

ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF FORT WORTH,
TEXAS DRAINAGE UTILITY SYSTEM REVENUE REFUNDING BONDS, REFUNDING
BONDS, IN ONE OR MORE SERIES, IN AN AGGREGATE PRINCIPAL AMOUNT NOT
TO EXCEED \$100,000,000; ESTABLISHING PARAMETERS WITH RESPECT TO THE
SALE OF BONDS; DELEGATING TO THE DESIGNATED CITY OFFICIALS THE
AUTHORITY TO EFFECT THE SALE OF BONDS;
ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT;
AND DECLARING AN IMMEDIATE EFFECTIVE DATE

THE STATE OF TEXAS :
COUNTIES OF TARRANT, DENTON, PARKER, WISE AND JOHNSON :
CITY OF FORT WORTH :

WHEREAS, the City of Fort Worth, Texas (the “City” or the “Issuer”), is a “home-rule” city operating under a home-rule charter adopted pursuant to Section 5 of Article XI of the Texas Constitution, with a population according to the latest federal decennial census of in excess of 50,000, and with outstanding long-term indebtedness that is rated by a nationally-recognized rating agency for municipal securities in one of the four highest rating categories for a long-term obligation; and

WHEREAS, the City is authorized by the Municipal Drainage Utility Systems Act, Subchapter C, Chapter 552, Texas Local Government Code (formerly codified at Subchapter C, Chapter 402, Texas Local Government Code) (the “Act”), to establish a municipal drainage utility system and to issue bonds of the City for this purpose; and

WHEREAS, on January 24, 2006, in accordance with the provisions of the Act, the City Council of the City adopted an ordinance whereunder the City adopted to apply the provisions of the Act to the City and which further declared that the drainage system of the City was a public utility; and

WHEREAS, on March 7, 2006, in accordance with the provisions of the Act, the City Council of the City adopted an ordinance whereunder the City adopted drainage charges applicable for the availability and use of the municipal drainage utility system; and

WHEREAS, the City has previously issued its City of Fort Worth, Texas Drainage Utility System Revenue Refunding Bonds, Series 2016, in the aggregate principal amount of \$17,505,000 (the “Series 2016 Bonds”), its City of Fort Worth, Texas Drainage Utility System Revenue Refunding Bonds, Series 2019, in the aggregate principal amount of \$31,055,000 (the “Series 2019 Bonds”), its City of Fort Worth, Texas Drainage Utility System Revenue Refunding and Improvement Bonds, Series 2020, in the aggregate principal amount of \$103,210,000 (the “Series 2020 Bonds”) and its City of Fort Worth, Texas Drainage Utility System Revenue Bonds, Series 2023, in the aggregate principal amount of \$42,530,000 (the “Series 2023 Bonds”); and

WHEREAS, the Series 2016 Bonds, the Series 2019 Bonds, the Series 2020 Bonds and the Series 2023 Bonds are referred to herein as the “Outstanding Parity Bonds”; and

WHEREAS, concurrently with the adoption of this Ordinance, the City heretofore has adopted an ordinance establishing the City of Fort Worth, Texas Drainage Utility System Revenue Financing Program for the purpose of providing a financing structure for revenue supported indebtedness of the Drainage Utility System; and

WHEREAS, the bonds authorized to be issued by this Ordinance (the "Bonds") are to be issued and delivered under authority of applicable provisions of Chapter 1207, Texas Government Code; and

WHEREAS, the City Council finds that the issuance of the Bonds, in one or more series, for the purpose of refunding all or a portion of the outstanding notes issued by the City under authority of the Drainage Utility System Revenue Financing Program ("Commercial Paper Notes") is in the best interests of the City, as the City intends for the Commercial Paper Notes to provide interim financing for eligible projects; and

WHEREAS, the City Council delegates to the City Manager and the Chief Financial Officer/Director of Financial Management Services of the City, individually, but not jointly (each, an "Authorized Representative"), the authority to effect the sale of Bonds, subject to the parameters described in this Ordinance.

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

Section 1. **BONDS AUTHORIZED.** (a) Bonds. That there shall be authorized to be issued, sold, and delivered hereunder the Bonds, in one or more series, payable to the respective initial registered owners thereof, or to the registered assignee or assignees of the Bonds or any portion or portions thereof, in an Authorized Denomination. The Bonds are hereby authorized to be issued, in one or more series, in an aggregate principal amount not to exceed \$100,000,000, for the purpose of (i) refunding outstanding Commercial Paper Notes and (ii) paying the costs of issuance of the Bonds. The Bonds shall be designated as the "**City of Fort Worth, Texas Drainage Utility System Revenue Refunding Bonds**", with such additional or different designation or title as permitted by Section 2(b) of this Ordinance. The Bonds are authorized pursuant to Chapter 1207 and other applicable laws of the State of Texas. The City Council hereby finds that it is in the best interests of the City for the Bonds to be sold in such manner as determined by an Authorized Representative in the manner provided in this Ordinance. By adoption of this Ordinance, the Chief Financial Officer/Director of Financial Management Services of the City, as an Authorized Representative, is designated as a special Acting Assistant City Manager for the limited purposes of executing certificates, agreements, notices, instruction letters, requisitions, and other documents on behalf of the City in accordance with this Ordinance.

(b) Refunding. That the City hereby finds that the issuance of Bonds for the purpose of refunding Commercial Paper Notes is a public purpose. The Refunded Commercial Paper Notes are being refunded to convert interim financing into long-term fixed rate financing, as contemplated by the City in the operation of the interim financing program for the System, and the manner in which the refunding of the Refunded Commercial Paper Notes is being executed by the City makes it impracticable to make the determinations required by subsection (a) of Section 1207.008, Texas Government Code. The Refunded Commercial Paper Notes shall be those outstanding Commercial Paper Notes to be refunded and retired with a portion of the proceeds of the Bonds, in an aggregate principal amount not to exceed \$100,000,000 in principal

amount, as designated in a letter of instructions delivered by the Chief Financial Officer/Director of Financial Management Services of the City. For the sole purpose of establishing for the benefit of the Public Finance Division of the Office of the Attorney General of Texas that the City possesses sufficient Gross Revenues to pay the Commercial Paper Notes and the interest thereon, the City shall establish sufficiency through the issuance of bonds on a parity with the Bonds under authority of Chapter 1207 at then current market interest rates with level debt service over a forty (40) year period to refinance such Commercial Paper Notes, under authority of Section 1371.057(c), Texas Government Code.

Section 2. DELEGATION OF SALE OF BONDS; PARAMETERS. (a) Terms of Bonds. That initially there shall be issued, sold, and delivered hereunder fully registered bonds, without interest coupons, in one or more series, payable to the respective initial registered owners thereof, or to the registered assignee or assignees of said bonds or any portion or portions thereof (in each case, the "Registered Owner"), in the denomination of \$5,000 or any integral multiple thereof (an "Authorized Denomination"), maturing not later than February 15, 2054, payable serially or otherwise on the dates, in the years and in the principal amounts, respectively, and dated, all as shall be determined and established in accordance with this Ordinance. The City Council hereby affirmatively waives the provision in its "Financial Management Policy Statements – Chapter V - Debt" specifying that the average life of revenue bonds issued by the City will be no greater than approximately twelve years. The City Council finds that permitting the Bonds to have a maturity of not later than February 15, 2054, is consistent with the useful lives of the facilities authorized to be refinanced with the proceeds of Bonds and the revenue-generating capability of such facilities.

(b) Delegation of Authority. (i) *Method of Sale.* As authorized by Section 1207.007, Texas Government Code, each Authorized Representative is hereby authorized to effect the sale of all or any of the Bonds authorized to be sold by this Ordinance, whether by competitive sale, or by negotiated sale conducted either through a public underwriting of the Bonds, a private placement of the Bonds, or both. The determination of each Authorized Representative, acting for and on behalf of the City, relating to the method of and the terms and conditions relating to the sale of Bonds pursuant to this Ordinance shall have the same force and effect as if such determination were made by the City Council. In effecting the sale of the Bonds authorized to be sold by this Ordinance, each Authorized Representative, acting for and on behalf of the City, may determine any additional or different designation or title by which any series of Bonds shall be known, and the aggregate principal amount of Bonds, if any, to be issued. The sale of the Bonds, including specifically the terms of the purchase price of the Bonds, shall be subject to the limitations set forth in Section 1 of this Ordinance, and the provisions in subsection (c) of this Section. Prior to the delivery of any Bonds authorized to be sold by this Ordinance, whether by competitive sale or negotiated sale, an Authorized Representative shall execute a certificate (a "Pricing Certificate") addressing the matters described in this subsection with respect to the Bonds sold under authority granted by this Ordinance.

