

**SPECIAL JOINT MEETING
OF THE HARLINGEN CITY COMMISSION
AND HARLINGEN WATERWORKS
AGENDA
JANUARY 21, 2026
@ 5:30 PM
CITY HALL, TOWN HALL MEETING ROOM
2ND FLOOR, 118 E. TYLER AVENUE
HARLINGEN, TEXAS**

Notice is hereby given that the City Commission of the City of Harlingen, Texas will hold a Special Joint Meeting with Harlingen Waterworks on **WEDNESDAY, JANUARY 21, 2026, at 5:30 P.M.** at City Hall, Town Hall Meeting Room, 118 E. Tyler Avenue, Harlingen, Texas and provide the public the ability to view the meeting via internet live-streaming at www.harlingentx.gov and the City of Harlingen YouTube Page.

The public will be permitted to offer citizen communication or participate in items listed as public hearings as provided by the agenda and as permitted by the presiding officer during the meeting.

To offer citizen communication or participate in scheduled public hearings, go to www.harlingentx.gov and click on "PUBLIC HEARING AND CITIZEN COMMUNICATION FORM." Fill out the form and indicate the item you wish to address, and submit the form.

Please indicate (1) the agenda item on which you wish to speak, (2) whether you prefer to speak on the item during citizen communication or at the time the agenda item is brought for consideration before the City Commission.

To submit written comments regarding an item for City Secretary, go to www.harlingentx.gov and click on " PUBLIC HEARING AND CITIZEN COMMUNICATION FORM" write your comments (limited to 400 words or less) and submit the form.

PLEASE SUBMIT WRITTEN COMMENTS BEFORE 3:00 P.M. THE DAY OF THE MEETING.

A recording of the meeting will be made and will be available to the public in accordance with the Texas Open Meetings Act.

City of Harlingen meetings are available to all persons regardless of disability. If you require special assistance, please contact the City Secretary's Office at (956) 216-5001 or write Post Office Box 2207, Harlingen, Texas 78550 at least 48 hours in advance of the meeting.

The Harlingen City Commission reserves the right, pursuant to the Texas Government Code Chapter 551, Subchapter D, to enter into closed executive session on any item posted on the agenda if a matter is raised that is appropriate for closed discussion.

- 1) **Call Meeting to Order:**
 - a) Welcome Citizens
- 2) **Conflict of Interest:**

"Under State Law, a conflict of interest exists if a commission member, or certain members of that person's family, has a qualifying financial interest in an agenda item. Members with a conflict of interest cannot participate in the discussion nor vote on the agenda item. Are there any known conflicts of interest to disclose at the time?" **(City of Harlingen City Attorney), (HWWS Attorney)**
- 3) **Citizen Communication:** *At this time, the public is invited to address the City Commission and speak on any matter not specifically listed for public hearing elsewhere in this agenda. Please note that the City Commission members may not respond to comments or deliberate on topics addressed.*
- 4) **Action Items:** City Commission will discuss, consider, and take any action deemed necessary on items listed in this section, including the adoption of a resolution or an ordinance.
 - a) Consideration and possible action by the Harlingen Waterworks System and the Harlingen City Commission to approve an ordinance authorizing the issuance and delivery of the City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2026 (WLAF); in the amount of \$2,480,000 authorizing the execution of a paying agent/registrar agreement and an escrow agreement relating to such bonds; and pledging the revenues of the city's waterworks and sewer system to the payment of the principal and interest on said bonds; and ordaining other matters relating thereto. **(HWWS), (City of Harlingen)**
 - b) Consideration and possible action by the Harlingen Waterworks System and the Harlingen City Commission to approve an Agreement Executive Resolution authorizing the agreement with the Texas Water Development Board (TWDB) and the City of Harlingen, Texas for funding in the amount of \$5,780,000 in reference to Series 2026 (WLAF). **(HWWS), (City of Harlingen)**
 - c) Consideration and possible action by the Harlingen Waterworks System and the Harlingen City Commission to approve an ordinance authorizing the issuance and delivery of the City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2026A (WLAF); in the amount of \$2,495,000 authorizing the execution of a paying agent/registrar agreement and an escrow agreement relating to such bonds; and pledging the revenues of the city's waterworks and sewer system to the payment of the principle and interest on said bonds; and ordaining other matters relating thereto. **(HWWS), (City of Harlingen)**
 - d) Consideration and possible action by the Harlingen Waterworks System and the Harlingen City Commission to approve an Agreement Execution Resolution authorizing the agreement with the Texas Water Development Board (TWDB) and the City of Harlingen, Texas for funding in the amount of \$5,810,000 in reference to Series 2026A (WLAF). **(HWWS), (City of Harlingen)**
 - e) Consideration and possible action by the Harlingen Waterworks System and the Harlingen City Commission to approve an ordinance authorizing the issuance and delivery of the City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2026B (EDAP); in the amount of \$12,560,000 authorizing the execution of a paying agent/registrar agreement and an escrow agreement relating to such bonds; and pledging the revenues of the city's waterworks and sewer system to the payment of the principle and interest on said bonds; and ordaining other matters relating thereto. **(HWWS), (City of Harlingen)**
 - f) Consideration and possible action by the Harlingen Waterworks System and the Harlingen City Commission to approve an Agreement Execution Resolution authorizing the agreement with the Texas Waterworks Development Board (TWDB) and the City of Harlingen, Texas for funding in the amount of \$12,556,404 in reference to Series 2026B (EDAP) **(HWWS), (City of Harlingen)**

5) **Adjournment:**

I, the undersigned authority, do hereby certify that the above Notice of the Special Joint Meeting of the Harlingen City Commission and Harlingen Waterworks is a true and correct copy of said notice posted on the bulletin board at City Hall of said City of Harlingen, Texas in a place convenient and readily accessible to the general public at all times and on the City's Internet Website and said Notice was posted on **WEDNESDAY, JANUARY 14, 2026** at or before 3:35 a.m./p.m. and remained so posted for at least three (3) business days preceding the time of said meeting.

Dated this **14th** day of **JANUARY, 2026**



Mayra Herrera, City Secretary

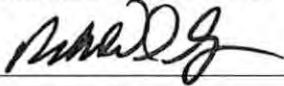
**AGENDA ITEM
EXECUTIVE SUMMARY**

Meeting Date: **January 21, 2026**

Agenda Item:

Consideration of possible action to approve an ordinance authorizing the issuance and delivery of the City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2026 (WLAF); in the amount of \$2,480,000 authorizing the execution of a paying agent/registrant agreement and an escrow agreement relating to such bonds; and pledging the revenues of the city's waterworks and sewer system to the payment of the principal and interest on said bonds; and ordaining other matters relating thereto

Prepared By (Print Name): Ronald De La Garza, M.B.A.
Title: Finance and Revenue Director

Signature: 

Brief Summary:

In 2022, Harlingen Waterworks System completed a comprehensive master plan for water and wastewater capital improvement projects and submitted a preliminary application requesting funds for such projects through the Texas Water Development Board's (TWDB) Clean Water SRF and Water Loan Assistance Fund programs. On August 21, 2025, TWDB approved funding HWWS construction of water system improvements for the Jefferson Street raw water line. On January 21, 2026, HWWS Board of Trustees adopted a resolution for issuance of the Bonds and pursuant to TWDB procedures, it is necessary for the City Commission to approve the financing agreement and issuance of the Waterworks and Sewer System Revenue Bonds, Series 2026 (WLAF) in the amount of \$2,480,000.

Funding (if applicable):

Are funds specifically designated in the current budget for the full amount Yes No*
for this purpose?

*If no, specify source of funding and amount requested:

Finance Director's approval: Yes No N/A

Staff Recommendation:

Staff recommends approving the ordinance authorizing the issuance of the bonds.

City Manager's approval:  Yes No N/A

Comments:

City Attorney's approval:  Yes No N/A

REGISTERED
No. T-1

REGISTERED
\$ _____

**UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF CAMERON
CITY OF HARLINGEN, TEXAS
WATERWORKS AND SEWER SYSTEM
REVENUE BONDS, SERIES 2026 (WLAF)**

INTEREST RATE MATURITY DATE ISSUANCE DATE DATED DATE
As Shown Below As Shown Below _____ _____, 2026

THE CITY OF HARLINGEN, IN CAMERON COUNTY, TEXAS (the "*Issuer*"),
being a political subdivision of the State of Texas, hereby promises to pay to

TEXAS WATER DEVELOPMENT BOARD

or registered assigns, on November 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth with the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	\$ _____			\$ _____	

and to pay interest thereon from the later of the Issuance Date identified above or the most recent interest payment date to which interest has been paid or duly provided for to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; with interest being payable on _____ 1, 20__ and semiannually thereafter on each November 1 and May 1, mailed to the Owner as shown on the books of registration kept by the Paying Agent/Registrar as the fifteenth day of the month next preceding each interest payment date; provided, however, that for so long as the Texas Water Development Board ("TWDB") is the Owner of the Bonds, all payments of principal and interest will be made in wire transfer form at no cost to TWDB.

THE PRINCIPAL OF AND THE INTEREST ON this Bond are payable without exchange or collection charges in lawful money of the United States of America. Principal of this Bond (or so much thereof as shall not have been paid or deemed to have been paid upon prior redemption) shall be payable on the Maturity Date specified above (unless redeemed prior thereto as provided in this Bonds) upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the “Designated Payment/Transfer Office”) of BOKF, NA (the “Paying Agent/Registrar”), as initial Paying Agent Registrar, or with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date mailed by the Paying Agent/Registrar for this Bond. Payment of all and interest on this Bond shall be made by the Paying Agent/Registrar to the Owner hereof on each interest payment date by check or draft, dated as of such date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Bond (the “**Ordinance**”) to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such principal and/or interest payment date, to the Owner hereof, at the address of the Owner, as it appeared on the 15th day of the month next preceding each such date (the “**Record Date**”) on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described, or by such other method acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the Owner. The Issuer covenants with the Owner of this Bond that on or before each principal and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the “Interest and Sinking Fund” created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, when due.

THIS BOND is dated _____, 2026 and is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$2,480,000 (herein referred to as the “Bonds”), for the purpose of evidencing the indebtedness of the Issuer for all or any part of the costs associated with the improvements to the Issuer’s waterworks and sewer system, and the costs of professional services related thereto, issued in accordance with the Constitution and laws of the State of Texas, particularly Chapter 1502, Texas Government Code, as amended, pursuant to an ordinance duly adopted by the City Commission of the Issuer (the “Ordinance”) which Ordinance is of record in the official minutes of the City Commission.

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

THIS BOND has been authorized in accordance with the Constitution and laws of the State of Texas, in the principal amount of \$2,480,000 **FOR THE PURPOSE OF ACQUIRING, PURCHASING, CONSTRUCTING, IMPROVING, ENLARGING OR EQUIPPING THE ISSUER’S WATERWORKS AND SEWER SYSTEM (THE “SYSTEM”) TO WIT: JEFFERSON STREET RAW WATER PIPELINE UPGRADE, AND TO PAY COSTS OF ISSUANCE.**

THE ISSUER HAS RESERVED THE OPTION to redeem the Bonds maturing on or after November 1, 20__, in whole or in part, in inverse order of maturity, before their respective scheduled maturity dates, on November 1, 20__, or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Bonds of a Stated Maturity are to be redeemed, in inverse order of maturity, the Issuer shall direct the Paying Agent/Registrar to call by lot the portions of the Bonds thereof, within such Stated Maturity and in such principal amounts, for redemption.

NOT LESS THAN THIRTY (30) DAYS prior to a redemption date for the Bonds, the Issuer shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the Owner of the Bonds to be redeemed at the address of the Owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

IN THE ORDINANCE, THE ISSUER RESERVES THE RIGHT, in the case of an optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. 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 the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Issuer retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Issuer delivers a certificate of the Issuer to the Paying Agent/Registrar instructing the Paying Agent/Registrar 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. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owner. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the Issuer to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the Issuer in the notice, the Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any obligation or portion thereof has not been surrendered for payment, interest on such obligation or portion thereof shall cease to accrue.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY INTEGRAL MULTIPLE OF \$5,000, may be assigned by the Owner hereof and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Ordinance. Among other requirements for such transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar for cancellation, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment by the Owner of this Bond, or any portion or portions hereof in any integral multiple of \$5,000, 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. Any instrument or instruments of assignment satisfactory

to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any such portion or portions hereof by the Owner hereof. A new bond or bonds payable to such assignee or assignees (which then will be the new Owner or Owners of such new Bond or Bonds) or to the Owner as to any portion of this Bond which is not being assigned and transferred by the Owner, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond or any portion or portions hereof, but solely in the form and manner as provided in the next paragraph hereof for the conversion and exchange of this Bond or any portion hereof. The Owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute Owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

AS PROVIDED above and in the Ordinance, this Bond, to the extent of the unpaid or unredeemed principal balance hereof, may be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the assignee or assignees duly designated in writing by the Owner hereof, or to the Owner as to any portion of this Bond which is not being assigned and transferred by the Owner, in any denomination or denominations in any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute bond issued in exchange for any portion of this Bond shall have a single stated principal maturity date), upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. If this Bond or any portion hereof is assigned and transferred or converted each bond issued in exchange for any portion hereof shall have a single stated principal maturity date corresponding to the due date of the installment of principal of this Bond or portion hereof for which the substitute bond is being exchanged and shall bear interest at the rate applicable to and borne by such installment of principal or portion thereof. Such bonds, respectively, shall be subject to redemption prior to maturity on the same dates and for the same prices as the corresponding installment of principal of this Bond or portion hereof for which they are being exchanged. No such bond shall be payable in installments but shall have only one stated principal maturity date. **AS PROVIDED IN THE ORDINANCE, THIS BOND IN ITS PRESENT FORM MAY BE ASSIGNED AND TRANSFERRED OR CONVERTED ONCE ONLY**, and to one or more assignees, but the bonds issued and delivered in exchange for this Bond or any portion hereof may be assigned and transferred, and converted, subsequently, as provided in the Ordinance. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging this Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any such assignment, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for prepayment or redemption prior to maturity, within 45 days prior to its prepayment or redemption date.

