance of the Certificate and has or will notify the Texas Ethics Commission ("*TEC*") of its receipt of such filings by acknowledging such filings in accordance with the provisions of Section 2252.908, Texas Government Code, and 1 Tex. Admin. Code § 46.5(c).

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SIGNED AND SEALED THIS 6th DAY OF JUNE, 2023.

Mayor
City of Johnson City, Texas

City Secretary
City of Johnson City, Texas

(SEAL)

EXHIBIT A

SCHEDULE OF ALL OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS

THE PROPOSED COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION

Combination Tax and Surplus Revenue Certificate of Obligation, Series 2023, dated _____, 2023, to be outstanding in the aggregate principal amount of \$_____, bearing interest and maturing as set forth in the Ordinance authorizing such Certificate of Obligation.

ALL PRESENTLY OUTSTANDING TAX INDEBTEDNESS:

TITLE OF OUTSTANDING TAX INDEBTEDNESS	DATED DATE	CURRENT OUTSTANDING PRINCIPAL AMOUNT
General Obligation Refunding Bonds, Series 2012	12/01/12	\$745,000
Tax and Surplus Revenue Certificates of Obligation, Series 2015	07/16/15	\$695,000
General Obligation Refunding Taxable Bonds, Series 2021	09/01/21	<u>\$344,000</u>
TOTAL		<u>\$1,784,000</u>

EXHIBIT B

**COMBINED DEBT SERVICE SCHEDULE
FOR ALL GENERAL OBLIGATION INDEBTEDNESS**

EXHIBIT C

**SCHEDULE OF ALL OUTSTANDING INDEBTEDNESS
SECURED IN WHOLE OR IN PART WITH
WATERWORKS AND SEWER SYSTEM REVENUES**

<u>Title of Outstanding Tax Indebtedness</u>	<u>Dated Date</u>	<u>Current Outstanding Principal Amount</u>
Tax and Surplus Revenue Certificates of Obligation, Series 2015	07/16/15	\$695,000

EXHIBIT D

**STATEMENT OF HISTORICAL INCOME AND EXPENSES OF
WATERWORKS AND SEWER SYSTEM**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Income				\$3,038,685	\$2,788,431
Expenses				\$1,253,036	\$1,340,220
Net Revenues				\$1,785,649	\$1,448,211

EXHIBIT E

WATERWORKS AND SANITARY SEWER SYSTEM RATES AND CHARGES

SIGNATURE IDENTIFICATION AND NO-LITIGATION CERTIFICATE

We, the undersigned Mayor and City Secretary, respectively, of the CITY OF JOHNSON CITY, TEXAS (the "*City*"), hereby certify as follows:

(a) This certificate is executed and delivered with reference to the \$ _____ CITY OF JOHNSON CITY, TEXAS COMBINATION TAX AND SURPLUS REVENUE CERTIFICATE OF OBLIGATION, SERIES 2023, dated _____, 2023, authorized by an ordinance passed by the City Council of the City on June 6, 2023 (the "*Certificate*").

(b) Each of us signed the Certificate by manually executing or causing facsimiles of our manual signatures to be printed or lithographed on each of the Certificate, and we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed each of the Certificate.

(c) The Certificate is substantially in the form, and has been duly executed and signed in the manner, prescribed in the ordinance authorizing the issuance thereof.

(d) At the time we so executed and signed the Certificate we were, and at the time of executing this certificate we are, the duly chosen, qualified, and acting officers indicated therein, and authorized to execute and sign the same.

(e) No litigation of any nature has been filed or is now pending or, to our knowledge, threatened, to restrain or enjoin the issuance or delivery of the Certificate, or which would affect the provision made for their payment or security, or in any manner questioning the proceedings or authority concerning the issuance of the Certificate, and that so far as we know and believe no such litigation is threatened.

(f) Neither the corporate existence nor boundaries of the City is being contested; no litigation has been filed or is now pending or, to our knowledge, threatened, which would affect the authority of the officers of the City to issue, execute, sign, and deliver the Certificate; and no authority or proceedings for the issuance of the Certificate have been repealed, revoked, or rescinded.

(g) We have caused the official seal of the City to be impressed, or printed, or lithographed on the Certificate; and said seal on the Certificate has been duly adopted as, and is hereby declared to be, the official seal of the City.

(h) This certificate is submitted pursuant to Title 1, Chapter 53, Texas Administrative Code. Upon the approval of the Certificate by the Attorney General of the State of Texas, he is authorized to date this certificate as of the date of such approval. If any litigation should develop, or if any other event should occur which should make this certificate inaccurate before the Attorney General's approval of the Certificate, we will notify the Attorney General at once by both telephone and facsimile transmission. With this assurance, the Attorney General is entitled to rely on the accuracy of this certificate at the time of approval of the Certificate unless we advise him otherwise.

EXECUTED and delivered this _____.

MANUAL SIGNATURES

OFFICIAL TITLES

Stephanie Fisher, Mayor

Whitney Walston, City Secretary

Before me, on this day personally appeared the foregoing individuals, known to me to be the officers whose true and genuine signatures were subscribed to the foregoing instrument in my presence.