(ii) *Competitive Sale.* Each Authorized Representative, acting for and on behalf of the City, is hereby authorized to seek competitive bids for the sale of the Bonds authorized to be sold by this Ordinance, and is hereby authorized to prepare and distribute the Bidding Instructions and the Official Bid Form with respect to seeking competitive bids for the sale of the Bonds. The Bidding Instructions shall contain the terms and conditions relating to the sale of the Bonds, including the date bids for the purchase of the Bonds are to be received, the date of the Bonds, any additional designation or title by which the Bonds shall be known, the aggregate principal amount of the Bonds to be sold, the price at which the Bonds will be sold, the years in which the

Bonds will mature, the principal amount to mature in each of such years, the rate or rates of interest to be borne by each such maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Issuer, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale and delivery of the Bonds so sold including, without limitation, the use of municipal bond insurance for the Bonds. Each Authorized Representative, acting for and on behalf of the City, is hereby authorized to receive and accept bids for the sale of Bonds in accordance with the Bidding Instructions on such date as determined thereby. The Bonds so sold shall be sold at such price as such Authorized Representative shall determine to be the most advantageous to the City, which determination shall be evidenced by the execution thereby of the Official Bid Form submitted by the best and winning bidder. The Bonds shall bear interest at the rates per annum set forth in the Official Bid Form accepted as the best bid. One Bond in the principal amount maturing on each maturity date as set forth in the Official Bid Form shall be delivered to the Purchasers, and the Purchasers shall have the right to exchange such Bonds as provided in Section 5 hereof without cost. The FORM OF BOND shall be revised to reflect the terms of the sale of the Bonds as reflected in the Official Bid Form accepted as the best bid for the Bonds. The Bonds shall initially be registered in the name as set forth in the Official Bid Form. In case any officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

(iii) *Negotiated Sale – Underwriting.* Each Authorized Representative, acting for and on behalf of the City, is hereby authorized to sell all or any portion of the Bonds authorized to be sold by this Ordinance by a negotiated sale conducted as a public underwriting, and should each Authorized Representative determine to sell Bonds by negotiated sale conducted as a public underwriting, each Authorized Representative may designate the senior managing underwriter for the Bonds so sold by a negotiated sale pursuant to this Section 2(b)(iii), and such additional investment banking firms as deemed appropriate by each Authorized Representative to assure that the Bonds are sold on the most advantageous terms to the City. Should Bonds be sold through a negotiated sale conducted as a public underwriting, each Authorized Representative, acting for and on behalf of the City, is authorized to enter into and carry out a Bond Purchase Agreement with the Underwriters for the Bonds, at such price, with and subject to such terms as determined by each Authorized Representative, subject to the provisions of this Ordinance. One Bond in the principal amount maturing on each maturity date as set forth in the Bond Purchase Agreement shall be delivered to the Underwriters, and the Underwriters shall have the right to exchange such Bonds as provided in Section 5 hereof without cost. The Bonds shall initially be registered in the name designated by the Underwriters as set forth in a Bond Purchase Agreement. In case any officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The Bond Purchase Agreement shall be in the form and substance as shall be acceptable to the Authorized Representative, including, without limitation, to contain such terms and conditions as may be provided in accordance with subsection (d) of this Section.

(iv) *Negotiated Sale – Private Placement.* Each Authorized Representative, acting for and on behalf of the City, is hereby authorized to sell all or any portion of the Bonds authorized to be sold by this Ordinance by a negotiated sale conducted as a private placement, and should each Authorized Representative determine to sell Bonds by negotiated sale conducted as a private placement, each Authorized Representative may negotiate the sale of Bonds pursuant to this Section 2(b)(iv) with a bank or other financial institutions as deemed appropriate by each

Authorized Representative to assure that the Bonds are sold on the most advantageous terms to the City. Should Bonds be sold through a negotiated sale conducted as a private placement, each Authorized Representative, acting for and on behalf of the City, is authorized to enter into and carry out a Bond Purchase Agreement with the Purchaser of the Bonds, at such price, with and subject to such terms as determined by each Authorized Representative, subject to the provisions of this Ordinance. One Bond in the principal amount maturing on each maturity date as set forth in the Bond Purchase Agreement shall be delivered to the Purchaser, and the Purchaser shall have the right to exchange such Bonds as provided in Section 5 hereof without cost. The Bonds shall initially be registered in the name designated by the Purchaser as set forth in a Bond Purchase Agreement. In case any officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The Bond Purchase Agreement shall be in the form and substance as shall be acceptable to the Authorized Representative, including, without limitation, to contain such terms and conditions as may be provided in accordance with subsection (d) of this Section.

(c) General; Other Parameters. (i) The City Council authorizes the City Manager and the Chief Financial Officer/Director of Financial Management Services of the City to provide for and oversee the preparation of a preliminary official statement and the final official statement (the "Official Statement") in connection with the issuance of the Bonds, and to approve the preliminary official statement and the Official Statement and deem the preliminary official statement final, and to provide the Official Statement to the Purchasers, in connection with Bonds sold through a competitive sale, or the Underwriters, in connection with Bonds sold through a negotiated sale, in compliance with the Rule. The Official Statement in the form and content approved by an Authorized Representative shall be deemed approved by the City Council and constitute the Official Statement authorized for distribution to and use by the Purchasers of the Bonds, in connection with Bonds sold through a competitive sale, or the Underwriters, in connection with Bonds sold through a negotiated sale. The Bonds shall not have a true interest cost in excess of 6.00% and shall not have a net effective interest rate, calculated in accordance with Chapter 1204, Texas Government Code, in excess of 15%.

(ii) An Authorized Representative shall not execute the Official Bid Form or a Bond Purchase Agreement unless (A) the Bonds bear a rating at a level such that the Bonds satisfy the requirements of Chapter 1371 to constitute "obligations", as such term is defined in Chapter 1371, and (B) the best bidder, in the case of Bonds sold pursuant to a competitive sale, each Underwriter, in the case of Bonds sold pursuant to a negotiated sale conducted as a public offering, or the Purchaser, in the case of Bonds sold pursuant to a negotiated sale conducted as a private placement, has confirmed to an Authorized Representative that either it has made disclosure filings to the Texas Ethics Commission in accordance with Section 2252.908, Texas Government Code or is exempt from making such filings under Section 2252.908(c)(4), Texas Government Code. Within thirty (30) days of receipt of any disclosure filings from the best bidder for the Bonds, the City will acknowledge such disclosure filings in accordance with the rules of the Texas Ethics Commission. Any finding or determination made by an Authorized Representative relating to the issuance and sale of the Bonds shall have the same force and effect as a finding or determination made by the City Council.

(iii) The foregoing notwithstanding, the purchase price to be paid for the Bonds sold pursuant to this Ordinance shall not be less than 95% of the aggregate principal amount thereof. The authority delegated to the Authorized Representative to effect the sale of the Bonds expires at the close of business on April 22, 2025.

(d) Bond Purchase Agreement. Should Bonds be sold by a negotiated sale, each Authorized Representative is hereby authorized, appointed, and designated to act on behalf of the City in the selling and delivering the Bonds and carrying out the other procedures specified in this Ordinance, including determining and fixing the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the aggregate principal amount of the Bonds to be sold, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate or rates of interest to be borne by each such maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Issuer, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale, and delivery of the Bonds, including, without limitation, the use of municipal bond insurance for the Bonds, all of which shall be specified in the Bond Purchase Agreement. Each Authorized Representative, acting for and on behalf of the City, is authorized to enter into with the Underwriters, in the case of Bonds sold through a negotiated sale conducted as a public underwriting, and the Purchaser, in the case of Bonds sold through a negotiated sale conducted as a private placement, and to carry out the conditions specified in a Bond Purchase Agreement for the Bonds, at such price and subject to such terms as are set forth therein.

Section 3. **RIGHT OF PRIOR REDEMPTION.** (a) Optional Redemption. That the Bonds of any series may be subject to redemption prior to their scheduled maturities at the option of the City, on the dates and in the manner provided in the Bidding Instructions, in the case of Bonds sold through a competitive sale, or the Bond Purchase Agreement, in the case of Bonds sold through a negotiated sale. Should the Bonds be subject to redemption prior to their scheduled maturities, if less than all of the Bonds are to be redeemed by the City, the City shall determine the maturity or maturities and the amounts to be redeemed and shall direct the Paying Agent/Registrar to call by lot Bonds, or portions of Bonds, within a maturity and in the principal amounts for redemption; provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds shall be selected in accordance with the arrangements between the City and the securities depository. The FORM OF BOND shall be revised to reflect any optional redemption of the Bonds, to the extent provided in the Bidding Instructions and incorporated by reference into the Official Bid Form accepted by an Authorized Representative as the best bid on the Bonds, in connection with a competitive sale, or to the extent provided in the Bond Purchase Agreement, executed in connection with a negotiated sale. The optional redemption of Bonds at the option of the City may be made conditional upon the occurrence of certain events, as may be provided for in the FORM OF BOND.