IN THE EVENT any Paying Agent/Registrar for this Bond is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer 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 Owner of this Bond.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, 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 interest on and principal of this Bond, together with other outstanding revenue bonds (as defined in the Ordinance), are payable from, and secured by a first lien on and pledge of the Net Revenues of said Issuer's combined Waterworks System and Sewer System.

THE ISSUER has reserved the right, subject to the restrictions stated and adopted by reference in the Ordinance authorizing this Bond, to issue additional parity revenue bonds which also may be made payable from, and secured by, a lien on and pledge of the aforesaid Net Revenues.

THE 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 aforesaid Net Revenues.

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

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual signature of the Mayor of the Issuer and countersigned with the manual signature of the City Secretary of the Issuer, has caused the official seal of the Issuer to be duly impressed on this Bond.

City Secretary

Mayor

(CITY SEAL)

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS §
OF THE STATE OF TEXAS §

REGISTER NO. _____

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 hand and seal of office at Austin, Texas, _____.

Acting Comptroller of Public Accounts
of the State of Texas

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (Print or typewrite name, address and zip code of transferee): _____

(Social Security or other identifying number: (_____))
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____
Signature Guaranteed By:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

ORDINANCE AUTHORIZING THE ISSUANCE AND DELIVERY OF THE CITY OF HARLINGEN, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2026 (WLAF); AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT RELATING TO SUCH BONDS; AND PLEDGING THE REVENUES OF THE CITY'S WATERWORKS AND SEWER SYSTEM TO THE PAYMENT OF THE PRINCIPAL AND INTEREST ON SAID BONDS; AND ORDAINING OTHER MATTERS RELATING THERETO

THE STATE OF TEXAS :
COUNTY OF CAMERON :
CITY OF HARLINGEN :

WHEREAS, the City Commission of the City of Harlingen, Texas (the “*Issuer*”) finds and declares a public purpose and deems it advisable and in the best interests of the Issuer to issue a series of bonds (defined in Section 1 herein as the “*Series 2026 Bonds*”) to pay costs to acquire, purchase, construct, improve, enlarge, or equip the Issuer’s waterworks system and sewer system (the “*System*”) and to pay costs of issuance; and

WHEREAS, there is presently outstanding the following bonds of the “*Issuer*” which are secured by a first lien on the Net Revenues of the System:

City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2015A, dated September 1, 2015, maturing November 1, 2026 through November 1, 2035, now outstanding in the principal amount of \$6,910,000 (the “*Series 2015A Bonds*”); and

City of Harlingen, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2015B, dated September 15, 2015, maturing November 1, 2026 through November 1, 2030, now outstanding in the principal amount of \$1,585,000 (the “*Series 2015B Bonds*”); and

City of Harlingen, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2019, dated November 1, 2019, maturing November 1, 2026 through November 1, 2035, now outstanding in the principal amount of \$3,555,000 (the “*Series 2019 Bonds*”); and

City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2024A, dated August 1, 2024, maturing November 1, 2026 through November 1, 2054, now outstanding in the principal amount of \$9,755,000 (the “*Series 2024A Bonds*”); and

City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Taxable Series 2025 (LSL), dated July 1, 2025, maturing November 1, 2026 through November 1, 2040, now outstanding in the principal amount of \$785,000 (the “*Series 2025 Bonds*”); and

WHEREAS, the Issuer has made application to the Texas Water Development Board for financial assistance for the purpose of paying the costs of acquiring, purchasing, constructing, improving, enlarging and equipping the System (the "Project") with an estimated total costs of approximately \$8,260,000 (the "Total Project Cost"); and

WHEREAS, the Issuer anticipates that the financial assistance for which it has applied may be awarded in part in the form of grant and in part in the form of loan; and

WHEREAS, the Issuer deems it advisable to approve the bonds herein after authorized to pay an estimated thirty percent of the Total Project Costs to be paid from a loan; and

WHEREAS, the bonds hereinafter authorized are to be issued and delivered pursuant to Chapter 1502 of the Texas Government Code; and

WHEREAS, the meeting was open to the public and public notice of the time, place and purpose of said meeting was given pursuant to Chapter 551, Texas Government Code.

THEREFORE, BE IT ORDAINED BY THE CITY OF HARLINGEN, TEXAS:

Section 1. AUTHORIZATION, AMOUNT, PURPOSE, AND REDEMPTION PROVISIONS OF THE BONDS. (a) The Issuer's Bonds to be designated "CITY OF HARLINGEN, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2026 (WLAF)" (the "*Series 2026 Bonds*" or "*Bonds*") are hereby authorized to be issued and delivered in the aggregate principal amount of ***\$2,480,000 FOR THE PURPOSE OF ACQUIRING, PURCHASING, CONSTRUCTING, IMPROVING, ENLARGING, OR EQUIPPING THE SYSTEM TO WIT: JEFFERSON STREET RAW WATER PIPELINE UPGRADE, AND TO PAY COSTS OF ISSUANCE***, issued in accordance with the Constitution and laws of the State of Texas, particularly Chapter 1502, Texas Government Code, as amended, pursuant to this Ordinance.

(b) The terms "*Series 2026 Bonds*" and "*Bonds*" as used in this Ordinance shall mean and include, the Series 2026 Bonds initially issued and delivered pursuant to this Ordinance and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto.

(c) Optional Redemption. The Bonds having Stated Maturities on and after November 1, 20__ shall be subject to redemption prior to Stated Maturity, at the option of the Issuer, on November 1, 20__, or on any date thereafter, as a whole or in part, in inverse order of maturity, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date of redemption.

(d) Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the redemption of Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the Issuer shall notify the Paying Agent/Registrar of its decision to exercise the right to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date set for the redemption thereof. The decision of the Issuer to exercise the right to redeem Bonds shall be entered in the minutes of the governing body of the Issuer.

(e) Selection of Bonds for Redemption. If less than all of the Bonds of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall select at random and by lot the Bonds to be redeemed, provided that if less than the entire principal amount of a Bond is to be redeemed, the Issuer shall direct the Paying Agent/Registrar to treat such Bond then subject to redemption as representing the number of Bonds of a Stated Maturity outstanding which is obtained by dividing the principal amount of such Bond by \$5,000.

(f) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the Issuer and at the Issuer's expense, by the Paying Agent/Registrar to each Owner of a Bond to be redeemed in whole or in part at the address of the Owner appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Owner.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, shall be made at the corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Owner.

Subject, in the case of an optional redemption pursuant to Section 1(c), to any conditions or rights reserved by the Issuer in the notice, if a Bond is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as herein provided, such Bond (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and if money sufficient for the payment of such Bonds (or of the principal amount thereof to be redeemed) at the then applicable redemption price is held for the purpose of such payment by the Paying Agent/Registrar, then on the redemption date designated in such notice, interest on the Bonds (or the principal amount thereof to be redeemed) called for redemption shall cease to accrue, and such Bonds shall not be deemed to be outstanding in accordance with the provisions of this Ordinance.

(g) Conditional Notice of Redemption. The Issuer reserves the right to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state that (i) the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) the Issuer retains the right to rescind such notice at any time prior to and including the scheduled redemption date upon delivery of written instructions to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice. Upon such rescission, the notice and redemption shall be of no effect. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds called for redemption subject to a conditional notice of redemption and such

redemption has been rescinded shall remain outstanding, and the rescission shall not constitute a default under this Ordinance. Further, in the case of a redemption for which a conditional notice of redemption has been given, the failure of the Issuer to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute a default under this Ordinance.

(h) Transfer/Exchange of Bonds. Neither the Issuer nor the Paying Agent/Registrar shall be required (1) to transfer or exchange any Bond during a period beginning forty-five (45) days prior to the date fixed for redemption of the Bonds or (2) to transfer or exchange any Bond selected for redemption, provided, however, such limitation of transfer shall not be applicable to an exchange by the Owner of the unredeemed balance of a Bond which is subject to redemption in part.

Section 2. DESIGNATION AND DATE OF BONDS. Each bond issued pursuant to this Ordinance shall be designated: “**CITY OF HARLINGEN, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2026 (WLAF)**,” and initially there shall be issued, sold, and delivered hereunder fully registered Bonds, without interest coupons, payable to the respective owners thereof or to the registered assignee or assignees of said bonds or any portion or portions thereof (in each case, the “*Owner*”). The Bonds shall be in the respective denominations and principal amounts, shall be numbered, shall mature and be payable on the date or dates in each of the years and in the principal amounts or amounts due at maturity, as applicable, and shall bear interest to their respective dates of maturity or redemption prior to maturity at the rates per annum, as set forth in Section 3(b) of this Ordinance.

Section 3. DATE, DENOMINATION, NUMBERS, MATURITIES. (a) The Bonds shall be dated _____, 2026, in the denominations of \$5,000 or in any integral multiple thereof and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) The Bonds shall mature in the principal amounts at the per annum rates and shall mature on November 1 in each of the years set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	\$ _____			\$ _____	

(c) The Bonds (i) may be prepaid or redeemed prior to the respective scheduled due dates of installments of principal thereof, (ii) may be assigned and transferred, (iii) may be converted and

exchanged for other Bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal of and interest on the Bond shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BOND set forth in this Ordinance.

Section 4. INTEREST. The Bonds shall bear interest at the rates set out in Section 3 of this Ordinance from the later of the Issuance Date or the most recent interest payment date to which interest has been paid or duly provided for and will be calculated on the basis of a 360-day year of twelve 30-day months and said interest shall be payable in the manner provided and on the dates stated in the FORM OF BOND set forth in Section 5 of this Ordinance.

Section 5. FORM OF BOND. The form of the Bond, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to accompany the Initial Bond (unless accompanied by such other form of registration certificate as then utilized by the Comptroller of Public Accounts of the State as described in Section 6(b)(iii) of this Ordinance), the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Bonds, shall be substantially as follows:

(a) Form of Bond:

REGISTERED
No. _____

REGISTERED
\$ _____

**UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF CAMERON
CITY OF HARLINGEN, TEXAS
WATERWORKS AND SEWER SYSTEM
REVENUE BONDS, SERIES 2026 (WLAF)**

INTEREST RATE	MATURITY DATE	ISSUANCE DATE	DATED DATE	CUSIP NUMBER
_____ %	November 1, 20__	_____	_____, 2026	_____

THE CITY OF HARLINGEN, IN CAMERON COUNTY, TEXAS (the “*Issuer*”), being a political subdivision of the State of Texas, hereby promises to pay to

_____ or registered assigns, on the Maturity Date specified above, the sum of

_____ DOLLARS

and to pay interest thereon from the later of the Issuance Date identified above or the most recent interest payment date to which interest has been paid or duly provided for to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified

above, computed on the basis of a 360-day year of twelve 30-day months, with such interest being payable on _____ 1, 20__ and semiannually thereafter on each November 1 and May 1.

THE PRINCIPAL OF AND THE INTEREST ON this Bond are payable without exchange or collection charges in lawful money of the United States of America. Principal of this Bond (or so much thereof as shall not have been paid or deemed to have been paid upon prior redemption) shall be payable on the Maturity Date specified above (unless redeemed prior thereto as provided in this Bonds) upon presentation and surrender of this Bond at the corporate trust office in _____, Texas (the "Designated Payment/Transfer Office") of _____ (the "Paying Agent/Registrar"), as initial Paying Agent Registrar, or with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date mailed by the Paying Agent/Registrar for this Bond. Payment of all and interest on this Bond shall be made by the Paying Agent/Registrar to the Owner hereof on each interest payment date by check or draft, dated as of such date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Bond (the "**Ordinance**") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such principal and/or interest payment date, to the Owner hereof, at the address of the Owner, as it appeared on the 15th day of the month next preceding each such date (the "**Record Date**") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described, or by such other method acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the Owner. Notwithstanding the foregoing, for so long as the Texas Water Development Board ("TWDB") is the Owner of the Bonds, all payments of principal and interest will be made in wire transfer form at no cost to TWDB. The Issuer covenants with the Owner of this Bond that on or before each principal and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, when due.

THIS BOND is dated _____, 2026 and is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$2,480,000 (herein referred to as the "Bonds"), for the purpose of evidencing the indebtedness of the Issuer for all or any part of the costs associated with the improvements to the Issuer's waterworks and sewer system, and the costs of professional services related thereto, issued in accordance with the Constitution and laws of the State of Texas, particularly Chapter 1502, Texas Government Code, as amended, pursuant to an ordinance duly adopted by the City Commission of the Issuer (the "Ordinance") which Ordinance is of record in the official minutes of the City Commission.