Given under my hand and seal of office this _____.

Notary Public

Typed Name _____

(My Commission Expires _____)

(Notary Seal)

June 6, 2023

The Attorney General of Texas
Public Finance Division
300 W. 15th Street, 7th Floor
Austin, Texas 78701

**RE: CITY OF JOHNSON CITY, TEXAS COMBINATION TAX AND SURPLUS REVENUE
CERTIFICATE OF OBLIGATION, SERIES 2023**

Ladies and Gentlemen:

It is requested that you examine the above issue of obligations and the proceedings authorizing their issuance.

We enclose herewith one signed but undated copy of the Signature Identification and No-Litigation Certificate. Upon approval of the obligations, you are authorized to insert the date of approval in said Signature Certificate. If any litigation should develop before you have approved the obligations, we will notify you at once both by telephone and telecopy. With this assurance you can rely upon the absence of any such litigation at the time you approve the obligations unless we advise you otherwise.

After you have examined the obligations, kindly deliver them to the Office of the Comptroller of Public Accounts of the State of Texas. The Comptroller has received instructions as to disposition of such obligations following their registration.

Sincerely yours,

CITY OF JOHNSON CITY, TEXAS

Mayor

cc: Comptroller of Public Accounts

June 6, 2023

Ms. Theresia Goetz
Cash and Securities Management Division
Bond Registration
Comptroller of Public Accounts
Thomas Jefferson Rusk Building
208 East 10th Street, 2nd Floor, Room 232
Austin, Texas 78701-2407

**RE: CITY OF JOHNSON CITY, TEXAS COMBINATION TAX AND SURPLUS REVENUE
CERTIFICATE OF OBLIGATION, SERIES 2023**

Ladies and Gentlemen:

The Attorney General will deliver to you the above-described issue of obligations. At such time as you have registered such obligations, this will be your authority to deliver them to an authorized representative of McCall, Parkhurst & Horton L.L.P. who will deliver said obligations to the Paying Agent/Registrar named in the obligations for delivery to the purchasers thereof.

At the time you have registered the obligations, please deliver three copies of the Attorney General's opinion and the Comptroller's Signature Certificate covering said issue of obligations to a representative of McCall, Parkhurst & Horton L.L.P., or send such documents by overnight courier to Orlando "Jay" Juarez, Jr., McCall, Parkhurst & Horton L.L.P., 112 E. Pecan Street, Suite 1310, San Antonio, Texas 78205.

Sincerely yours,

CITY OF JOHNSON CITY, TEXAS

Mayor

cc: Attorney General of Texas

RECEIPT FOR PROCEEDS

The undersigned hereby certifies as follows:

(a) This receipt is executed and delivered with reference to the **CITY OF JOHNSON CITY, TEXAS COMBINATION TAX AND SURPLUS REVENUE CERTIFICATE OF OBLIGATION, SERIES 2023** (the "***Certificate***"), dated _____, 2023 (the "***Dated Date***"), in the aggregate principal amount of \$_____, authorized by an ordinance passed by the City Council of the **CITY OF JOHNSON CITY, TEXAS** (the "***City***") on June 6, 2023.

(b) The undersigned is the duly chosen, qualified, and acting Chief Administrative Officer of the City.

(c) The Certificate has been duly delivered to the initial purchasers thereof, namely

(d) The Certificate has been paid for in full by said purchaser concurrently with the delivery of this receipt, and the City has received, and hereby acknowledges receipt of, the agreed purchase price for said Certificate, being \$_____ (which amount is equal to par), and no accrued interest.

[The remainder of this page intentionally left blank.]

EXECUTED and delivered this _____.

CITY OF JOHNSON CITY, TEXAS

Chief Administrative Officer

*Signature page to Receipt for Proceeds Pertaining to
City of Johnson City Texas Combination Tax and Surplus Revenue Certificate of Obligation,
Series 2023*

CERTIFICATE OF POSTING

**THE STATE OF TEXAS
COUNTY OF BLANCO
CITY OF JOHNSON CITY**

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§**

I, the undersigned, hereby officially certify that I am the City Secretary of the **CITY OF JOHNSON CITY, TEXAS** (the "*City*"), and I further certify as follows:

1. This Certificate is given for the benefit of the Attorney General of the State of Texas and all parties interested in the issuance of the **CITY OF JOHNSON CITY, TEXAS COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023** (the "*Certificates*").

2. In accordance with Section 271.049(a)(2) of the Texas Local Government Code, the City "published" the Notice of Intention (the "*Notice*") relating to the issuance of the Certificates, attached hereto as Exhibit A, continuously on the City's website from April 6, 2023, through the date the Ordinance authorizing the issuance of the Certificates was passed by the City Council of the City (i.e., June 6, 2023), which period was at least 45 days before the date of passage of such Ordinance.

3. The URL link to the posted Notice is:

<https://www.johnsoncitytx.org/>

Executed this _____.

City Secretary
City of Johnson City, Texas