(b) Mandatory Redemption. Should the Official Bid Form or a Bond Purchase Agreement, as the case may be, provide for the mandatory sinking fund redemption of the Bonds, the terms and conditions governing any mandatory sinking fund redemption and the payment of mandatory sinking fund payments shall be set forth therein, and the FORM OF BOND shall be revised to reflect any mandatory sinking fund redemption of the Bonds, to the extent provided in the Official Bid Form accepted by an Authorized Representative as the best bid for the Bonds, in connection with a competitive sale, or to the extent provided in the Bond Purchase Agreement, executed in connection with a negotiated sale.

(c) General Notice. Notice of any redemption of Bonds shall be given in the following manner, to-wit, a written notice of such redemption shall be given to the registered owner of each Bond or a portion thereof being called for redemption at least thirty (30) days prior to the date fixed for such redemption by depositing such notice in the United States mail, first-class postage prepaid, addressed to each such registered owner at the address shown on the Registration Books of the Paying Agent/Registrar. By the date fixed for any such redemption due provision shall be made by the City with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or the portions thereof which are to be so redeemed. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, the Bonds, or the portions thereof which are to be so redeemed, thereby automatically shall be redeemed prior to their scheduled maturities, and shall not be regarded as being Outstanding except for the right of the owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of the Bonds or any portion thereof. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any Authorized Denomination at the written request of the owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the owner upon the surrender thereof for cancellation, at the expense of the City, all as provided in this Ordinance. The maturities of Bonds to be called for redemption shall be determined by the City. The Bonds or portions to be redeemed within each such maturity shall be selected by lot or other customary random method selected by the Paying Agent/Registrar in accordance with any requirements of a securities depository, if applicable (provided that a portion of a Bond may be redeemed only in an Authorized Denomination). The City shall give written notice to the Paying Agent/Registrar of any such redemption of Bonds at least sixty (60) calendar days (or such shorter period as is acceptable to the Paying Agent/Registrar) prior to such redemption.

(d) Additional Notice. (i) In addition to the manner of providing notice of redemption of Bonds as set forth above, the Paying Agent/Registrar shall give notice of redemption of Bonds by United States mail, first-class postage prepaid, at least thirty (30) days prior to a redemption date to the MSRB and to any national information service that disseminates redemption notices. Any notice sent to the MSRB or such national information services shall be sent so that they are received at least two (2) days prior to the general mailing date of such notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to the owner of any Bond who has not sent the Bonds in for redemption sixty (60) days after the redemption date.

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

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

Section 4. **INTEREST**. That the Bonds shall bear interest at the rates per annum set forth in the FORM OF BOND set forth in **Exhibit A** to this Ordinance. The interest on the

Bonds shall be payable to the registered owner of any such Bond on the dates and in the manner provided in the FORM OF BOND set forth in **Exhibit A** to this Ordinance. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Section 5. PAYING AGENT/REGISTRAR; BOOK-ENTRY ONLY SYSTEM. (a) Registration, Transfer, Conversion and Exchange; Authentication. That the City shall keep or cause to be kept at the designated corporate trust office of BOKF, NA (the "Paying Agent/Registrar"), books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the City and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each 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, at the Designated Trust Office of the Paying Agent/Registrar, 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. Except as otherwise provided in the FORM OF BOND, the owner of each Bond requesting a conversion, transfer, exchange and delivery of such Bond shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the "Paying Agent/Registrar's Authentication Certificate" in the form set forth in the FORM OF BOND (the "Authentication Certificate"), and, except as provided below, no such Bond shall be deemed to be issued or Outstanding unless the Authentication Certificate is so executed; however, the foregoing notwithstanding, the Authentication Certificate need not be executed if any such Bond is accompanied by an executed "Comptroller's Registration Certificate" in the form set forth in the FORM OF BOND. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein. Pursuant to Chapter 1206, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller. As of the date this Ordinance is approved by the City, the City has been advised that the Designated Trust Office of the Paying Agent/Registrar is its Dallas, Texas corporate trust office.

(b) Payment of Bonds and Interest. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of, premium, if any, and

interest on the Bonds, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Bonds.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) shall be payable as to principal and interest, and (viii) shall be administered and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND. The Bonds initially issued and delivered pursuant to this Ordinance are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Ordinance the Paying Agent/Registrar shall execute the Authentication Certificate.

(d) Substitute Paying Agent/Registrar. The City covenants with the owners of the Bonds that at all times while the Bonds are outstanding a competent and legally qualified entity shall act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity. Such entity may be the City, to the extent permitted by law, or a bank, trust company, financial institution, or other agency, as selected by the City. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than one hundred and twenty (120) days written notice to the Paying Agent/Registrar, to be effective not later than sixty (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 entity to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(e) Additional Notice of Redemption. (i) In addition to the manner of providing notice of redemption of Bonds as set forth in Section 3 hereof, the Paying Agent/Registrar shall give notice of redemption of Bonds by United States mail, first-class postage prepaid, at least thirty (30) days prior to a redemption date to the MSRB. Any notice sent to the MSRB shall be sent so that such notice is received at least two (2) days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of redemption to the registered owner of any Bonds who has not sent the Bonds in for redemption sixty (60) days after the redemption date. The failure to send, mail or receive any such notice described in this clause (i), or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond.

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

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

(f) DTC Book-Entry-Only System of Registration. That the Bonds initially shall be issued and delivered in such manner that no physical distribution of the Bonds will be made to the public, and The Depository Trust Company, New York, New York ("DTC"), initially will act as depository for the Bonds. DTC has represented that it is a limited purpose trust company incorporated under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended, and the City accepts, but in no way verifies, such representations. The Bonds initially authorized by this Ordinance shall be delivered to and registered in the name of CEDE & CO., the nominee of DTC. So long as each Bond is registered in the name of CEDE & CO., the Paying Agent/Registrar shall treat and deal with DTC the same in all respects as if it were the actual and beneficial owner thereof. It is expected that DTC will maintain a book-entry system which will identify ownership of the Bonds in integral amounts of \$5,000, with transfers of ownership being effected on the records of DTC and its participants pursuant to rules and regulations established by them, and that the Bonds initially deposited with DTC shall be immobilized and not be further exchanged for substitute Bonds except as hereinafter provided. The City is not responsible or liable for any functions of DTC, will not be responsible for paying any fees or charges with respect to its services, will not be responsible or liable for maintaining, supervising, or reviewing the records of DTC or its participants, or protecting any interests or rights of the beneficial owners of the Bonds. It shall be the duty of the DTC Participants, as defined in the Official Statement herein approved, to make all arrangements with DTC to establish this book-entry system, the beneficial ownership of the Bonds, and the method of paying the fees and charges of DTC. The City does not represent nor covenant that the initial book-entry system established with DTC will be maintained in the future. Notwithstanding the initial establishment of the foregoing book-entry system with DTC, if for any reason any of the originally delivered Bonds is duly filed with the Paying Agent/Registrar with proper request for transfer and substitution, as provided for in this Ordinance, substitute Bonds will be duly delivered as provided in this Ordinance, and there will be no assurance or representation that any book-entry system will be maintained for such Bonds. To effect the establishment of the foregoing book-entry system, the City has executed and filed with DTC the "Blanket DTC Letter of Representations" in the form provided by DTC to evidence the City's intent to establish said book-entry system. The foregoing notwithstanding, if Bonds are sold through a negotiated sale conducted as a private placement, the Bond Purchase Agreement governing such sale of Bonds shall provide whether the Bonds so sold shall be subject to the book-entry system described in this Section and, if such Bonds will be subject to the book-entry system, it shall be the duty of the Purchaser to make all arrangements with DTC to establish the book-entry system, the beneficial ownership of the Bonds, and the method of paying the fees and charges of DTC.

(g) Reportable Payments. With respect to the Bonds, to the extent required by the Code and the regulations promulgated thereunder, the Paying Agent/Registrar shall report to each owner of the Bonds and the Internal Revenue Service (i) the amount of "reportable payments", if any, subject to backup withholding during each year and the amount of tax withheld, if any, with respect to payments of the Bonds, and (ii) the amount of interest or amount treated as interest on the Bonds and required to be included in the gross income of an owner of Bonds.

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

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

"*Accountant*" means a nationally recognized independent certified public accountant, or an independent firm of certified public accountants.

"*Act*" means, collectively, Chapter 1207, Texas Government Code, and Subchapter C, Chapter 552, Texas Local Government Code.

"*Additional Bonds*" means the additional bonds which the City reserves the right to issue in the future as Parity Bonds, as provided in this Ordinance.