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

THIS BOND has been authorized in accordance with the Constitution and laws of the State of Texas, in the principal amount of \$2,480,000 **FOR THE PURPOSE OF ACQUIRING, PURCHASING, CONSTRUCTING, IMPROVING, ENLARGING OR EQUIPPING THE ISSUER'S WATERWORKS AND SEWER SYSTEM (THE "SYSTEM") TO WIT: JEFFERSON STREET RAW WATER PIPELINE UPGRADE, AND TO PAY COSTS OF ISSUANCE.**

THE ISSUER HAS RESERVED THE OPTION to redeem the Bonds maturing on or after November 1, 20__, in whole or in part, in inverse order of maturity, before their respective scheduled maturity dates, on November 1, 20__, or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Bonds of a Stated Maturity are to be redeemed, in inverse order of maturity, the Issuer shall direct the Paying Agent/Registrar to call by lot the portions of the Bonds thereof, within such Stated Maturity and in such principal amounts, for redemption.

NOT LESS THAN THIRTY (30) DAYS prior to a redemption date for the Bonds, the Issuer shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the Owner of the Bonds to be redeemed at the address of the Owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

IN THE ORDINANCE, THE ISSUER RESERVES THE RIGHT, in the case of an optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. 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 the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Issuer retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Issuer delivers a certificate of the Issuer to the Paying Agent/Registrar instructing the Paying Agent/Registrar 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. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owner. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain outstanding, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the Issuer to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the Issuer in the notice, the Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any obligation or portion thereof has not been surrendered for payment, interest on such obligation or portion thereof shall cease to accrue.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY INTEGRAL MULTIPLE OF \$5,000, may be assigned by the Owner hereof and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of

registrar for the Bonds, upon the terms and conditions set forth in the Ordinance. Among other requirements for such transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar for cancellation, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment by the Owner of this Bond, or any portion or portions hereof in any integral multiple of \$5,000, 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. Any instrument or instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any such portion or portions hereof by the Owner hereof. A new bond or bonds payable to such assignee or assignees (which then will be the new Owner or Owners of such new Bond or Bonds) or to the Owner as to any portion of this Bond which is not being assigned and transferred by the Owner, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond or any portion or portions hereof, but solely in the form and manner as provided in the next paragraph hereof for the conversion and exchange of this Bond or any portion hereof. The Owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute Owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

AS PROVIDED above and in the Ordinance, this Bond, to the extent of the unpaid or unredeemed principal balance hereof, may be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the assignee or assignees duly designated in writing by the Owner hereof, or to the Owner as to any portion of this Bond which is not being assigned and transferred by the Owner, in any denomination or denominations in any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute bond issued in exchange for any portion of this Bond shall have a single stated principal maturity date), upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. If this Bond or any portion hereof is assigned and transferred or converted each bond issued in exchange for any portion hereof shall have a single stated principal maturity date corresponding to the due date of the installment of principal of this Bond or portion hereof for which the substitute bond is being exchanged and shall bear interest at the rate applicable to and borne by such installment of principal or portion thereof. Such bonds, respectively, shall be subject to redemption prior to maturity on the same dates and for the same prices as the corresponding installment of principal of this Bond or portion hereof for which they are being exchanged. No such bond shall be payable in installments, but shall have only one stated principal maturity date. **AS PROVIDED IN THE ORDINANCE, THIS BOND IN ITS PRESENT FORM MAY BE ASSIGNED AND TRANSFERRED OR CONVERTED ONCE ONLY**, and to one or more assignees, but the bonds issued and delivered in exchange for this Bond or any portion hereof may be assigned and transferred, and converted, subsequently, as provided in the Ordinance. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging this Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any such assignment, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or,

(ii) with respect to any Bond or portion thereof called for prepayment or redemption prior to maturity, within 45 days prior to its prepayment or redemption date.

IN THE EVENT any Paying Agent/Registrar for this Bond is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer 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 Owner of this Bond.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, 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 interest on and principal of this Bond, together with other Outstanding Bonds (as defined in the Ordinance), are payable from, and secured by a first lien on and pledge of the Net Revenues of said Issuer's combined Waterworks System and Sewer System.

THE ISSUER has reserved the right, subject to the restrictions stated and adopted by reference in the Ordinance authorizing this Bond, to issue additional parity revenue bonds which also may be made payable from, and secured by, a lien on and pledge of the aforesaid Net Revenues.

THE 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 aforesaid Net Revenues.

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

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual signature of the Mayor of the Issuer and countersigned with the manual signature of the City Secretary of the Issuer, has caused the official seal of the Issuer to be duly impressed on this Bond.

City Secretary

Mayor

(CITY SEAL)

(b) Form of Comptroller's Registration Certificate.

The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such certificate on the Initial Bond is fully executed. If an alternate form of registration certificate is then utilized by the Comptroller of Public Accounts of the State as described in

Section 6(b)(iii) of this Ordinance, such form may be substituted for this Form of Comptroller's Registration Certificate.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS §
OF THE STATE OF TEXAS §

REGISTER NO. _____

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 hand and seal of office at Austin, Texas, _____.

Comptroller of Public Accounts
of the State of Texas

(c) Form of Certificate of Paying Agent/Registrar:

The following Certificate of Paying Agent/Registrar may be deleted from the Initial Bond if the executed Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Bond of this series of Bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Bonds referred to in the within-mentioned Ordinance.

BOKF, NA,
as Paying Agent/Registrar

Dated: _____
Authorized Signatory

By: _____

(d) Form of Assignment:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (Print or typewrite name, address and zip code of transferee): _____

(Social Security or other identifying number: (_____)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____
Signature Guaranteed By:

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

Authorized Signatory

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b), and (d) of this Section, except for the following alterations:

(i) immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the words "CUSIP NUMBER" deleted; and

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on November 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth with the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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(iii) (Information to be inserted from schedule in Section 3(b) of this Ordinance)

Section 6. GENERAL TERMS AND PROVISIONS REGARDING THE BONDS.

(a) Medium, Method and Place of Payment.

(i) The principal of and interest on the Bonds shall be paid in lawful money of the United States of America. Notwithstanding any provision of this Ordinance to the contrary, for so long as the TWDB is the Owner of the Bonds, all payments of principal and interest will be made in wire transfer form at no cost to the TWDB.

(ii) Interest on the Bonds shall be paid by check, dated as of the interest payment date, and sent United States mail, first class, postage prepaid, by the Paying Agent/Registrar to each Owner as shown in the Register at the close of business on the Record Date, at the address of each such Owner as such appears in the Register, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the Owner; provided, however, that the Owner shall bear all risk and expense of such other banking arrangements.

(iii) The principal of each Bond shall be paid to the Owner thereof on the Maturity date thereof at Maturity upon presentation and surrender of such Bond at the Designated Payment/Transfer Office.

(iv) If the date for the payment of the principal of or interest on the Bonds is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

(v) In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the special 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 (5) Business Days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each 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.

(vi) Unclaimed Payments shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owners of the Bonds to which such Unclaimed Payments pertain. Subject to Title 6, Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three (3) years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains three (3) years after the retirement of all outstanding Bonds, such money shall be paid to the Issuer to be used for any lawful purpose. Thereafter, neither the Issuer, the Paying Agent/Registrar nor any other person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to Title 6, Texas Property Code.

(b) Execution and Registration of Bonds.

(i) The Bonds shall be executed on behalf of the Issuer by the Mayor and the City Secretary, by their manual or facsimile signatures, and the official seal of the Issuer shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the Issuer had been manually impressed upon each of the Bonds.

(ii) In the event that any officer of the Issuer whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(iii) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed certificate of Paying Agent/Registrar described above, the Initial Bond delivered at the Closing Date shall (i) have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State, or by his/her duly authorized agent or (ii) be accompanied by such other form of registration certificate as utilized by the Comptroller of Public Accounts of the State from time to time, executed manually or in electronic format by the Comptroller of Public Accounts of the State or by his/her duly authorized agent, which certificate may be attached to the opinion of the Attorney General of the State, and either such certificate shall be evidence that the Initial Certificate has been duly approved by the Attorney General of the State and that it is a valid and binding obligation of the City has been registered by the Comptroller of Public Accounts of the State.

(iv) On the Issuance Date, one Initial Bond representing the entire principal amount of the Bonds payable in stated installments to TWDB or its designee, executed by the manual or facsimile signatures of the Mayor and the City Secretary, approved by the Attorney General of the State, registered by the Comptroller of Public Accounts of the State, and accompanied by a certificate of registration manually or electronically signed by the Comptroller of Public Accounts of the State, will be delivered to the TWDB or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver registered definitive Bonds to DTC in accordance with (g) hereof. To the extent the Paying Agent/Registrar is eligible to participate in DTC's FAST System, as evidenced by an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

(c) Ownership.

(i) The Issuer, the Paying Agent/Registrar and any other person may treat the Owner as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof for the further purpose of making and receiving payment of the interest thereon (subject to the provisions herein that the interest on the Bonds is to be paid to the person in whose name the Bond is registered on the Record Date or Special Record Date, as applicable), and for all other purposes, whether or not such Bond is overdue, and neither the Issuer nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(ii) All payments made to the Owner of a Bond shall be valid and effectual and shall discharge the liability of the Issuer and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

(d) Registration, Transfer and Exchange.

(i) So long as any Bonds remain outstanding, the Issuer shall cause the Paying Agent/Registrar to keep at its Designated Payment/Transfer Office a bond register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Ordinance. The Issuance Date of each Bond originally delivered to and paid for by TWDB shall be recorded in the Register.

(ii) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond to the Paying Agent/Registrar at the Designated Payment/Transfer Office with such endorsement or other evidence of transfer acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(iii) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000 and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange.

(iv) The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the Issuer and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

(v) No service charge shall be made to the Owner for the initial registration, any subsequent transfer, or exchange for a different denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover

any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond.

(vi) Neither the Issuer nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption, in whole or in part, within forty-five (45) days prior to the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

(e) Cancellation. All Bonds paid or redeemed before the Stated Maturity in accordance with this Ordinance, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Ordinance, shall be cancelled upon the making of proper records regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall dispose of such cancelled Bonds in the manner required by the Securities Exchange Act of 1934, as amended.

(f) Replacement Bonds.

(i) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. The Issuer or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(ii) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(1) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(2) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the Issuer to save them harmless;

(3) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar, and any tax or other governmental charge that is authorized to be imposed; and

(4) satisfies any other reasonable requirements imposed by the Issuer and the Paying Agent/Registrar.

(iii) If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such

original Bond, the Issuer and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the Issuer or the Paying Agent/Registrar in connection therewith.

(iv) In the event that any such mutilated, lost, apparently destroyed, or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(v) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the Issuer and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

(g) Book-Entry Only System.

(i) The Initial Bond shall be delivered against payment to the TWDB. The TWDB shall be required to promptly surrender the Initial Bond to the Paying Agent/Registrar for exchange. Bonds issued in exchange shall be registered in the name of Cede & Co., as nominee of DTC, as Owner of the Bonds, and held in the custody of DTC. Unless otherwise requested by DTC, a single bond will be issued and delivered to DTC for each maturity of the Bonds. Beneficial owners of Bonds will not receive physical delivery of Bonds except as provided hereinafter. For so long as DTC shall continue to serve as securities depository for the Bonds as provided herein, all transfers of beneficial ownership interest will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Bonds is to receive, hold or deliver any Bond.

(ii) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds, except as provided in this Ordinance. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than an Owner of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the Bonds for the purpose of giving notices with respect to such Bond, and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the

Bonds only to or upon the order of the respective Owners, as shown in the Register, as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of premium, if any, principal and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Bond evidencing the obligation of the Issuer to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Ordinance with respect to interest payments being mailed to the Owner as shown on the Register on the Record Date, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(iii) The Representation Letter previously executed and delivered by the Issuer, and applicable to the Issuer's obligations delivered in book-entry-only form to DTC as securities depository, is hereby ratified and approved for the Bonds.

(iv) Before the Issuer can discontinue the book-entry-only system of registration through DTC, notice must be given to the TWDB and prior written consent of the TWDB must be received by the Issuer.

(h) Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the Issuer determines that it is in the best interest of the Issuer and of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the Issuer or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

(i) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter of the Issuer to DTC.

Section 7. PAYING AGENT/REGISTRAR. (a) Appointment of Initial Paying Agent/Registrar; Paying Agent Registrar Agreement. BOKF, NA, is hereby appointed as the initial Paying Agent/Registrar for the Bonds.

(i) The Paying Agent/Registrar shall keep such books or records and make such transfers and registrations under such reasonable regulations as the Issuer and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfer and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the Owners and record in the Register the address of such Owner of each Bond to which payments with respect to the Bonds shall be mailed, as provided herein. The Issuer or its designee shall have the right to inspect the Register during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Register confidential and, unless otherwise required by law, shall not permit their inspection by any other entity.

(ii) The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest, on the Bonds. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds, and of all conversions, exchanges and replacements of such Bonds, as provided in the Ordinance.

(iii) The form of Paying Agent/Registrar Agreement setting forth the duties of the Paying Agent/Registrar is hereby approved, and the appropriate officials of the Issuer are hereby authorized to execute such agreement for and on behalf of the Issuer.

(b) Maintenance, Termination and Replacement of Paying Agent/Registrar.

(i) At all times while any Bonds are outstanding, the Issuer will maintain a Paying Agent/Registrar that is qualified under this Section 7 of the Ordinance.

(ii) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the Issuer will promptly appoint a replacement, provided no such resignation shall be effective until a successor Paying Agent/Registrar has accepted the duties of Paying Agent/Registrar for the Bonds.

(iii) Each Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State, or any other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Bonds.