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

"*Annual Debt Service Requirements*" means, for any Fiscal Year, the principal of and interest on all Parity Bonds coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default by the City on such Debt, or be payable in respect of any required purchase of such Debt by the City) in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the City:

(1) *Committed Take Out*. If the City has entered into a Credit Agreement constituting a binding commitment within normal commercial practice to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made) or to purchase any of its Funded Debt at any date on which such Debt is subject to required purchase, all under arrangements whereby the City's obligation to repay the amounts advanced for such discharge or purchase constitutes Funded Debt, then the portion of the Funded Debt committed to be discharged or purchased shall be excluded from such calculation and the principal of and interest on the Funded Debt incurred for such discharging or purchase that would be due in the Fiscal

Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added;

(2) Balloon Debt. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the City) in any Fiscal Year either is equal to at least 25% of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein as "*Balloon Debt*"), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;

(3) Consent Sinking Fund. In the case of Balloon Debt (as defined in clause (2) above), if a Designated Financial Officer shall deliver to the City an Officer's Certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such Officer's Certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (3) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule; and provided further that this clause (3) shall not apply where the City has elected to apply the rule set forth in clause (2) above;

(4) Prepaid Debt. Principal of and interest on Parity Bonds, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Debt;

(5) Variable Rate. As to any Parity Bond that bears interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement then, at the option of the City, either (1) an interest rate equal to the average rate borne by such Parity Bonds (or by comparable debt in the event that such Parity Bonds has not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, or (2) an interest rate equal to the 20-year Tax-Exempt Revenue Bond Index (as most recently published in The Bond Buyer), shall be presumed to apply for all future dates, unless such index is no longer published in The Bond Buyer, in which case an index of tax-exempt revenue bonds with maturities of at least 20 years which is published in a newspaper or journal with national circulation may be used for this purpose. If two Series of Parity Bonds which bear interest at variable interest rates, or one or more maturities within a Series, of equal par amounts, are issued simultaneously with inverse floating interest rates providing a composite fixed interest rate for such Parity Bonds taken as a whole, such composite fixed rate shall be used in determining the Annual Debt Service Requirement with respect to such Parity Bonds;

(6) Guarantee. In the case of any guarantee, as described in clause (2) of the definition of Debt, no obligation will be counted if the City does not anticipate in its annual budget that it will make any payments on the guarantee. If, however, the City is making payments on a guarantee or anticipates doing so in its annual budget, such obligation shall be treated as Parity Bonds and calculations of annual debt service requirements with respect to such guarantee shall be made assuming that the City will make all additional payments due under the guaranteed obligation. If the entity whose obligation is guaranteed cures all defaults and the City no longer anticipates making payments under the guarantee, the guaranteed obligations shall not be included in the calculation of Annual Debt Service Requirements; and

(7) Credit Agreement Payments. If the City has entered into a Credit Agreement in connection with an issue of Debt, payments due under the Credit Agreement (other than payments for fees and expenses), for either the City or the Credit Provider, shall be included in such calculation, except to the extent that the payments are already taken into account under (1) through (6) above and any payments otherwise included above under (1) through (6) which are to be replaced by payments under a Credit Agreement, from either the City or the Credit Provider, shall be excluded from such calculation. For purposes of satisfying the provisions of Sections 19(a) and 19(b) of this Ordinance, the City shall assume that for the term of the Credit Agreement, it will not receive any payments from the counterparty thereto, and further that the City shall calculate the amount of its payments due annually to the counterparty under the Credit Agreement (other than payments for fees and expenses) on the basis of the percentage rate applicable to the stated notional amount of the Credit Agreement, as such percentage rate is determined as of the date the Credit Agreement is approved by ordinance adopted by the City Council.

With respect to any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and, with respect to prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

"Attorney General" means the Office of the Attorney General of the State of Texas.

"*Authentication Certificate*" shall have the meaning given said term in Section 5(a) hereof.

"*Authorized Denomination*" means Bonds in a denomination of \$5,000 or any integral multiple thereof.

"*Authorized Investments*" means any and all of the authorized investments described in the Public Funds Investment Act of 1987, Chapter 2256, Texas Government Code, provided that such investments are at the time made included in and authorized by the City's official investment policy approved from time to time by the City Council.

"*Authorized Representative*" means the City Manager and the Chief Financial Officer/Director of Financial Management Services of the City, acting individually but not collectively.

"*Bidding Instructions*" means the Notice of Sale and Bidding Instructions distributed to potential purchasers of Bonds sold pursuant to a competitive sale.

"*Bond, Bonds*" means one or more, as the case may be, of the refunding bonds authorized to be issued by this Ordinance.

"*Bond Purchase Agreement*" means a bond purchase agreement (i) between the City and the Underwriters, pertaining to the purchase of the Bonds by the Underwriters sold through a negotiated sale conducted as a public underwriting, and (ii) between the City and the Purchaser, pertaining to the purchase of the Bonds by the Purchaser sold through a negotiated sale conducted as a private placement.

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

"*Chapter 9*" means Chapter 9 of the Texas Business and Commerce Code.

"*Chapter 1207*" means Chapter 1207 of the Texas Government Code.

"*Chapter 1208*" means Chapter 1208 of the Texas Government Code.

"*City*" and "*Issuer*" means the City of Fort Worth, Texas.

"*Code*" means the Internal Revenue Code of 1986.

"*Comptroller*" means the Comptroller of Public Accounts of the State of Texas.

"*Credit Agreement*" means, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitment to purchase Parity Bonds, purchase or sale agreement, interest rate swap agreement, currency exchange agreement, interest rate floor or cap agreement, or a commitment or any other contract or agreement authorized, recognized and approved by the City as a Credit

Agreement in connection with the authorization, issuance, security, or payment of Parity Bonds and on a parity therewith.

"Credit Facility" means (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that a Rating Agency having an outstanding rating on Parity Bonds would rate the Parity Bonds fully insured by a standard policy issued by the issuer in one of its two highest generic rating categories for such obligations; and (ii) a letter or line of credit issued by any financial institution, provided that a Rating Agency having an outstanding rating on the Parity Bonds would rate the parity obligations in one of its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the Parity Bonds and the interest thereon; and, in any case, no lower than the rating assigned by a Rating Agency to the Parity Bonds.

"Credit Provider" means any bank, financial institution, insurance company, surety bond provider, or other entity which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.

"Debt" means all:

(1) indebtedness incurred or assumed by the City for borrowed money (including indebtedness arising under Credit Agreements) and all other financing obligations of the City that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet;

(2) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the City, or that is in effect guaranteed, directly or indirectly, by the City through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

(3) all indebtedness secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by the City whether or not the City has assumed or become liable for the payment thereof.

For the purpose of determining the "Debt" of the City, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements prepared by or for the benefit of the City in prior Fiscal Years.

"*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 and (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.

"*Designated Financial Officer*" shall have the same meaning as set forth in the preamble to this Ordinance.

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

"*DTC*" means The Depository Trust Company, New York, New York, or any successor securities depository designated by the City in accordance with the provisions of Section 5(f) hereof.

"*Fiscal Year*" means the regular fiscal year used by the City in connection with the operation of the System, which may be any twelve consecutive months period established by the City.

"*Funded Debt*" means all Parity Bonds that mature by their terms (in the absence of the exercise of any earlier right of demand), or are renewable at the option of the City to a date, more than one year after the original creation, assumption, or guarantee of such Debt by the City.

"*Gross Revenues of the City's Drainage Utility System*" and "*Gross Revenues*" means all revenues, income, and receipts of every nature derived or received by the City from the operation and ownership of the System, including the interest income from the investment or deposit of money in any Fund created by this Ordinance, or maintained by the City in connection with the System.

"*Initial Bond*" shall have the same meaning as set forth in Section 2(a) hereof.

"*MAC*" means the Municipal Advisory Council of Texas.

"*Maturity*" when used with respect to any Debt means the date on which the principal of such Debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption, or otherwise.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Non-Recourse Debt*" means any Debt secured by a lien (other than a lien on Gross Revenues), liability for which is effectively limited to the property subject to such lien with no recourse, directly or indirectly, to any other property of the City attributable to the System; provided, however, that such Debt is being incurred in connection with the acquisition of property only, which property is not, at the time of such occurrence, owned by the City and being used in the operations of the City.

"*Officer's Certificate*" means a certificate executed by a Designated Financial Officer.

"*Official Bid Form*" means the bid form prepared in accordance with the Bidding Instructions and submitted by potential purchasers of any Bonds sold pursuant to a competitive sale.

"*Official Statement*" shall have the same meaning as set forth in Section 2(c) hereof.

"*Outstanding Parity Bonds*" shall have the same meaning as set forth in the preamble to this Ordinance.

"*Parity Bonds*" means the Outstanding Parity Bonds, the Bonds and all bonds and obligations issued or incurred by the City that are determined and declared by the City Council of the City to be on a parity with the Bonds, including Additional Bonds and obligations of the City issued or incurred under the terms of a Credit Agreement.

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

"*Pricing Certificate*" shall have the meaning given said term in Section 2(b) hereof.

"*Purchaser*" or "*Purchasers*" means (a) the entity or entities listed in the Official Bid Form accepted by the City as the best bid for the Bonds, in the case of the sale of Bonds sold through a competitive sale or (b) the bank or other financial institution listed in a Bond Purchase Agreement executed in connection with a negotiated sale conducted as a private placement of Bonds.

"*Refunded Commercial Paper Notes*" means those Commercial Paper Notes designated by the Chief Financial Officer/Director of Financial Management Services of the City in accordance with this Ordinance to be refunded with the proceeds of Bonds.

"*Rule*" means SEC Rule 15c2-12, as amended from time to time.

"*SEC*" means the United States Securities and Exchange Commission.

"*Series 2016 Bonds*", "*Series 2019 Bonds*", "*Series 2020 Bonds*" and "*Series 2023 Bonds*" each shall have the meaning as set forth in the preamble to this Ordinance.

"*Stated Maturity*" when used with respect to any Debt or any installment of interest thereon means any date specified in the instrument evidencing or authorizing such Debt or such installment of interest as a fixed date on which the principal of such Debt or any installment thereof or the fixed date on which such installment of interest is due and payable.

"*Subordinated Debt*" or "*Subordinate Obligations*" means any Debt which expressly provides that all payments thereon shall be subordinated to the timely payment of all Parity Bonds then outstanding or subsequently issued.

"*System*" means and includes the City's drainage utility system, together with all future extensions, improvements, enlargements, and additions thereto, and all replacements thereof; provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall not include any facilities which are declared not to be a part of the System and which are acquired or constructed by the City with the proceeds from the

issuance of "Special Facilities Bonds", which are hereby defined as being special revenue obligations of the City which are not secured by or payable from the Gross Revenues as defined herein, but which are secured by and payable solely from special contract revenues or payments received from any other legal entity in connection with such facilities, and thus constitute Non-Recourse Debt; and such revenues or payments shall not be considered as or constitute Gross Revenues of the System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such "Special Facilities Bonds".

"*Term Bonds*" means those Parity Bonds so designated in the ordinances authorizing such bonds (including, with respect to any Bonds so designated as term bonds), which shall be subject to retirement by operation of the Mandatory Redemption Account referred to in Section 10 hereof.

"*Term of Issue*" means with respect to any Balloon Debt, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or (ii) twenty-five years.

"*Treasury Regulations*" means all applicable temporary, proposed and final regulations and procedures promulgated under the Code or promulgated under the Internal Revenue Code of 1954, to the extent applicable to the Code.

"*Underwriters*" means the investment banking firms listed in a Bond Purchase Agreement executed in connection with a negotiated sale conducted as a public underwriting of Bonds.

"*Value of Investment Securities*" and words of like import means valuation at their market value, excluding accrued interest, in accordance with the City's official investment policy approved from time to time by the City Council.

Section 8. **PLEDGE.** (a) That the Parity Bonds, and any interest payable thereon, are and shall be secured by and payable from a first lien on and pledge of the Gross Revenues; and the Gross Revenues are further pledged to the establishment and maintenance of the Debt Service Fund as hereinafter provided. The Parity Bonds are and will be secured by and payable only from the Gross Revenues, and are not secured by or payable from monies raised or to be raised from taxation, or a mortgage or deed of trust on any real, personal or mixed properties constituting the System.

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

Section 9. **REVENUE FUND.** That there has been created and established on the books of the City, and accounted for separate and apart from all other funds of the City, a special drainage utility fund entitled the "City of Fort Worth, Texas, Drainage Utility System Revenue

Fund" (hereinafter called the "Revenue Fund"). All Gross Revenues are and shall be credited to the Revenue Fund immediately upon receipt. Monies in the Revenue Fund shall be maintained at an official depository bank of the City.

Section 10. **DEBT SERVICE FUND.** (a) That for the sole purpose of paying the principal of and interest on the Parity Bonds, as the same come due, there has been created and established on the books of the City a separate fund entitled the "City of Fort Worth, Texas, Drainage Utility System Revenue Bonds Debt Service Fund" (hereinafter called the "Debt Service Fund"). Monies in the Debt Service Fund shall be maintained at an official depository bank of the City.

(b) Within the Debt Service Fund there is hereby established an account entitled the "City of Fort Worth, Texas Drainage Utility System Revenue Bonds Mandatory Redemption Account" (the "Mandatory Redemption Account"), into which shall be credited the Amortization Installments which shall be used for the payment of the principal of Term Bonds as the same shall come due, whether by maturity thereof or by redemption, through the operation of the Mandatory Redemption Account.

Section 11. **RESERVE FUND.** That the City reserves the right to establish and fund a reserve fund for the benefit of the owners and holders of the Parity Bonds. Any such reserve fund so established shall be maintained in such amount as shall be determined by the City Council, subject to the provisions of Section 24 of this Ordinance. With respect to the Bonds, no reserve fund shall be required to be established at the time of the delivery of the Bonds.

Section 12. **DEPOSITS OF GROSS REVENUES; INVESTMENTS.** (a) That the Gross Revenues shall be transferred from the Revenue Fund and deposited to the credit of the Debt Service Fund when and as required by this Ordinance and by ordinances hereafter adopted by the City Council of the City authorizing Parity Bonds.

(b) Moneys in any Fund or Account established pursuant to this Ordinance may, at the option of the City, be placed or invested in Authorized Investments. The value of any such Fund or Account shall be established by adding any money therein to the Value of Investment Securities. The value of each such Fund or Account shall be established no less frequently than annually as of the last Business Day of each Fiscal Year, and in any event the value of each such Fund and Account shall be established as of the last Business Day of the month preceding the date the City Council adopts an ordinance authorizing the issuance and delivery of Parity Bonds. Earnings derived from the investment of moneys on deposit in the various Funds and Accounts shall be credited to the Revenue Fund.

Section 13. **FUNDS SECURED.** That money in all Funds created by this Ordinance, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the City.

Section 14. **DEBT SERVICE REQUIREMENTS.** (a) That promptly after the delivery of the Bonds the City shall cause to be deposited to the credit of the Debt Service Fund any accrued interest received from the sale and delivery of the Bonds, and any such deposit shall be used to pay part of the interest next coming due on the Bonds.

(b) That the City shall transfer Gross Revenues from the Revenue Fund and deposit to the credit of the Debt Service Fund the amounts, at the times, as follows:

(1) such amounts, deposited in approximately equal monthly installments on or before the last Business Day of each month hereafter, commencing with the month during which the Bonds are delivered, as will be sufficient, together with other amounts, if any, then on hand in the Debt Service Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bonds on the next succeeding interest payment date;

(2) such amounts, deposited in approximately equal monthly installments on or before the last Business Day of each month hereafter, commencing with the month during which the Bonds are delivered, as will be sufficient, together with other amounts, if any, then on hand in the Debt Service Fund and available for such purpose, to pay the principal scheduled to mature and come due on the Bonds on the next succeeding principal payment date; and

(3) such amounts, deposited in approximately equal monthly installments on or before the last Business Day of each month hereafter, commencing with the month during which the Bonds are delivered, as will be sufficient, together with other amounts, if any, then on hand in the Debt Service Fund and available for such purpose, to pay the Amortization Installments scheduled to come due on the Bonds on the next succeeding mandatory sinking fund redemption payment date.

Section 15. **DEFICIENCIES; ADDITIONAL USES FOR GROSS REVENUES.** (a) That if on any occasion there shall not be sufficient Gross Revenues to make the required deposits into the Debt Service Fund, then such deficiency shall be made up as soon as possible from the next available Gross Revenues, or from any other sources available for such purpose.

(b) That, subject to making the required deposits to the credit of the Debt Service Fund when and as required by this Ordinance, or any ordinance authorizing the issuance of Parity Bonds, Gross Revenues may be used by the City for any lawful purpose not inconsistent with the Act including, without limitation, paying the costs of operating and maintaining the System.

Section 16. **PAYMENT OF THE PARITY BONDS.** That on or before each date upon which principal of or interest on any Parity Bonds are scheduled to be due and payable, while any of the Parity Bonds are outstanding and unpaid, the City shall make available to the paying agents therefor (including the Paying Agent/Registrar), out of the Debt Service Fund (if necessary), money sufficient to pay such interest on and such principal of the Parity Bonds as shall become due on such dates, respectively, at maturity or by redemption prior to maturity. The aforesaid paying agents (including the Paying Agent/Registrar) shall furnish the City with an appropriate certificate that such payments to the holder or owner thereof have been made when due.