(iv) The Issuer reserves the right to terminate the appointment of any Paying Agent/Registrar by (i) delivering to the entity whose appointment is to be terminated forty-five (45) days written notice of the termination of the appointment and of the Paying Agent/Registrar Agreement, stating the effective date of such termination, and (ii) appointing a successor Paying Agent/Registrar; provided, that, no such termination shall be effective until a successor Paying Agent/Registrar has assumed the duties of Paying Agent/Registrar for the Bonds.

(v) Promptly upon each change in the entity serving as Paying Agent/Registrar, the Issuer will cause notice of the change to be sent to each Owner by United States mail, first class, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

(vi) By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and functions of Paying Agent/Registrar prescribed hereby and under the Paying Agent/Registrar Agreement.

(vii) If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

Section 8. DEFINITIONS. (a)(i) The term “***Additional Bonds***” as used in this Ordinance shall mean (i) the additional parity revenue bonds which the Issuer reserves the right to issue and deliver in the future, as provided by Section 18 of this Ordinance and (ii) the Additional TWDB Bonds.

(ii) The term “***Additional TWDB Bonds***” as used in this Ordinance shall mean the additional parity revenue bonds which the Issuer reserves the right to issue and deliver in the future, as provided by Section 31(q) of this Ordinance.

(b) The term “***Bonds***” or “***Series 2026 Bonds***” shall mean the Issuer’s Waterworks and Sewer System Revenue Bonds, Series 2026 (WLAf) authorized to be issued and delivered by this Ordinance.

(c) The term “***Board of Utility Trustees***” shall mean the Board of Utility Trustees as established by the Issuer’s charter.

(d) The term “***Business Day***” shall mean a day that is not a Saturday, Sunday, legal holiday, or other day on which banking institutions in the city where the Designated Payment/Transfer Office is located are required or authorized by law or executive order to close.

(e) The term “***Closing Date***” shall mean the date of the initial delivery of and payment for the Bonds.

(f) The term “***Code***” shall mean the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

(g) The term “***Credit Facility***” shall mean a policy of municipal bond insurance, a surety bond or a letter or line of credit issued by a Credit Facility Provider in support of any Bonds or Additional Bonds.

(h) The term “***Credit Facility Provider***” shall mean (i) with respect to any Credit Facility consisting of a policy of municipal bond insurance or a surety bond, an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations such as the Bonds or Additional Bonds, provided that a Rating Agency having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds fully insured by a standard

policy issued by the issuer in its highest generic rating category for such obligations; and (ii) with respect to any Credit Facility consisting of a letter or line of credit, any financial institution, provided that a Rating Agency having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds in 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 series of Bonds or Additional Bonds and the interest thereon.

(i) The term “**Designated Payment/Transfer Office**” shall mean (i) with respect to the initial Paying Agent/Registrar, the Designated Payment/Transfer Office as designated in the Paying Agent/Registrar Agreement, or at such other location designated by the Paying Agent/Registrar, and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the Issuer and such successor.

(j) The term “**DTC**” shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

(k) The term “**DTC Participant**” shall mean brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

(l) The term “**Escrow Agent**” shall mean BOKF, NA and its successors and assigns, or such other escrow agent as may be approved by the Mayor or Mayor Pro Tem and acceptable to the TWDB.

(m) The term “**Escrow Agreement**” shall mean the escrow agreement by and between the Issuer and the Escrow Agent pertaining to the deposit of the proceeds of the Bonds.

(n) The Term “**Financial Obligation**” means a (i) debt obligation, (ii) 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) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

(o) The term “**Fiscal Year**” shall mean the twelve-month period ending September 30 of each year, unless otherwise designated by the Issuer.

(p) The term “**Investment**” shall mean cash, investments, any Credit Facility, or any combination of the foregoing.

(q) The term “**Issuance Date**” with respect to the Bonds initially delivered to the TWDB, shall mean the date on which each such Bond is authenticated by the Paying Agent/Registrar and delivered to and paid for by the TWDB. Bonds delivered on transfer of or in exchange for other Bonds shall bear the same Issuance Date as the Bond or Bonds in lieu of or in exchange for which the new Bond is delivered.

(r) The term “**MSRB**” shall mean the Municipal Securities Rulemaking Board.

(s) The term “**Net Revenues**,” as used in this Ordinance, shall mean all gross revenues of the System, after deducting the expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs, and extensions necessary to render efficient service, provided, however, that only such repairs and extensions, as in the judgment of the City Commission of the Issuer, reasonably and fairly exercised by the passage of appropriate ordinances, are necessary to keep the System in operation and render adequate service to the Issuer and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair the Bonds and any Additional Bonds, shall be deducted in determining the “Net Revenues.” Depreciation and payments into and out of the Interest and Sinking Fund and the Reserve Fund, the existence and maintenance of which are hereinafter reaffirmed, shall never be considered as expenses of operation and maintenance.

(t) (i) The term “**Outstanding Bonds**” shall mean the outstanding Series 2015A Bonds, the Series 2015B Bonds, the Series 2019 Bonds, the Series 2024A Bonds, the 2025 Bonds, and any other bonds that have been authorized and are secured and on parity with the Bonds authorized pursuant to this Ordinance.

(ii) The term “**Outstanding TWDB Bonds**” shall mean the Series 2024A Bonds and the Series 2025 Bonds and any other bonds that have been authorized and are secured by a pledge of Net Revenues on parity with the Bonds authorized pursuant to this Ordinance and are additionally secured on parity with the Bonds by the funds on deposit in the TWDB Reserve Fund.

(u) The term “**Owner**” shall mean the person who is the registered owner of a Bond or Bonds, as shown in the Register.

(v) The term “**Rating Agency**” shall mean any nationally recognized municipal securities rating service.

(w) The term “**Register**” shall mean the books of registration kept by the Paying Agent/Registrar in which are maintained the names and addresses of and the principal amounts registered to each Owner.

(x) The term “**Regulations**” shall mean the applicable, proposed, temporary or final Treasury Regulations promulgated under the Code, or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

(y) The term “**Rule**” shall mean SEC Rule 15c2-12, as amended from time to time.

(z) The term “**SEC**” shall mean the United States Securities and Exchange Commission.

(aa) The term “**System**” as used in this Ordinance, shall mean the Issuer’s entire Waterworks System and Sewer System, together with all future improvements, extensions, enlargements, and additions thereto, and replacement thereof.

(bb) The term “**Subordinate Debt**” shall mean any obligation of the Issuer heretofore or hereafter issued which is payable (i) in whole or in part from the Net Revenues and (ii) secured by

a lien on and pledge of Net Revenues which is not, by its terms, a first lien on and pledge of such Net Revenues, or on parity with these Bonds.

(cc) The term “**TWDB**” means the Texas Water Development Board.

Section 9. PLEDGE. (a) The Bonds authorized hereby are payable from and secured by a first lien on and pledge of the Net Revenues of the System on parity with the Outstanding Bonds.

(b) The Bonds, and any Additional Bonds which may be issued in accordance with this Ordinance, and the interest thereon, are and shall be payable from and secured by a first lien on and pledge of the Net Revenues of the System and said Net Revenues are further pledged irrevocably to the establishment and maintenance of the Funds created by this Ordinance.

Section 10. RATES. The Issuer covenants and agrees with the Owners of the Bonds and all Additional Bonds, as follows:

(a) That it will at all times fix, maintain, charge and collect for services rendered by the System, rates and charges which will produce gross revenues at least sufficient to pay all expenses of operation and maintenance, and to provide Net Revenues adequate to pay promptly all of the principal of and interest on the Bonds, the Outstanding Bonds and all Additional Bonds, being an amount at least equal to 1.25 times the annual principal and interest on the Bonds, the Outstanding Bonds and Additional Bonds, and to make all deposits now or hereafter required to be made into the Funds created by the ordinances authorizing the Outstanding Bonds, which Funds are reaffirmed hereby.

(b) If the System should become legally liable for any other obligations or indebtedness, the Issuer shall fix, maintain, charge, and collect additional rates and charges for services rendered by the System sufficient to establish and maintain funds for the payment thereof.

Section 11. FUNDS. All revenues of the System shall be kept separate and apart from all other funds of the Issuer, and the following special Funds have been created, are hereby reaffirmed, and shall be maintained in an official depository bank of the Issuer, so long as any of the Bonds, the Outstanding Bonds or Additional Bonds, or the interest thereon, are outstanding and unpaid:

(a) City of Harlingen Waterworks and Sewer System Revenue Fund, hereinafter called the “Revenue Fund”; and

(b) City of Harlingen Waterworks and Sewer System Revenue Bonds Interest and Sinking Fund, hereinafter called the “Interest and Sinking Fund”;

(c) City of Harlingen Waterworks and Sewer System Revenue Bonds Reserve Fund, hereinafter called the “Reserve Fund”; and

(d) City of Harlingen Waterworks and Sewer System Revenue Bonds TWDB Reserve Fund, hereinafter called the “TWDB Reserve Fund”.

Section 12. REVENUE FUND. All gross revenues of every nature received from the operation and ownership of the System shall be deposited from day to day as collected into the Revenue

Fund, and the reasonable, necessary, and proper expenses of operation and maintenance of the System shall be paid from the Revenue Fund. The revenues of the System not actually required to pay said expenses shall be deposited from the Revenue Fund into the other Funds, the existence of which are reaffirmed by this Ordinance, in the manner and amounts hereinafter provided, and each of such Funds shall have priority as to such deposits in the order in which they are treated in the following sections.

Section 13. INTEREST AND SINKING FUND. There shall be deposited into the Interest and Sinking Fund the following:

- (i) such amounts, in equal monthly installments made on or before the 10th day of each month hereafter, as will be sufficient to pay the interest scheduled to come due on the Bonds, the Outstanding Bonds, and any Additional Bonds on the next interest payment date; and
- (ii) such amounts, made on or before each principal payment date, as will be sufficient to pay the next maturing or mandatorily redeemed principal of the Bonds, the Outstanding Bonds, and any Additional Bonds.

The Interest and Sinking Fund shall be used to pay the principal of and interest on the Bonds, the Outstanding Bonds, and all Additional Bonds, as such principal matures and such interest comes due.

Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the revenues granted by the Issuer under this Section, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the revenues granted by the Issuer under this Section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, in order to preserve to the Owners of the Bonds a security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing of a security interest in said pledge to occur.

Section 14. RESERVE FUND. (a) There is currently on deposit in the Reserve Fund \$0. In accordance with Section 14(g) herein, the Net Revenues for each Fiscal Year are equal to at least 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds and, therefore, the "**Required Reserve**" is \$0; provided, however, that if and whenever the Net Revenues for any Fiscal Year are less than 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds, the Issuer will be required to (1) obtain a Credit Facility, as permitted in subsection (b) below, in the amount of the Required Reserve; or (2) commence making monthly deposits in the Reserve Fund in an amount equal to 1/60 of the full amount then required to be on deposit in the Reserve Fund and such monthly deposits shall be continued until such time as the Reserve Fund has been restored to the average annual principal and interest requirements and all Outstanding Bonds (excluding the Outstanding TWDB Bonds and the Bonds). The Reserve Fund shall be used to pay the principal of and interest on the Outstanding Bonds (excluding the Outstanding TWDB Bonds and the Bonds), and all Additional Bonds (excluding any Additional TWDB Bonds), at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose. Money in the Reserve Fund may, upon

authorization by the City Commission of the Issuer, be invested in direct obligations of, or obligations, the principal of and interest on which are guaranteed by the United States of America, or invested in direct obligations of the Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, Federal National Mortgage Association, Federal Home Loan Banks or Banks for Cooperatives, provided that each of the aforesaid obligations must mature, or be subject to redemption at the option of the holder thereof, within not more than ten years from the date of the making of such investment. Any obligation in which money in the Reserve Fund is so invested shall be kept and held in an official depository bank of the Issuer in escrow and in trust for the benefit of the holders of the Outstanding Bonds (excluding the Outstanding TWDB Bonds and the Bonds) and all Additional Bonds (excluding any Additional TWDB Bonds), and shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the Reserve Fund.

(b) The Issuer may replace or substitute a Credit Facility for cash or investments in the Reserve Fund.

Upon such replacement or substitution, cash or investments on deposit in the Reserve Fund which, taken together with the face amount of any existing Credit Facilities, are in excess of the Required Reserve may be withdrawn by the Issuer, at its option, and transferred to the Revenue Fund; provided that the face amount of any Credit Facility may be reduced at the option of the Issuer in lieu of such transfer.

(c) If the Issuer is required to make a withdrawal from the Reserve Fund for any of the purposes described in this Section, the Issuer shall promptly notify any applicable Credit Facility Provider of the necessity for a withdrawal from the Reserve Fund for any such purposes, and shall make such withdrawal FIRST from available moneys or investments then on deposit in the Reserve Fund, and NEXT from a drawing under any Credit Facility to the extent of such deficiency.

(d) In the event of a deficiency in the Reserve Fund, or in the event that on the date of termination or expiration of any Credit Facility there is not on deposit in the Reserve Fund sufficient amounts, all in an aggregate amount at least equal to the Required Reserve, then the Issuer shall satisfy the Required Reserve by depositing into the Reserve Fund in monthly installments of not less than 1/60 of the Required Reserve made on or before the 10th day of each month following such termination or expiration.