Section 17. **DEFAULT AND REMEDIES.** (a) Events of Default. That each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

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

(ii) except as provided in Section 26(c)(iv) of this Ordinance, default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the registered owners of the Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any registered owner to the City.

(b) Remedies for Default.

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

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

(c) Remedies Not Exclusive.

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

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

(iii) By accepting the delivery of a Bond authorized under this Ordinance, whether through direct issuance or by being identified as an owner in the records of a securities depository or as a beneficial owner in the records of a DTC Participant, the registered or beneficial owner thereof agrees that the certifications required to effect any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or members of the City or the City Council.

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

Section 18. **FINAL DEPOSITS; GOVERNMENTAL OBLIGATIONS.** (a) Defeased Bonds. That any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, 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 all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the pledge of Gross Revenues 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 Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 18(a)(i) or (ii) shall not be irrevocable, provided that the City: (1) in the proceedings providing for such payment arrangements, expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; (3) directs that notice of the reservation be included in any redemption notices that it authorizes; and (4) at the time of the redemption, satisfies the conditions for the redemption of the Bonds as provided in the FORM OF BOND set forth in **Exhibit A** to this Ordinance as though they were being defeased at the time of the exercise of the option to redeem the Bonds, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the Bonds.

(b) Investment in Defeasance Securities. 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 Bonds 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 Defeased Bonds 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 18(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, 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) Paying Agent/Registrar Services. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds 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.

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

Section 19. **ADDITIONAL BONDS.** (a) Parity Bonds. That the City reserves and shall have the right and power to issue or incur Parity Bonds for any purpose authorized by law pursuant to the provisions of this Ordinance and any ordinance hereafter adopted authorizing the issuance or incurrence of Parity Bonds. The City may issue, incur, or otherwise become liable in respect of any Parity Bonds if a Designated Financial Officer shall deliver to the City a certificate stating that, to the best knowledge thereof, (i) the City is in compliance with all covenants contained in this Ordinance and any ordinance hereafter adopted authorizing the issuance or incurrence of Parity Bonds, is not in default in the performance and observance of any of the terms, provisions and conditions hereof and thereof, and the Funds and Accounts securing the Parity Bonds then outstanding contain the amount then required to be therein, and (ii) the Gross Revenues for the preceding Fiscal Year, or for twelve consecutive months out of the fifteen months immediately preceding, the dated date of such proposed Parity Bonds, are at least equal to 1.50 times the Annual Debt Service Requirements of the Parity Bonds to be outstanding after the issuance of the then proposed Parity Bonds for the Fiscal Year during which such Annual Debt Service Requirements are scheduled to be the greatest. For purposes of this subsection (a), if Parity Bonds are issued to refund less than all of the Parity Bonds then outstanding, the certification required by clause (ii) above shall give effect to the issuance of the proposed refunding Parity Bonds (and shall not give effect to the Parity Bonds being refunded following their cancellation or provision being made for their payment).

(b) Reserve Fund. Should a reserve fund be hereafter established in connection with the issuance of Parity Bonds, the City shall deposit to the credit of such reserve fund such amounts, at such times, and in such manner, as shall be provided by ordinance adopted by the City Council establishing such reserve fund.

(c) Non-Recourse Debt and Subordinate Obligations. Non-Recourse Debt and Subordinate Obligations may be incurred without limitation by the City, upon passage of an ordinance by the City Council of the City for the purpose of approving the issuance of Non-Recourse Debt or Subordinate Obligations, as the case may be, and approval of such Non-Recourse Debt or Subordinate Obligations by the Attorney General, to the extent required by law.

(d) Credit Agreements. Payments to be made under a Credit Agreement may be treated as a payment in respect of a Parity Bond and secured by Gross Revenues if the governing body of the City makes a finding in the ordinance authorizing the execution and delivery of a Credit Agreement as a Parity Bond that, based upon the findings contained in a certificate executed and delivered by a Designated Financial Officer, the City will have sufficient funds to meet the financial obligations of the System, including sufficient Gross Revenues to satisfy the Annual Debt Service Requirements of the System and the financial obligations of the City relating to the System after giving effect to the treatment of the Credit Agreement as a Parity Bond. The payment obligations incurred by the City under a Credit Agreement shall not be treated as a Parity Bond unless the form of such Credit Agreement is approved by ordinance adopted by the City Council.

(e) Determination of Gross Revenues. In making a determination of Gross Revenues for any of the purposes described in this Section, including, without limitation, subsection (a) of this Section, the Designated Financial Officer may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least thirty (30) days prior to the last day of the period for which Gross Revenues are determined and, for purposes of satisfying the Gross Revenues test described in subsection (a) above, make a pro forma determination of the Gross Revenues of the System for the period of time covered by the Designated Financial Officer's certification based on such change in rates and charges being in effect for the entire period covered by the Officer's Certificate.

Section 20. **APPROVAL BY ATTORNEY GENERAL**. That to the extent required by the laws of the State of Texas, no Parity Bonds shall be delivered by the City until the approval of the Attorney General has been obtained.

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

(a) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance, and each ordinance authorizing the issuance of Parity Bonds, and in each and every Parity Bond; it will promptly pay or cause to be paid the principal of and interest on every Parity Bond, on the dates and in the places and manner prescribed in such ordinances and Parity Bonds; and it will, at the times and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the Debt Service Fund; and any holder of the Parity Bonds may require the City, its officials and employees to carry out, respect or enforce the covenants and obligations of this Ordinance, or any ordinance authorizing the issuance of Additional Bonds, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the City, its officials and employees.

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

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

(d) Liens. It will from time to time and before the same become delinquent pay and discharge all taxes, assessments and governmental charges, if any, which shall be lawfully imposed upon it, or the System; it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein; and it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof

might or could be impaired; provided, however, that no such tax, assessment or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the City.

(e) Operation of System; No Free Service. It will, while the Parity Bonds are outstanding and unpaid, continuously and efficiently operate the System, and shall maintain the System in good condition, repair and working order, all at reasonable cost. No free service of the System shall be allowed, and should the City or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value shall be made by the City out of funds from sources other than the revenues of the System, unless made from Gross Revenues as permitted in Section 15(b) hereof.

(f) Further Encumbrance. It, while any Parity Bonds are outstanding and unpaid, will not additionally encumber the Gross Revenues in any manner, except as permitted in this Ordinance in connection with Parity Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants and agreements of this Ordinance; but the right of the City to issue revenue bonds payable from a subordinate lien on the Gross Revenues is specifically recognized and retained.

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

(h) Insurance. (1) Except as otherwise permitted in clause (2) below, the City shall insure such parts of the System as would usually be insured by corporations operating like properties, with responsible insurance companies, against loss to the extent insurance is usually carried by corporations operating like properties. To the extent reasonably obtainable, it shall include insurance against the perils of fire, extended coverage and flood. At any time while any contractor engaged in construction work shall be fully responsible therefor, the City shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the bondholders and their representatives at all reasonable times.

(2) In lieu of obtaining policies for insurance as provided above, the City may self-insure against risks, accidents, claims or casualties of the nature described in clause (1) above.

(3) The annual audit hereinafter required shall contain a section commenting on whether the City has complied with the requirements of this subsection, and listing the areas of insurance for which the City is insuring, all policies carried, and whether all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(i) Rate Covenant. The City Council of the City will fix, establish, maintain and collect such rates, charges and fees for the use and availability of the System at all times as are

necessary to produce Gross Revenues sufficient for each Fiscal Year (1) at least equal to 1.25 times the Annual Debt Service Requirements of all then outstanding Parity Bonds for the Fiscal Year during which such Annual Debt Service Requirements are scheduled to be the greatest, (2) to pay all current operation and maintenance expenses of the System, and (3) to pay all other obligations of the System reasonably anticipated to be paid from Gross Revenues during the current Fiscal Year.

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

(k) Audits. After the close of each Fiscal Year while any Parity Bonds are outstanding, an audit will be made by an Accountant of the books and accounts relating to the System and the Gross Revenues. As soon as practicable after the close of each such Fiscal Year, and when said audit has been completed and made available to the City, a copy of such audit for the preceding Fiscal Year shall be mailed to the MAC and to any holder of 5% or more in aggregate principal amount of then outstanding Parity Bonds who shall so request in writing. Such annual audit reports shall be open to the inspection of the bondholders and their agents and representatives at all reasonable times.