(e) In the event of the redemption or defeasance of any bonds payable from amounts on deposit in the Reserve Fund, any amounts on deposit in the Reserve Fund in excess of the Required Reserve may be withdrawn and transferred, at the option of the Issuer, to the Revenue Fund, as a result of (i) the redemption of such bonds, or (ii) funds for the payment of such bonds having been deposited irrevocably with the paying agent or place of payment therefor in the manner described in any ordinance authorizing the issuance of bonds, the result of such deposit being that such bonds no longer are deemed to be outstanding under the terms of any such ordinance.

(f) In the event there is a draw upon the Credit Facility, the Issuer shall reimburse the Credit Facility Provider for such draw, in accordance with the terms of any agreement pursuant to which the Credit Facility is issued, from Net Revenues, however, such reimbursement from Net Revenues

shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the Bonds, the Outstanding Bonds or Additional Bonds.

(g) Notwithstanding anything to the contrary contained herein, the requirement set forth in subsection (a) above to maintain the Required Reserve in the Reserve Fund shall be suspended for such time as the Net Revenues for each Fiscal Year are equal to at least 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds. In the event that the Net Revenues for any Fiscal Year are less than 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds, the Issuer will be required to (1) obtain a Credit Facility, as permitted in subsection (b) above, in the amount of the Required Reserve; or (2) commence making monthly deposits in the Reserve Fund, as provided in subsection (a) above, and to continue such monthly deposits until the earlier of (i) such time as the Reserve Fund contains the Required Reserve or (ii) the Net Revenues in each of two consecutive years have been equal to not less than 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds.

(h) The Issuer may create and establish a reserve fund pursuant to the provisions of any ordinance authorizing the issuance of Additional Bonds for the purpose of securing that particular issue or series of Additional Bonds or any specific group of issues or series of Additional Bonds and the amounts once deposited or credited to said reserve funds shall no longer constitute Net Revenues and shall be held solely for the benefit of the holders of the particular Additional Bonds for which such reserve fund was established. Each such reserve fund shall be designated in such manner as is necessary to identify the Additional Bonds it secures and to distinguish such reserve fund from the Reserve Fund and the reserve funds created for the benefit of other Additional Bonds.

Section 15. DEFICIENCIES IN FUNDS. If in any month the Issuer shall fail to deposit into any Fund, the existence of which is reaffirmed by this Ordinance, the full amounts required, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available and unallocated Net Revenues of the System for the following month or months, and such payments shall be in addition to the amounts otherwise required to be paid into said Funds during such month or months. To the extent necessary, the Issuer shall increase the rates and charges for services of the System to make up for any such deficiencies.

Section 16. EXCESS REVENUES. The Net Revenues of the System, in excess of those necessary to maintain the Funds as required in this Ordinance, or as hereafter may be required in connection with the issuance of Additional Bonds, may be used for any lawful purpose.

Section 17. SECURITY FOR FUNDS. All Funds, the existence of which are reaffirmed by this Ordinance, shall be secured in the manner and to the fullest extent permitted or required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Ordinance.

Section 18. ADDITIONAL BONDS. The Issuer reserves the right to issue additional parity revenue bonds, to be known as Additional Bonds, which when issued and delivered, shall be payable from and secured by a lien on and pledge of the Net Revenues of the System, in the same manner and to the same extent as the Outstanding Bonds, the Bonds, and all Additional Bonds

shall in all respects be on a parity and equal dignity. The Additional Bonds may be issued in one or more installments or series, provided, however, that no installment or series of Additional Bonds shall be issued unless:

(a) A certificate is executed by the Mayor and City Secretary or Deputy City Secretary of the Issuer to the effect that no default exists in connection with any of the covenants or requirements of the ordinance or ordinances authorizing the issuance of all Outstanding Bonds, Bonds and Additional Bonds then outstanding.

(b) A certificate is executed by the Mayor and City Secretary or Deputy City Secretary of the Issuer to the effect that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be on deposit therein.

(c) A certificate is executed by an independent certified public accountant, or independent firm of certified public accountants, acting by and through a certified public accountant, signs a written certificate to the effect that, in his or her opinion, during either the next preceding fiscal year, or any twelve consecutive calendar month period ending not more than ninety days prior to the passage of the ordinance authorizing the issuance of the proposed Additional Bonds is passed, the Net Revenues were at least 1.25 times an amount equal to the average annual principal and interest requirements on such Outstanding Bonds and such proposed Additional Bonds as are on parity of Lien with the Bonds or any Additional Bonds. It is specifically provided, however, that in calculating the amount of Net Revenues for the purpose of this subsection (c), if there has been any increase in the rates or charges for services of the System which is then in effect, but which was not in effect during all or any part of the entire period for which the Net Revenues are being calculated (hereinafter referred to as the "entire period"), then the certified public accountant, or in lieu of the certified public accountant, a firm of consulting engineers, shall determine and certify the amount of Net Revenues as being the total of (i) the actual Net Revenues for the entire period, plus (ii) a sum equal to the aggregate amount by which the actual billings to customers of the System during the entire period would have been increased if such increased rates or charges had been in effect during the entire period.

At such time that all of the Series 2015A Bonds, the Series 2015B Bonds, and the Series 2019 Bonds are either defeased or no longer outstanding, then sub-section (c-1) shall be added to this Section 18 as shown below in italicized language:

(c-1) Notwithstanding anything to the contrary contained herein, the requirement set forth in subsection (c) above to obtain a certificate executed by either the Director of Finance of, or the financial advisor to, the System, to the effect that, in his or her opinion, during either the next preceding fiscal year, or any twelve consecutive calendar month period ending not more than ninety days prior to the passage of the ordinance authorizing the issuance of the proposed Additional Bonds is passed, the Net Revenues were at least 1.25 times an amount equal to the average annual principal and interest requirements on such Outstanding Bonds and such proposed Additional Bonds as are on parity of Lien with the Bonds or any Additional Bonds. It is specifically provided, however, that in calculating the amount of Net Revenues for the purpose of this subsection (c-1), if there has been any increase in the rates or charges for services of the System which is then in effect, but which was not in effect during all or any part of the entire period for which the Net Revenues are being calculated (hereinafter referred to as the "entire period"),

then in lieu of the Director of Finance of, or the financial advisor to, the System, a firm of consulting engineers, shall determine and certify the amount of Net Revenues as being the total of (i) the actual Net Revenues for the entire period, plus (ii) a sum equal to the aggregate amount by which the actual billings to customers of the System during the entire period would have been increased if such increased rates or charges had been in effect during the entire period.

(d) The Additional Bonds are scheduled to mature only on November 1, and the interest thereon is scheduled to be paid only on November 1 and May 1.

(e) The ordinance authorizing the issuance of such installment or series of Additional Bonds provides that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased by an additional amount not less than the average annual principal and interest requirements for said Additional Bonds; and that such additional amount shall be so accumulated within 61 months from the date of the Additional Bonds, by the deposit in the Reserve Fund of the necessary sums in equal monthly installments; provided, however, that the aggregate of all or any part of said required additional amount in cash immediately after the aggregate amount to be accumulated in the Reserve Fund shall never be required to exceed the average annual principal and interest requirements for all Outstanding Bonds, Bonds and Additional Bonds then outstanding, and for the installment or series of Additional Bonds the proposed to be issued.

(f) All calculations of average annual principal and interest requirements made pursuant to this Section are made as of and from the date of the Additional Bonds then proposed to be issued.

Section 19. MAINTENANCE AND OPERATION; INSURANCE. The Board of Utility Trustees of the Issuer shall have managing control of the System while any of the Bonds or Additional Bonds are outstanding, the Issuer covenants and agrees to cause the Board of Utility Trustees to maintain the System in good condition and operate the same in an efficient manner and at reasonable expense, and to maintain insurance on the System, for the benefit of the holder or holders of the Bonds and Additional Bonds, of a kind and in an amount which usually would be carried by private companies engaged in a similar type of business. Nothing in this Ordinance shall be construed as requiring the Issuer to expend any funds which are derived from sources other than the System, but nothing herein shall be construed as preventing the Issuer from doing so.

Section 20. ACCOUNTS AND FISCAL YEAR. The Issuer shall cause the Board of Utilities Trustees to keep proper books of records and accounts, separate from all other records and accounts of the Issuer in which complete and correct entries shall be made of all transactions relating to the System, and shall have said books audited once each fiscal year by a Certified Public Accountant. The Issuer agrees to operate the System and keep its books of records and accounts pertaining thereto on the basis of its current fiscal year; provided, however, that the City Commission of the Issuer may change such fiscal year by ordinance duly passed, if such change is deemed necessary by the City Commission of the Issuer.

Section 21. ACCOUNTING REPORTS. Within 90 days after the close of each fiscal year hereafter, the Issuer will furnish, without cost, to any holder of any Bonds, the Outstanding Bonds or Additional Bonds who may so request, a signed or certified copy of a report by a Certified Public Accountant, covering the next preceding fiscal year, showing the following information:

- (a) A detailed statement of all gross revenues of the System and all expenses of operation and maintenance thereof for said fiscal year.
- (b) A balance sheet as of the end of said fiscal year.
- (c) The accountant's comment regarding the manner in which the Issuer has complied with the requirements of this Ordinance and his recommendations, if any, for changes or improvements in the operation and maintenance of the System.
- (d) A list of insurance policies in force at the end of said fiscal year, showing, as to each policy, the risk covered, the amount of the policy, the name of the insurer, and the expiration date.
- (e) The number of properties connected with the System, and the gross revenues from each of said System for said fiscal year.
- (f) The number of unmetered customers of the Waterworks System at the end of said fiscal year.
- (g) The approximate number of gallons of water registered through the Issuer meters, and the number of gallons sold during said fiscal year.

Section 22. INSPECTION. Any holder or holders of any Bonds or Additional Bonds shall have the right at all reasonable times to inspect the System and all records, accounts, and data of the Issuer relating thereto.

Section 23. SPECIAL COVENANTS. The Issuer further covenants as follows:

- (a) That other than for the payment of the Bonds herein authorized, the revenues and income of the System have not in any manner been pledged to the payment of any debt or obligation of the Issuer or of the System.
- (b) That while any of the Bonds or Additional Bonds are outstanding, the Issuer will not sell or encumber the System or any substantial part thereof, and that, with the exception of the Additional Bonds expressly permitted by this Ordinance to be issued, it will not encumber the revenues and income of the System, unless such encumbrance is made junior and subordinate in all respects to the Bonds and Additional Bonds and all liens and pledges in connection therewith.
- (c) That no free service of the System shall be allowed and should the Issuer or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by the Issuer out of funds from sources other than the revenues and income of the System.
- (d) That to the extent it legally may, the Issuer further covenants and agrees that while any of the Bonds or Additional Bonds are outstanding, no franchise shall be granted for the installation or operation of any competing waterworks system or sewer system; and that the Issuer will prohibit the operation of any such competing system; and the operation of any competing system is hereby prohibited.

(e) That in addition to all of the rights and remedies provided by the laws of the State of Texas, the Issuer covenants and agrees that in the event of default in payment of principal or interest on any of the Bonds or Additional Bonds when due, or, in the event it fails to make the payments required to be made into the Interest and Sinking Fund or Reserve Fund or defaults in the observance of performance of any other of the contracts, covenants, conditions or obligations set forth in this Ordinance or in the Bonds or Additional Bonds, the following remedies shall be available:

(i) the Owners shall be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the Issuer and the officials thereof to observe and perform the contracts, covenants, obligations, or conditions prescribed in this Ordinance; and

(ii) any delay or omission to exercise any right or power accruing upon any default shall not impair any such right or power nor be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

The specific remedy herein provided shall be cumulative of all other existing remedies and the specification of such remedy shall not be deemed to be exclusive.

Section 24. BONDS ARE SPECIAL OBLIGATIONS. The Bonds and Additional Bonds shall be special obligations of the Issuer, payable solely from the pledged Net Revenues, and the holder or holders thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

Section 25. DEFEASANCE OF BONDS. The Bonds may be refunded, defeased or discharged in any manner permitted by applicable law.

Section 26. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED. The Mayor of the Issuer is hereby authorized to have control of the Initial Bond issued hereunder and all necessary records and proceedings pertaining to the Initial Bond pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Initial Bond said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall sign the Comptroller's Registration Certificate on the Initial Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Initial Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on or attached to the Initial Bond or on any Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the Owners of the Bonds. In addition, if bond insurance is obtained, the Bonds may bear an appropriate legend as provided by the insurer.

Section 27. PROVISIONS CONCERNING FEDERAL INCOME TAX MATTERS.

(a) General. The Issuer covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the Issuer covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the Issuer in connection with the Bonds.

(b) No Private Activity Bonds. The Issuer covenants that it will use the proceeds of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code. Furthermore, the Issuer will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Bonds to be a “private activity bond” unless it takes a remedial action permitted by section 1.141-12 of the Regulations.

(c) No Federal Guarantee. The Issuer covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

(d) No Hedge Bonds. The Issuer covenants not to take any action or omit to take action that, if taken or omitted, would cause the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code.

(e) No Arbitrage Bonds. The Issuer covenants that it will make such use of the proceeds of the Bonds (including investment income) and regulate the investment of such proceeds of the Bonds so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

(f) Required Rebate. The Issuer covenants that, if the Issuer does not qualify for an exception to the requirements of section 148(f) of the Code, the Issuer will comply with the requirement that certain amounts earned by the Issuer on the investment of the gross proceeds of the Bonds, be rebated to the United States.

(g) Information Reporting. The Issuer covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning the Bonds in accordance with section 149(e) of the Code.