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

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

Section 22. **AMENDMENT OF ORDINANCE.** (a) That the holders of the Parity Bonds aggregating in principal amount a majority of the aggregate principal amount of then outstanding Parity Bonds shall have the right from time to time to approve any amendment to this Ordinance which may be deemed necessary or desirable by the City; provided, however, that without the consent of the holders of all of the Parity Bonds at the time outstanding, nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in this Ordinance or in the Parity Bonds so as to:

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

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

(b) That if at any time the City shall desire to amend the Ordinance under this Section, the City shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, once during each calendar week for at least two (2) successive calendar weeks; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory ordinance and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory ordinance. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all holders of Parity Bonds. Such publication is not required, however, if notice in writing is given to each holder of Parity Bonds.

(c) That whenever at any time not less than thirty (30) days, and within one (1) year, from the date of the first publication of said notice or other service of written notice the City shall receive an instrument or instruments executed by the holders of at least a majority in aggregate principal amount of all Parity Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file with the Paying Agent/Registrar, the City Council may pass the amendatory ordinance in substantially the same form.

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

(e) That any consent given by the holder of a Parity Bond pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Parity Bond during such period. Such consent may be revoked at any time after six (6) months from the date of the first publication of such notice by the holder who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar therefor and the City, but such revocation shall not be effective if the holders of a majority in aggregate principal amount of the then outstanding Parity Bonds as in this Section defined have, prior to the attempted revocation, consented to and approved the amendment.

(f) For the purposes of this Section, the ownership and other matters relating to all Parity Bonds registered as to ownership shall be determined from the Registration Books kept by the Paying Agent/Registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar. For purposes of this Section, the notional amount attributable to a Credit

Agreement that is treated as a Parity Bond shall be deemed to be the principal amount of such Parity Bond.

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

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

(2) To make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in this Ordinance, or in regard to clarifying matters or questions arising under this Ordinance, including, without limitation, those matters described in Section 26(c)(vi) hereof, as are necessary or desirable and not contrary to or inconsistent with this Ordinance and which shall not adversely affect the interests of the holders of the Parity Bonds; or

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

Section 23. DAMAGED, MUTILATED, LOST, STOLEN OR DESTROYED BONDS. (a) That in the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

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

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

(d) Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the owner of such Bond with all legal, printing, and other expenses in connection

therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the City whether or not the lost, stolen or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Bonds duly issued under this Ordinance.

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

Section 24. **TAX COVENANTS.** That the City covenants to refrain from any action which would adversely affect, or to take any action to assure, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

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

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

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

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

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

(f) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to

acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

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

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

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

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

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

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

The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of a refunding bond, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the issuance of the Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of the foregoing, any of the Mayor, a Designated Financial Officer, and any Assistant City Manager may execute any certificates or other 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 Bonds. In order to facilitate compliance with the above clause (i), a "Rebate Fund" may be established by the City for the sole benefit of the United States of America, and the Rebate Fund shall not be subject to the claim of any other person,

including without limitation the registered owners of the Bonds. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

Section 25. **ADDITIONAL FEDERAL TAX COVENANTS; WRITTEN PROCEDURES.** (a) Allocation of, and Limitation on, Expenditures for the Project. That the City covenants to account for on its books and records the expenditure of proceeds from the sale of the Bonds and any investment earnings thereon to be used for the improvement and extension of the System (referred to herein as a "Project") by allocating proceeds to expenditures within eighteen (18) months of the later of the date that (a) the expenditure on a Project is made or (b) each such Project is completed. The foregoing notwithstanding, the City shall not expend such proceeds or investment earnings more than sixty (60) days after the later of (a) the fifth anniversary of the date of delivery of the Bonds or (b) the date the Bonds are retired, unless the City obtains an opinion of nationally-recognized bond counsel substantially to the effect that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes of this Section, the City shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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

(c) Written Procedures. Until superseded by another action of the City, the written procedures to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate approved by the City on September 26, 2023, apply to the issuance of the Bonds, and are incorporated by reference into this Ordinance.

Section 26. **CONTINUING DISCLOSURE UNDERTAKING.** That if Bonds are sold by public offering, and are subject to the Rule, such Bonds shall be subject to the requirements of this Section 26. If Bonds are sold through a negotiated sale conducted as a private placement, such Bonds shall not be subject to the requirements of this Section 26, unless otherwise agreed to in the Bond Purchase Agreement between the City and the Purchaser executed in connection with the sale of such Bonds.

(a) Annual Reports. (i) That the City shall provide annually to the MSRB (1) within six months after the end of each fiscal year ending in or after the first fiscal year in which Bonds are issued, financial information and operating data with respect to the City of the general type described in **Exhibit B** hereto. The City will additionally provide audited annual financial statements of the City, when and if available. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in **Exhibit B** hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the City commissions an audit of such

statements and the audit is completed within twelve (12) months after the end of each fiscal year ending in or after the first fiscal year in which Bonds are issued. If audited financial statements are not available by the end of the twelve (12) month period, then the City shall provide notice that the audited financial statements are not available and shall provide unaudited financial information containing the information described in the tables referenced in **Exhibit B** hereto under the heading "*Annual Financial Statements and Operating Data*" by the required time, and shall provide audited financial statements for the applicable fiscal year to the MSRB, when and if the audited financial statements become available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in **Exhibit B** hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation

(ii) If the City changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

(b) Disclosure Event Notices. The City shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of the event, of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or other similar event of the City;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material;
15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a Financial Obligation of the Obligated Person, and which reflect financial difficulties.

As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets of the City, or if jurisdiction has been assumed by leaving the City Council and officials and officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

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

(c) Limitations, Disclaimers, and Amendments. (i) The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with this Ordinance or applicable law that causes Bonds no longer to be outstanding.

(ii) The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly

provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the City in observing or performing its obligations under this Section shall comprise a breach of or default under this Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

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

(vi) The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Section 27. **RESERVED.**

Section 28. **APPROVAL AND REGISTRATION OF BONDS.** That the City Manager of the City is hereby authorized to have control of the Bonds and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination and approval by the Attorney General, and their registration by the Comptroller. Upon registration of the Bonds, the Comptroller (or a deputy designated in writing to act for the Comptroller) shall sign the Comptroller's Registration Certificate accompanying the Bonds in the

manner provided by law, and the seal of the Comptroller shall be impressed, or placed in facsimile, on each such certificate.

Section 29. **FURTHER PROCEDURES.** That the Mayor, each Designated Financial Officer, any Assistant City Manager, the City Secretary or any Assistant City Secretary, and all other officers, employees, and agents of the City, and each of them, shall be and 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 herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, and the sale and delivery of the Bonds and fixing all details in connection therewith. By adoption of this Ordinance, the Chief Financial Officer/Director of Financial Management Services, as a Designated Financial Officer, is designated as a special Acting Assistant City Manager for the limited purposes of executing certificates, agreements, notices, instruction letters, requisitions, and other documents on behalf of the City in accordance with this Ordinance. The City Council hereby authorizes the payment of the fee of the Attorney General for the examination of the proceedings relating to the issuance of the Bonds, in the amount determined in accordance with the provisions of Section 1202.004, Texas Government Code.

Section 30. **USE OF PROCEEDS.** That the proceeds from the sale of the Bonds of any series shall be used in the manner described in a letter of instructions executed by or on behalf of the City, *provided*, that proceeds representing accrued interest on such Bonds shall be deposited to the credit of the Debt Service Fund and proceeds representing premium on such Bonds shall be used in a manner consistent with the provisions of Section 1201.042(d), Texas Government Code.

Section 31. **PREAMBLE.** That the preamble to this Ordinance is incorporated by reference and made a part hereof for all purposes.

Section 32. **MISCELLANEOUS PROVISIONS.** (a) Titles Not Restrictive. That the titles assigned to the various sections of this Ordinance are for convenience only and shall not be considered restrictive of the subject matter of any section or of any part of this Ordinance.

(b) Rules of Construction. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular Section or other subdivision. Except where the context otherwise requires, terms defined in this Ordinance to impart the singular number shall be considered to include the plural number and vice versa. References to any named person means that party and its successors and assigns. References to any office shall include the person holding the office in an interim, temporary or permanent capacity. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Ordinance is adopted by the City and any future amendments thereto or successor provisions thereof. Any reference to "FORM OF BOND" shall refer to the form of the Bonds set forth in **Exhibit A** to this Ordinance. Any reference to the payment of principal in this Ordinance shall be deemed to include the payment of any Amortization Installments as may be described herein.

(c) Inconsistent Provisions. All ordinances, orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed and declared to be inapplicable, and the provisions of this Ordinance shall be and remain controlling as to the matters prescribed herein.

(d) Severability. If any word, phrase, clause, paragraph, sentence, part, portion, or provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance shall nevertheless be valid and the City hereby declares that this Ordinance would have been enacted without such invalid word, phrase, clause, paragraph, sentence, part, portion, or provisions.

(e) Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas.

(f) Open Meeting. The City officially finds and determines that the meeting at which this Ordinance is adopted was open to the public; and that public notice of the time, place, and purpose of such meeting was given, all as required by Chapter 551, Texas Government Code, as amended.

Section 33. PRIOR ORDINANCES SUPERSEDED. That all previous ordinances adopted by the City Council styled as the Thirty-Second Supplement are superseded by the adoption of this Amended and Restated Thirty-Second Supplemental Ordinance. The City confirms that no obligations were issued by the City under authority of any previous ordinance adopted by the City Council styled as the Thirty-Second Supplement.

[Execution page follows]

Section 34. **IMMEDIATE EFFECT.** That this Ordinance shall be effective immediately from and after its passage in accordance with the provisions of Section 1201.028, Texas Government Code, and it is accordingly so ordained.

ADOPTED AND EFFECTIVE April 23, 2024.

Mayor, City of Fort Worth, Texas

(SEAL)

City Secretary, City of Fort Worth, Texas

APPROVED AS TO FORM AND LEGALITY:

City Attorney, City of Fort Worth, Texas

Exhibit A

This FORM OF BOND may be revised as provided in Section 2 of this Ordinance to conform to the terms of the sale of the Bonds.

FORM OF BOND

NO. R-_____ \$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF FORT WORTH, TEXAS
DRAINAGE UTILITY SYSTEM
REVENUE REFUNDING BOND, SERIES 202_

<u>Maturity Date</u>	<u>Interest Rate</u> %	<u>Delivery Date</u>	<u>CUSIP</u>
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ON THE MATURITY DATE SPECIFIED ABOVE, THE CITY OF FORT WORTH, IN TARRANT, DENTON, PARKER, WISE AND JOHNSON COUNTIES, TEXAS (the "City"), hereby promises to pay to _____, or the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount of

_____ and to pay interest thereon, from the delivery date specified above, to the date of its scheduled maturity or the date of its redemption prior to scheduled maturity, at the rate of interest per annum specified above, with said interest being payable on _____ 15, 202_, and semiannually on each _____ 15 and _____ 15 thereafter, except that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Bond is dated later than _____ 15, 202_, such interest is payable semiannually on each _____ 15 and _____ 15 following such date.

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

interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each registered owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice. The City covenants with the registered owner of this Bond that no later than each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due, in the manner set forth in the ordinance authorizing the issuance of the bonds (the "Ordinance").

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

THIS BOND is one of a Series of bonds of like tenor and effect except as to denomination, number, maturity, interest rate and right of prior redemption, dated ____, 20__, issued in the aggregate principal amount of \$____ for the purpose of (i) refunding the Refunded Commercial Paper Notes (as designated in accordance with the terms of the Ordinance), and (ii) paying costs of issuance incurred in connection with the issuance of the Bonds. All Bonds of this Series are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000 (an "Authorized Denomination").

THE BONDS of this Series scheduled to mature on and after February 15, 20__ may be redeemed prior to their scheduled maturities, in whole, or in part in principal amounts of \$5,000 or any integral multiple thereof, at the option of the City, on ____, 20__, or on any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed by the City, the City shall determine the maturity or maturities and the amounts therewith to be redeemed and shall direct the Paying Agent/Registrar to call by lot Bonds, or portions thereof, within such maturity or maturities and in such principal amounts, for redemption; *provided*, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the City and the securities depository.

AT LEAST 30 days prior to the date fixed for any such redemption, a written notice of such redemption shall be given by the Paying Agent/Registrar to the registered owner of each Bond or a portion thereof being called for redemption by depositing such notice in the United States mail, first-class, postage prepaid, addressed to each such registered owner at his address

shown on the Registration Books of the Paying Agent/Registrar. By the date fixed for any such redemption due provision shall be made by the City with the Paying Agent/Registrar for the payment of the required redemption price for this Bond or the portion hereof which is to be so redeemed, plus accrued interest thereon to the date fixed for redemption. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect such redemption, with an authorized entity, no later than the redemption date or (ii) the City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate to the Paying Agent/Registrar instructing it to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. If such notice of redemption is given and is not rescinded, and if due provision for such payment is made, all as provided above, this Bond, or the portion hereof which is to be so redeemed, thereby automatically shall be redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for its redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of this Bond or any portion hereof. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any Authorized Denomination, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the City, all as provided in the Ordinance.

THE FOREGOING PARAGRAPH NOTWITHSTANDING, with respect to any optional redemption of the Bonds, unless certain prerequisites to such optional redemption required by the Ordinance have been met and money sufficient to pay the principal of, premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to giving such notice, such notice may state that the optional redemption will, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied, such notice will be of no force and effect, the City will not redeem such Bonds and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Bonds will not be redeemed.

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

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

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

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

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

THE CITY has reserved the right, subject to the restrictions stated, and adopted by reference, in the Ordinance, to issue or incur bonds or other obligations ("Parity Bonds") which also may be made payable from, and secured by a lien on and pledge of, the "Gross Revenues" (as defined in the Ordinance) on a parity with the lien on and pledge of the Gross Revenues securing this Bond and the series of which it is a part.

THE REGISTERED OWNER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation, or from any source whatsoever other than the Gross Revenues.

IT IS HEREBY certified and covenanted that this Bond has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Bond have been performed, existed and been done in accordance with law; that this Bond is a special obligation; and that the principal of and interest on this Bond and the series of which it is a part, together with any Parity Bonds hereafter issued or incurred and outstanding, are payable from, and secured by a first lien on and pledge of, the Gross Revenues.

IN WITNESS WHEREOF, this Bond has been signed with the imprinted or lithographed manual or facsimile signature of the Mayor of the City, attested by the imprinted or lithographed facsimile signature of the City Secretary, and approved as to form and legality by the imprinted or lithographed facsimile signature of the City Attorney, and the official seal of the City has been duly affixed to, printed, lithographed or impressed on this Bond.

CITY OF FORT WORTH, TEXAS

By _____
Mayor, City of Fort Worth, Texas

ATTEST:

City Secretary, City of Fort Worth, Texas

(SEAL)

APPROVED AS TO FORM AND LEGALITY:

City Attorney,
City of Fort Worth, Texas

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

Dated _____

BOKF, NA,
Paying Agent/Registrar

By: _____
Authorized Representative

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

OFFICE OF COMPTROLLER :

REGISTER NO. _____

STATE OF TEXAS :

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

Witness my signature and seal this

XXXXXXXXX
Comptroller of Public Accounts of the
State of Texas

FORM OF ASSIGNMENT:

ASSIGNMENT

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

Please insert Social Security or Taxpayer Identification Number of Transferee

/ _____ /

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

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

_____ attorney to

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

of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: 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 Bond in every particular, without alteration or enlargement or any change whatsoever.

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

(i) immediately under the name of the bond the headings "Maturity Date", "Interest Rate", "Delivery Date" and "CUSIP" shall be omitted; and

(ii) Paragraph one shall read as follows:

Registered Owner:

Principal Amount: Dollars

Delivery Date:

ON THE MATURITY DATE SPECIFIED ABOVE, THE CITY OF FORT WORTH, TEXAS (the "Issuer") promises to pay to the Registered Owner named above, or the registered assigns thereof, the Principal Amount hereinabove stated on February 15 in each of the years and in principal installments in accordance with the following schedule:

<u>Maturity</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
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and to pay interest thereon from the delivery date specified above, on _____ 15, 202_ and semiannually on each _____ 15 and _____ 15 thereafter to the maturity date specified above, or to the date of redemption prior to maturity, at the interest rate per annum specified above. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

**Exhibit B
to
Ordinance**

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 26 of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with Section 26 of this Ordinance are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

The quantitative financial information and operating data with respect to the City of the general type included in the main text of the Official Statement under Tables 1 through 5 prepared in connection with the sale of the Series 2023 Bonds.

The portions of the financial statements of the City appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.

Accounting Principles

The accounting principles referred to in Section 26 of the Ordinance are the accounting principles described in the notes to the financial statements referred to in the third paragraph under the heading "Annual Financial Statements and Operating Data" above.

THE STATE OF TEXAS :
COUNTIES OF TARRANT, DENTON, WISE, PARKER AND JOHNSON :
CITY OF FORT WORTH :

I, Jannette S. Goodall, City Secretary of the City of Fort Worth, in the State of Texas, do hereby certify that I have compared the attached and foregoing excerpt from the minutes of the regular, open, public meeting of the City Council of the City of Fort Worth, Texas held on April 23, 2024, and of the ordinance authorizing the issuance of Drainage Utility System Revenue Refunding Bonds, in one or more series, which was duly passed at said meeting, and that said copy is a true and correct copy of said excerpt and the whole of said ordinance. Said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code, as amended.

In testimony whereof, I have set my hand and have hereunto affixed the seal of said City of Fort Worth, this ____ day of April 2024.

City Secretary of the
City of Fort Worth, Texas

(SEAL)