(h) Record Retention. The Issuer covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Bonds and the use of the property financed, directly or indirectly, thereby until six years after the last Bond is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

(i) Registration. If the Bonds are “registration-required bonds” under section 149(a)(2) of the Code, the Bonds will be issued in registered form.

(j) Favorable Opinion of Bond Counsel. Notwithstanding the foregoing, the Issuer will not be required to comply with any of the federal tax covenants set forth above if the Issuer has

received an opinion of nationally recognized bond counsel that such noncompliance will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

(k) Continuing Compliance. Notwithstanding any other provision of this Ordinance, the Issuer's obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the excludability of interest on the Bonds from gross income for federal income tax purposes.

(l) Official Intent. For purposes of section 1.150-2(d) of the Regulations, to the extent that an official intent to reimburse has not previously been adopted by the Issuer, this Ordinance serves as the Issuer's official declaration of intent to use proceeds of the Bonds to reimburse itself from proceeds of the Bonds issued in the maximum amount for certain expenditures paid in connection with the projects set forth herein. Any such reimbursement will only be made (i) for an original expenditure paid no earlier than sixty (60) days prior to the date hereof and (ii) not later than eighteen (18) months after the later of (A) the date the original expenditure is paid or (B) the date on which the project to which such expenditure relates is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid.

(m) Source Series Bonds. The Issuer covenants that neither the Issuer nor a related party thereto will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Bonds to be acquired from the Issuer by the TWDB.

(n) Advanced Refunding. The Issuer covenants to refrain from using the proceeds of the Bonds to pay debt service on another issue more than ninety (90) days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code.

Section 28. CONTINUING DISCLOSURE.

(a) Annual Reports. The Issuer shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the Issuer, financial information and operating data with respect to the Issuer of the general type included in the Private Placement Memorandum, being information described in APPENDIX B-OFFICIAL ACTION. The information will also include audited financial statements of the Issuer if audited financial statements of the Issuer are then available. If not provided as part such financial information and operating data, audited financial statements of the Issuer will be provided when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with generally accepted government accounting principles or such other accounting principles as the Issuer may be required to employ, from time to time, by State law or regulation, and (ii) audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the Issuer shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

(b) If the Issuer 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 Issuer otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) 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.

(d) Event Notices. (a) The Issuer shall provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) nonpayment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Owners, if material;
- (viii) bond calls, if material and tender offers;
- (ix) defeasance;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of the Issuer, which shall occur as described below;

Note to paragraph (xii): For the purposes of the event identified in paragraph xii of this section, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer 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 or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing

governing body and officials or officers 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 Issuer.

(xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Note to paragraphs (xv) and (xvi): For purposes of the events identified in paragraphs (xv) and (xvi) of this section and in the definition of Financial Obligation in Section 2, the City intends the words used in such paragraphs to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the “2018 Release”) and any further amendments or written guidance provided by the SEC or its staff with respect with respect to the amendments to the Rule effected by the 2018 Release.

(e) The Issuer shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with Section 28 of this Ordinance by the time required by such Section.

(f) Limitations, Disclaimers and Amendments. (a)The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Issuer in any event will give notice of any redemption calls and any defeasances that cause the Issuer to be no longer an “obligated person.”

(i) The provisions of this Section are for the sole benefit of the Owner 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 Issuer 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 Issuer’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 Issuer 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.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE REGISTERED OWNER 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.

(ii) No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under the Ordinance for purposes of any other provisions of this Ordinance.

(iii) Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

(iv) The provisions of this Section may be amended by the Issuer 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 Issuer, 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 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions 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 Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owner and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the Issuer if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the Issuer's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with Section 29 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

Section 29. SALE OF BONDS AND APPROVAL OF PRIVATE PLACEMENT MEMORANDUM; FURTHER PROCEDURES. (a) The Bonds are hereby initially sold and shall be delivered to *TWDB*, as the initial purchasers of the Bonds (the "*Purchasers*"), at a price of par at \$2,480,000 subject to the approval of the Attorney General and Bond Counsel. At the time the Bonds are delivered to the *TWDB*, the Issuer shall pay an origination fee to the *TWDB* equal to . % (\$ _____) of the Project costs, in accordance with the rules of the *TWDB*.

The Mayor or Mayor Pro Tem and other appropriate officers, agents and representatives of the Issuer are hereby authorized to do any and all things necessary or desirable to provide for the issuance and delivery of the Bonds. The Bonds shall initially be registered in the name of *Texas Water Development Board*. The pricing and terms of the sale of the Bonds are hereby found and determined to be the most advantageous reasonably obtainable by the Issuer.

(b) The Issuer hereby approves the form and content of the Private Placement Memorandum relating to the Bonds and any addenda, supplement, or amendment thereto, and approves the distribution of such Private Placement Memorandum to the TWDB in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof.

(c) The Mayor and Mayor Pro Tern, the City Manager and City Secretary and all other officers, employees and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Bonds, the sale of the Bonds and the Private Placement Memorandum. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 30. DEPOSIT OF SALE PROCEEDS INTO PROJECT FUND. Concurrently with the initial delivery of the Series 2026 Bonds, the Issuer shall deposit proceeds received by the Issuer from the sale of the Series 2026 Bonds (excluding accrued interest, if any, which shall be deposited into the Interest and Sinking Fund) which are not required to pay costs of issuance related to the Series 2026 Bonds into a project fund to be used to acquire, purchase, construct, improve, enlarge, or equip the System.

Section 31. TWDB PROVISIONS.

(a) TWDB Resolution. The Issuer agrees to comply with the applicable provisions of TWDB Resolution No. 25-125, which authorized the financial assistance evidenced by the Bonds.

(b) Escrow Agreement. To facilitate the delivery of and payment for the Bonds pending completion of review of plans and specifications, the City Commission hereby authorizes an Escrow Agreement to be entered into by and between the Issuer and the Escrow Agent, the terms and conditions of which are hereby approved, subject to such insertions, additions, and modifications as shall be necessary to comply with all applicable laws, regulations, and procedures and to carry out the intent and purposes of this Ordinance. The Mayor or Mayor Pro Tem and the City Secretary are authorized to execute and deliver such Escrow Agreement in multiple counterparts on behalf of the Issuer.

(c) Project Fund. There is hereby created and established a special fund of the Issuer, to be known as the "City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series

2026 (WLAF) Project Fund,” which shall be established at an official depository of the Issuer and kept separate and apart from other funds of the Issuer. The proceeds of the Bonds shall be deposited in the escrow account for the Bonds that is maintained by the Escrow Agent for the benefit of the Issuer and TWDB under and as more specifically provided in the Escrow Agreement. Upon release from the escrow account, such proceeds shall be deposited and held in the Project Fund until used for authorized purposes. The proceeds of the Bonds, as received, shall be deposited in the Project Fund. Money on deposit in the Project Fund and all interest, and income derived therefrom shall be used only for the purposes set forth in Section 1 of this Ordinance and to pay costs of issuance. Money on deposit in the Project Fund, may, at the option of the Issuer, be invested as permitted by State law including, particularly, the Public Funds Investment Act, Texas Government Code, Chapter 2256, and the Public Funds Collateral Act, Texas Government Code, Chapter 2257; provided that all such deposits and investments shall be made in such manner that the money required to be expended from the Project Fund will be available at the proper time or times. Bond proceeds deposited in the Project Fund shall be timely and expeditiously used, in accordance with the schedule for the Project approved by the TWDB, as may be amended from time to time. The Issuer will maintain project accounts in accordance with generally accepted government accounting standards, including standards related to the reporting of infrastructure assets.

(d) TWDB Rules. In compliance with the published rules and regulations of the TWDB, the Issuer covenants and agrees that upon final completion of the Project to be financed with the proceeds of the Bonds, and if all or any portion of the Bonds shall be held by or on account of the TWDB or the State, the proper officials of the Issuer shall render due and final accounting of the total cost of the Project and provide a copy of as-built plans for the Project to the TWDB. If, following completion of the Project, funds remain on hand in the Project Fund, or if the TWDB Executive Administrator (the “Executive Administrator”) disapproves construction of any portion of the Project as not being in accordance with the plans and specifications, the Issuer shall use any remaining funds for enhancements to the Project that are approved by the Executive Administrator, or, if no enhancements are authorized by the Executive Administrator, the Issuer shall submit to the TWDB a final accounting and describe the proposed disposition of the any unused funds. If any funds are determined to be surplus funds remaining after the completion of the Project and the completion of a final accounting, such surplus funds shall be used for purposes approved by the Executive Administrator. Unless otherwise stated in the loan commitment of the TWDB with respect to the purchase of the Bonds, in determining the amount of available funds for constructing the Project to be financed, the Issuer shall account for all monies in the Project Fund, including all loan funds extended by the TWDB, all other funds available from the Project as described in the Project engineer’s sufficiency of funds statement required for closing the TWDB’s loan and all interest, earned by the Issuer on money in the Project Fund. This requirement shall not be interpreted as prohibiting the TWDB from enforcing such other rights as it may have under law.

(e) Outlay Reports. The Issuer agrees to submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines.

(f) Environmental Indemnification. The Issuer shall not use proceeds from the sale of the Bonds for sampling, testing, removing or disposing of contaminated soils and/or media at the Project site. To the extent permitted by law, the Issuer agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property

of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Issuer, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project.

(g) Insurance. The Issuer covenants that the Project will be kept continually insured against such perils in an amount sufficient to protect the TWDB's interest in the Project, to the extent that insurance is customarily carried by cities operating similar facilities in similar locations; provided, however, that the Issuer shall not be required to maintain such insurance so long as builders risk insurance covering such facilities during the period of construction is in effect.

(h) Compliance with Rules and Statutes; Notice of Suit. The Issuer covenants that it will comply with TWDB's rules and relevant state statutes in connection with the sale of the Bonds to TWDB and the use of the proceeds in connection with the Project approved by TWDB. The Issuer will provide notice, in writing to the TWDB, of any lawsuit filed against the Issuer by the Attorney General of Texas under Section 1.10(f), Texas Penal Code.

(i) Compliance with Environmental Findings of Executive Administrator. The Issuer covenants that it will comply with the conditions specified in the final environmental finding of the Executive Administrator when issued, including the standing emergency discovery conditions for threatened and endangered species and cultural resources.

(j) Audited Financial Statements. The Issuer shall annually submit to the TWDB a copy of its audited financial statements, which shall be prepared by a certified public accountant in accordance with the accounting principles the Issuer may be required to employ from time to time pursuant to State law or regulation.

(k) Compliance with Davis-Bacon and Federal Disadvantaged Business Enterprises Program. Laborers and mechanics employed by contractors and subcontractors for the Project shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The Issuer, all contractors, and all sub-contractors shall ensure that all Project contracts mandate compliance with the Davis-Bacon Act. All contracts and subcontracts for the construction of the Project carried out in whole or in part with Bond proceeds shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB. The Issuer covenants to comply with all applicable State and federal procurement requirements, including the federal procurement requirements under the Disadvantaged Business Enterprises program.

(l) Federal Funding Accountability and Transparency Act. The Issuer shall provide the TWDB with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252. The Issuer shall obtain a Data Universal Numbering System (DUNS) Number and shall register with System for Award Management (SAM) and maintain current registration at all times during which the Bonds are outstanding.

(m) Use of Iron and Steel Products. The Issuer covenants that it will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the

United States, as required by Texas Government Code, Chapter 2252, Subchapter F, and Texas Water Code, Section 17.183.

(n) Maintenance of Project Fund. The Issuer covenants that it will maintain the Project Fund in accordance with generally accepted government accounting principles.

(o) Remedies. TWDB shall have all remedies available at law or in equity with respect to the Bonds, and any provision of the Bonds that restricts or limits TWDB's exercise of such remedies shall be of no force and effect.

(p) TWDB Reserve Fund. (i) Upon the issuance of the Bonds, the Bonds shall be additionally secured by the TWDB Reserve Fund. The Bonds shall not be additionally secured by any funds on deposit, if any, in the Reserve Fund created in Section 11(c) and described in Section 14 of this Ordinance, and TWDB shall not be entitled to demand payment of principal of or interest on the Bonds from any such funds on deposit, if any, in such Reserve Fund. There is currently on deposit in the Reserve Fund \$0. There is currently on deposit in the TWDB Reserve Fund \$_____. To accommodate and maintain a reserve as additional security for the payment of the Bonds equal to the average annual principal and interest requirements of the Bonds (the "TWDB Required Reserve Amount"), the Issuer will be required on or before the 10th day of each month, commencing with the month immediately following the issuance of the Bonds, to begin making deposits into the TWDB Reserve Fund in an amount equal to 1/60th of the full amount of the TWDB Required Reserve Amount. The TWDB Reserve Fund shall be used to pay the principal of and interest on the Bonds, at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose. Money in the TWDB Reserve Fund may, upon authorization by the City Commission of the Issuer, be invested in direct obligations of, or obligations, the principal of and interest on which are guaranteed by the United States of America, or invested in direct obligations of the Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, Federal National Mortgage Association, Federal Home Loan Banks or Banks for Cooperatives, provided that each of the aforesaid obligations must mature, or be subject to redemption at the option of the holder thereof, within not more than ten years from the date of the making of such investment. Any obligation in which money in the TWDB Reserve Fund is so invested shall be kept and held in an official depository bank of the Issuer in escrow and in trust for the benefit of the holders of the Bonds and all Additional TWDB Bonds and shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the TWDB Reserve Fund.

(ii) If the Issuer is required to make a withdrawal from the TWDB Reserve Fund for any of the purposes described in this Section, the Issuer shall be required to begin making monthly deposits to the TWDB Reserve Fund in the amounts and at the times described below to the extent of such deficiency in the TWDB Required Reserve Amount.

(iii) In the event of a deficiency in the TWDB Reserve Fund, then the Issuer shall satisfy the TWDB Required Reserve Amount by depositing into the TWDB Reserve Fund in monthly installments of not less than 1/60th of the TWDB Required Reserve Amount made on or before the 10th day of each following month.

(iv) In the event of the redemption or defeasance of any Bonds, any amounts on deposit in the TWDB Reserve Fund in excess of the TWDB Required Reserve Amount may be withdrawn and transferred, at the option of the Issuer, to the Revenue Fund, as a result of (i) the redemption of any Bonds, or (ii) funds for the payment of any Bonds having been deposited irrevocably with the paying agent or place of payment therefor in the manner described in any ordinance authorizing the issuance of Bonds, the result of such deposit being that such Bonds no longer are deemed to be outstanding under the terms of any such ordinance.

(q) Additional TWDB Bonds. The Issuer reserves the right to issue additional parity revenue bonds, to be known as Additional TWDB Bonds, which when issued and delivered, shall be payable from and secured by a lien on and pledge of the Net Revenues of the System, in the same manner and to the same extent as the Outstanding Bonds, the Bonds, and all Additional Bonds, and all Additional TWDB Bonds shall in all respects be on a parity and equal dignity. The Additional TWDB Bonds may be issued in one or more installments or series, provided, however, that no installment or series of Additional TWDB Bonds shall be issued unless:

(i) A certificate is executed by the Mayor and City Secretary or Deputy City Secretary of the Issuer to the effect that no default exists in connection with any of the covenants or requirements of the ordinance or ordinances authorizing the issuance of all Outstanding Bonds, Bonds, Additional Bonds, and Additional TWDB Bonds then outstanding.

(ii) A certificate is executed by the Mayor and City Secretary or Deputy City Secretary of the Issuer to the effect that the Interest and Sinking Fund, the Reserve Fund, and the TWDB Reserve Fund each contains the amount then required to be on deposit therein.

(iii) In addition to the certificate required by section 18(c) of this Ordinance, a certificate is executed by an independent certified public accountant, or independent firm of certified public accountants, acting by and through a certified public accountant, signs a written certificate to the effect that, in his or her opinion, during either the next preceding fiscal year, or any twelve consecutive calendar month period ending not more than ninety days prior to the passage of the ordinance authorizing the issuance of the proposed Additional TWDB Bonds is passed, the Net Revenues were at least 1.25 times an amount equal to the average annual principal and interest requirements on such Outstanding TWDB Bonds and such proposed Additional TWDB Bonds as are on parity of Lien with the Bonds or any Additional TWDB Bonds. It is specifically provided, however, that in calculating the amount of Net Revenues for the purpose of this subsection (iii), if there has been any increase in the rates or charges for services of the System which is then in effect, but which was not in effect during all or any part of the entire period for which the Net Revenues are being calculated (hereinafter referred to as the "entire period"), then the certified public accountant, or in lieu of the certified public accountant, a firm of consulting engineers, shall determine and certify the amount of Net Revenues as being the total of (i) the actual Net Revenues for the entire period, plus (ii) a sum equal to the aggregate amount by which the actual billings to customers of the System during the entire period would have been increased if such increased rates or charges had been in effect during the entire period.

(iv) The Additional TWDB Bonds are scheduled to mature only on November 1, and the interest thereon is scheduled to be paid only on November 1 and May 1.

(v) The ordinance authorizing the issuance of such installment or series of Additional TWDB Bonds provides that the aggregate amount to be accumulated and maintained in the TWDB Reserve Fund shall be increased by an additional amount not less than the average annual principal and interest requirements for said Additional TWDB Bonds; and that such additional amount shall be so accumulated within 61 months from the date of the Additional TWDB Bonds, by the deposit in the TWDB Reserve Fund of the necessary sums in equal monthly installments; provided, however, that the aggregate of all or any part of said required additional amount in cash immediately after the aggregate amount to be accumulated in the TWDB Reserve Fund shall never be required to exceed the average annual principal and interest requirements for all Outstanding TWDB Bonds and Additional TWDB Bonds then outstanding, and for the installment or series of Additional TWDB Bonds the proposed to be issued.

(vi) All calculations of average annual principal and interest requirements made pursuant to this Section are made as of and from the date of the Additional TWDB then proposed to be issued.

Section 32. AMENDMENTS. The Issuer hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of any Owner, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the Owners, (ii) grant additional rights or security for the benefit of the Owners, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the Owners, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be materially inconsistent with the provisions of this Ordinance and that shall not, in the opinion of nationally-recognized bond counsel, materially adversely affect the interests of the Owners.

(b) Except as provided in paragraph (a) above, a majority of the Owners of Bonds then outstanding that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of 100% of the Owners in aggregate principal amount of the then outstanding Bonds, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Bonds so as to:

- (i) Make any change in the maturity of any of the outstanding Bonds;
- (ii) Reduce the rate of interest borne by any of the outstanding Bonds;
- (iii) Reduce the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds;

(iv) Modify the terms of payment of principal or of interest or redemption premium on outstanding Bonds or any of them or impose any condition with respect to such payment; or

(v) Change the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Ordinance under this Section, the Issuer shall send by U.S. mail to each Owner of the affected Bonds a copy of the proposed amendment.

(d) Whenever at any time within one year from the date of mailing of such notice the Issuer shall receive an instrument or instruments executed by the Owners of at least a majority in aggregate principal amount of all of the Bonds then outstanding that are required for the amendment (or 100% if such amendment is made in accordance with paragraph (b)), which instrument or instruments shall refer to the proposed amendment and which shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

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

(f) Any consent given by the Owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the consent and shall be conclusive and binding upon all future Owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of said consent by the Owner who gave such consent, or by a successor in title, by filing notice with the Issuer, but such revocation shall not be effective if the Owners the required amount of the affected Bonds, then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

(g) For the purposes of establishing ownership of the Bonds, the Issuer shall rely solely upon the registration of the ownership of such Bonds on the Registration Books kept by the Paying Agent/Registrar.

Section 33. INCORPORATION OF RECITALS. The Issuer hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the Issuer hereby incorporates such recitals as a part of this Ordinance.

PASSED, APPROVED AND EFFECTIVE THIS _____, 2026.

CITY OF HARLINGEN, TEXAS

Mayor

ATTEST

City Secretary

(CITY SEAL)

PAYING AGENT/REGISTRAR AGREEMENT
between

CITY OF HARLINGEN, TEXAS

and

BOKF, NA

Pertaining to

City of Harlingen, Texas
Waterworks and Sewer System Revenue Bonds,
Series 2026 (WLAF)

_____, 2026

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PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT (the or this “Agreement”), dated as of _____, 2026, is by and between CITY OF HARLINGEN, TEXAS (the “Issuer”) and BOKF, NA (the “Bank”), a national banking association duly organized and existing under the laws of the United States of America.

WHEREAS, the Issuer has duly authorized and provided for the issuance of its City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2026 (WLAF) (the “Obligations”), dated _____, 2026, to be issued as registered securities without coupons; and

WHEREAS, all things necessary to make the Obligations the valid obligations of the Issuer, in accordance with their terms, will be taken upon the issuance and delivery thereof; and

WHEREAS, the Issuer is desirous that the Bank act as the Paying Agent of the Issuer in paying the principal, redemption premium, if any, and interest on the Obligations, in accordance with the terms thereof, and that the Bank act as Registrar for the Obligations; and

WHEREAS, the Issuer has duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement the valid agreement of the Issuer, in accordance with its terms, have been done;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE I

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01 Appointment. (a) The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Obligations in paying to the Owners of the Obligations the principal, redemption premium, if any, and interest on all or any of the Obligations.

(b) The Issuer hereby appoints the Bank as Registrar with respect to the Obligations.

(c) The Bank hereby accepts its appointment, and agrees to act as, the Paying Agent and Registrar.

Section 1.02 Compensation. (a) As compensation for the Bank’s services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A hereto for the first year of this Agreement, or such part thereof, as this Agreement shall be in effect, and thereafter while this Agreement is in effect, the fees and amounts set forth in the Bank’s current fee schedule then in effect for services as Paying Agent/Registrar for municipalities, which shall be supplied to the Issuer on or before ninety (90) days prior to the close of the Fiscal Year of the Issuer, and shall be effective upon the first day of the following Fiscal Year.

(b) In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Bank in accordance

with any of the provisions hereof, including the reasonable compensation and the expenses and disbursements of its agents and counsel.

(c) The Bank agrees and represents that the total value of this Agreement due to the Bank pursuant to this Agreement shall not exceed the dollar limitation set forth in Section 2271.002(a)(2) of the Texas Government Code, Section 2276.002(a)(2) of the Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session and recodified in House Bill 4595 in the 88th Texas Legislature, Regular Session) and Section 2274.002(a)(2) of the Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session).

ARTICLE II

DEFINITIONS

Section 2.01 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms have the following meanings when used in this Agreement:

“Bank” means BOKF, NA.

“Bank Office” means the Bank’s office at 5956 Sherry Lane, Suite 900, Dallas, Texas 75225. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

“Obligation” or “Obligations” means any or all of the Issuer’s City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2025A (WLAF), dated _____, 2025.

“Financial Advisor” means Hilltop Securities Inc., its successors and assigns.

“Fiscal Year” means the 12-month period ending September 30th of each year.

“Issuer” means the City of Harlingen, Texas.

“Issuer Request” and “Issuer Ordinance” means a written request or order signed in the name of the Issuer by the Mayor of the Issuer, or any other authorized representative of the Issuer and delivered to the Bank.

“Legal Holiday” means a day on which the Bank is required or authorized by applicable law to be closed.

“Obligation Ordinance” means the ordinance of the City Commission of the Issuer authorizing the issuance and delivery of the Obligations.

“Owner” means the Person in whose name an Obligation is registered in the Register.

“Paying Agent” means the Bank when it is performing the functions associated with the terms in this Agreement.

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

“Predecessor Obligations” of any particular Obligation means every previous Obligation evidencing all or a portion of the same obligation as that evidenced by such particular Obligation (and, for the purposes of this definition, any Obligation registered and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Obligation shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Obligation).

“Record Date” means the fifteenth calendar day of the month next preceding an interest payment date established by the Obligation Ordinance.

“Register” means a register in which the Issuer shall provide for the registration and transfer of Obligations.

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

“Stated Maturity” means the date or dates specified in the Obligation Ordinance as the fixed date on which the principal of the Obligations is due and payable or the date fixed in accordance with the terms of the Obligation Ordinance for redemption of the Obligations, or any portion thereof, prior to the fixed maturity date.

ARTICLE III

PAYING AGENT

Section 3.01 Duties of Paying Agent. (a) The Bank, as Paying Agent and on behalf of the Issuer, shall pay to the Owner, at the Stated Maturity and upon the surrender of the Obligation or Obligations so maturing at the Bank Office, the principal amount of the Obligation or Obligations then maturing, and redemption premium, if any, provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds, no later than 10:00 a.m. Central Time on the applicable payment date, to make such payment.

(b) The Bank, as Paying Agent and on behalf of the Issuer, shall pay interest when due on the Obligations to each Owner of the Obligations (or their Predecessor Obligations) as shown in the Register at the close of business on the Record Date, provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds, no later than 10:00 a.m. Central Time on the applicable payment date, to make such payments; such payments shall be made by computing the amount of interest to be paid each Owner, preparing the checks, and mailing the

checks on each interest payment date addressed to each Owner's address as it appears in the Register on the Record Date.

Section 3.02 Payment Dates. The Issuer hereby instructs the Bank to pay the principal of, redemption premium, if any, and interest on the Obligations at the dates specified in the Obligation Ordinance.

ARTICLE IV

REGISTRAR

Section 4.01 Transfer and Exchange. (a) The Issuer shall keep the Register at the Bank Office, and subject to such reasonable written regulations as the Issuer may prescribe, which regulations shall be furnished to the Bank herewith or subsequent hereto by Issuer Ordinance, the Issuer shall provide for the registration and transfer of the Obligations. The Bank is hereby appointed "Registrar" for the purpose of registering and transferring the Obligations as herein provided. The Bank agrees to maintain the Register while it is Registrar. The Bank agrees to at all times maintain a copy of the Register at its office located in the State of Texas.

(b) The Bank as Registrar hereby agrees that at any time while any Obligation is outstanding, the Owner may deliver such Obligation to the Registrar for transfer or exchange, accompanied by instructions from the Owner, or the duly authorized designee of the Owner, designating the persons, the maturities, and the principal amounts to and in which such Obligation is to be transferred and the addresses of such persons; the Registrar shall thereupon, within not more than three (3) business days, register and deliver such Obligation or Obligations as provided in such instructions. The provisions of the Obligation Ordinance shall control the procedures for transfer or exchange set forth herein to the extent such procedures are in conflict with the provisions of the Obligation Ordinance.

(c) Every Obligation surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed in a manner satisfactory to the Bank, duly executed by the Owner thereof or his attorney duly authorized in writing.

(d) The Bank may request any supporting documentation it feels necessary to effect a re-registration.

Section 4.02 The Obligations. The Issuer shall provide an adequate inventory of unregistered Obligations to facilitate transfers. The Bank covenants that it will maintain the unregistered Obligations in safekeeping and will use reasonable care in maintaining such unregistered Obligations in safekeeping, which shall be not less than the care it maintains for debt securities of other governments or corporations for which it serves as registrar, or which it maintains for its own securities.

Section 4.03 Form of Register. (a) The Bank as Registrar will maintain the records of the Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Register in any form other than a form which the Bank has currently available and currently utilizes at the time.

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

Section 4.04 List of Owners. (a) The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the cost, if any, of reproduction, a copy of the information contained in the Register. The Issuer may also inspect the information in the Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

(b) The Bank will not release or disclose the content of the Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a subpoena or court order or as otherwise required by law. Upon receipt of a subpoena or court order the Bank will notify the Issuer so that the Issuer may contest the subpoena or court order.

Section 4.05 Cancellation of Obligations. All Obligations surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly cancelled by it and, if surrendered to the Issuer, shall be delivered to the Bank and, if not already cancelled, shall be promptly cancelled by the Bank. The Issuer may at any time deliver to the Bank for cancellation any Obligations previously certified or registered and delivered which the Issuer may have acquired in any manner whatsoever, and all Obligations so delivered shall be promptly cancelled by the Bank. All cancelled Obligations held by the Bank shall be disposed of pursuant to the Securities Exchange Act of 1934.

Section 4.06 Mutilated, Destroyed, Lost, or Stolen Obligations. (a) Subject to the provisions of this Section 4.06, the Issuer hereby instructs the Bank to deliver fully registered Obligations in exchange for or in lieu of mutilated, destroyed, lost, or stolen Obligations as long as the same does not result in an overissuance.

(b) If (i) any mutilated Obligation is surrendered to the Bank, or the Issuer and the Bank receives evidence to their satisfaction of the destruction, loss, or theft of any Obligation, and (ii) there is delivered to the Issuer and the Bank such security or indemnity as may be required by the Bank to save and hold each of them harmless, then in the absence of notice to the Issuer or the Bank that such Obligation has been acquired by a bona fide purchaser, the Issuer shall execute, and upon its request the Bank shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Obligation, a new Obligation of the same stated maturity and of like tenor and principal amount bearing a number not contemporaneously outstanding.

(c) Every new Obligation issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Obligation shall constitute a replacement of the prior obligation of the Issuer, whether or not the mutilated, destroyed, lost, or stolen Obligation shall be at any time enforceable by anyone, and shall be entitled to all the benefits of the Obligation Ordinance equally and ratably with all other outstanding Obligations.

(d) Upon the satisfaction of the Bank and the Issuer that a Obligation has been mutilated, destroyed, lost, or stolen, and upon receipt by the Bank and the Issuer of such

indemnity or security as they may require, the Bank shall cancel the Obligation number on the Obligation registered with a notation in the Register that said Obligation has been mutilated, destroyed, lost, or stolen; and a new Obligation shall be issued of the same series and of like tenor and principal amount bearing a number, according to the Register, not contemporaneously outstanding.

(e) The Bank may charge the Owner the Bank's fees and expenses in connection with issuing a new Obligation in lieu of or exchange for a mutilated, destroyed, lost, or stolen Obligation.

(f) The Issuer hereby accepts the Bank's current blanket bond for lost, stolen, or destroyed Obligations and any future substitute blanket bond for lost, stolen, or destroyed Obligations that the Bank may arrange, and agrees that the coverage under any such blanket bond is acceptable to it and meets the Issuer's requirements as to security or indemnity. The Bank need not notify the Issuer of any changes in the security or other company giving such bond or the terms of any such bond, provided that the amount of such bond is not reduced below the amount of the bond on the date of execution of this Agreement. The blanket bond then utilized by the Bank for lost, stolen, or destroyed Obligations by the Bank is available for inspection by the Issuer on request.

Section 4.07 Transaction Information to Issuer. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Obligations it has paid pursuant to Section 3.01, Obligations it has delivered upon the transfer or exchange of any Obligations pursuant to Section 4.01, and Obligations it has delivered in exchange for or in lieu of mutilated, destroyed, lost or stolen Obligations pursuant to Section 4.06 of this Agreement.

ARTICLE V

THE BANK

Section 5.01 Duties of Bank. The Bank undertakes to perform the duties set forth herein and in accordance with the Obligation Ordinance and agrees to use reasonable care in the performance thereof. The Bank hereby agrees to use the funds deposited with it for payment of the principal of, redemption premium, if any, and interest on the Obligations, to pay the Obligations as the same shall become due and further agrees to establish and maintain all accounts and funds as may be required for the Bank to function as Paying Agent. The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Obligations in the manner described in the closing memorandum prepared by the Issuer's Financial Advisor or other agent on behalf of the Issuer. The Bank may act on a facsimile or email transmission of the closing memorandum acknowledged by the Issuer's Financial Advisor or the Issuer as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.02 Reliance on Documents, Etc. (a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

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

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

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

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

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

Section 5.03 Recitals of Issuer. (a) The recitals contained herein and in the Obligations shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

(b) The Bank shall in no event be liable to the Issuer, any Owner or Owners, or any other Person for any amount due on any Obligation except as otherwise expressly provided herein with respect to the liability of the Bank for its duties under this Agreement.

Section 5.04 May Hold Obligations. The Bank, in its individual or any other capacity, may become the Owner or pledgee of Obligations and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05 Money Held by Bank. (a) Money held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained.

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

(c) Subject to the provisions of Title 6, Texas Property Code, any money deposited with the Bank for the payment of the principal, redemption premium, if any, or interest on any Obligation and remaining unclaimed for three years after final maturity of the Obligation has become due and payable will be paid by the Bank to the Issuer, and the Owner of such Obligation shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease.

(d) The Bank will comply with the reporting requirements of Chapter 74 of the Texas Property Code.

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

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank, its officers, directors, employees, and agents for, and hold them harmless against, any loss, liability, or expense incurred without negligence or bad faith on their part arising out of or in connection with its acceptance or administration of the Bank's duties hereunder, and under Article V of the Obligation Ordinance, including the cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demands or controversy over its persons as well as funds on deposit in a court of competent jurisdiction within the State of Texas; waive personal service of any process; and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction within the State of Texas to determine the rights of any person claiming any interest herein.

Section 5.08 Depository Trust Company. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", promulgated from time to time by The Depository Trust Company, which establishes requirements for securities to be eligible for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.01 Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

Section 6.02 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03 Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown below:

- (a) if to the Issuer: City of Harlingen, Texas
134 East Van Buren
Harlingen, Texas 78550
Attention: Director of Finance

- (b) if to the Bank: BOKF, NA
5956 Sherry Lane, Suite 900
Dallas, Texas 75225
Attention: Corporate Trust Department

Section 6.04 Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05 Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06 Separability. If any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07 Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.08 Entire Agreement. This Agreement and the Obligation Ordinance constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar, and if any conflict exists between this Agreement and the Obligation Ordinance, the Obligation Ordinance shall govern.

Section 6.09 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10 Termination. (a) This Agreement will terminate on the date of final payment of principal, redemption premium, if any, and interest of the Obligations.

(b) This Agreement may be earlier terminated upon sixty (60) days written notice by either party; provided, that (i) no termination shall be effective until a successor has been appointed by the Issuer and has accepted the duties imposed by this Agreement and (ii) notice has been given to the Holders of the Obligations of the appointment of a successor paying agent/registrar. If the sixty (60) day notice period expires and no successor has been appointed, the Bank, at the expense of the Issuer, has the right to petition a court of competent jurisdiction for the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Obligations.

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

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

Section 6.11 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

Section 6.12 Sanctioned Countries. (a) The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153, Government Code, or Section 2270.0201, Government Code. The foregoing representation excludes the Bank and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Bank understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

(a) Notwithstanding anything contained herein, the representations and covenants contained in this Section 6.13 shall survive termination of the Agreement until the statute of limitations has run..

Section 6.13 Form 1295 Exemption. The Bank represents that it is a wholly owned subsidiary of BOK, Financial Corporation, a publicly traded business entity, and therefore this Agreement is exempt from Section 2252.908, Texas Government Code, as amended.

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

CITY OF HARLINGEN, TEXAS

By: _____
Mayor, City of Harlingen, Texas

ATTEST:

City Secretary, City of Harlingen, Texas

BOKF, NA, as Paying Agent/Registrar

By: _____
Title: _____

ANNEX "A"

SCHEDULE OF FEES FOR SERVICE AS PAYING AGENT/REGISTRAR

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement"), made by and between the CITY OF HARLINGEN, TEXAS (the "City"), a political subdivision of the State of Texas in Cameron County, Texas, and BOKF, NA, as Escrow Agent (the "Escrow Agent"), together with any successor in such capacity;

WITNESSETH:

WHEREAS, pursuant to an ordinance (the "Ordinance") adopted on _____, 2026, the City authorized the issuance of \$2,480,000 City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2026 (WLAF) (the "Bonds") to obtain financial assistance from the Texas Water Development Board (the "TWDB") for the purpose of funding the costs of acquiring, purchasing, constructing, improving, enlarging, or equipping the System and to pay the costs of professional services related thereto (the "Project"); and

WHEREAS, pursuant to a resolution adopted on _____, 2026, the City authorized the execution of a Grant Agreement (the "Grant Agreement") with the TWDB to obtain financial assistance in the amount of \$5,780,000 from the Water Loan Assistance Fund for the purpose of funding the Project; and

WHEREAS, pursuant to the Grant Agreement, the City will accept certain contractual obligations (the "Contractual Obligations," and together with the Bonds, the "Obligations") to obtain financial assistance from the TWDB for the purpose of funding the Project; and

WHEREAS, the Escrow Agent is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code, Chapter 404, Subchapter D, and is otherwise qualified and empowered to enter into this Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

WHEREAS, a condition of the Obligations is the deposit of the proceeds of the Obligations (the "Proceeds") in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB (the "Executive Administrator") or another designated TWDB representative; provided, however, the Proceeds can be transferred to different investments so long as all parties hereto consent to such transfer.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and in consideration of the amount of fees to be paid by the City to the Escrow Agent, as set forth on **EXHIBIT A**, the receipt of which is hereby acknowledged, and in order to secure the delivery of the Obligations, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives and successors, as follows:

SECTION 1: ESCROW ACCOUNTS. Upon the delivery of the Obligations described above, the Proceeds identified under TWDB Commitment Numbers L1002170 and G1002171 shall be deposited to the credit of special escrow accounts or subaccounts (the "Escrow Accounts") maintained at the Escrow Agent on behalf of the City and the TWDB and shall not be commingled

with any other accounts or with any other proceeds or funds. The Proceeds received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the City, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement.

The Escrow Accounts shall be entitled (a) "L1002170 Harlingen WLAFF Esc Acct" and (b) "G1002171 Harlingen WLAFF Esc Acct" and shall not be subject to warrants, drafts or checks drawn by the City but shall be disbursed or withdrawn to pay the costs of the Project for which the Obligations were issued or other purposes in accordance with the Ordinance or the Principal Forgiveness Agreement and solely upon written authorization from the Executive Administrator or his/her designated representative. The Escrow Agent shall provide to the City and to the TWDB the Escrow Accounts bank statements upon request.

SECTION 2: COLLATERAL. All cash deposited to the credit of such Escrow Accounts and any accrued interest in excess of the amounts insured by the FDIC and remaining uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Texas Government Code, Chapter 2257.

SECTION 3: INVESTMENTS. While the Proceeds are held in escrow, the Escrow Agent shall only invest escrowed Proceeds in investments that are authorized by the Public Funds Investment Act, Texas Government Code, Chapter 2256 (the "PFIA"). It is the City's responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the PFIA but also with its own written investment policy.

SECTION 4: DISBURSEMENTS. The Escrow Agent shall not honor any disbursement from the Escrow Accounts, or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator or his/her designated representative. However, no written approval and consent by the Executive Administrator shall be required if the disbursement involves transferring Proceeds from one investment to another within the Escrow Accounts provided that all such investments are consistent with the PFIA requirements.

SECTION 5: UNEXPENDED FUNDS. Any Proceeds remaining unexpended in the Escrow Accounts after completion of the Project and after the final accounting has been submitted to and approved by the TWDB shall be disposed of pursuant to the provisions of the Ordinance or the Principal Forgiveness Agreement. The City shall deliver a copy of such TWDB approval of the final accounting to the Escrow Agent together with instructions concerning the disbursement of unexpended Proceeds hereunder. The Escrow Agent shall have no obligation to ensure that such unexpended Proceeds are used as required by the provisions of the Ordinance or the Principal Forgiveness Agreement, that being the sole obligation of the City.

SECTION 6: CERTIFICATIONS. The Escrow Agent shall be authorized to accept and rely upon the certifications and documents furnished to the Escrow Agent by the City and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

SECTION 7: LIABILITY OF ESCROW AGENT. To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or default or failure in the performance of any obligation imposed upon it hereunder. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Obligations or any recitation contained in the Obligations.

SECTION 8: RECORDS. The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Accounts, and investments of the Escrow Accounts and all proceeds thereof. The records shall be available for inspection and copying at reasonable hours and under reasonable conditions by the City and the TWDB.

SECTION 9: MERGER/CONSOLIDATION. In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code, Chapter 404, Subchapter D. The Escrow Agent must provide the TWDB with written notification within 30 days of acceptance of the merger, consolidation, or transfer. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within five business days following such merger, consolidation or exchange.

SECTION 10: AMENDMENTS. This Agreement may be amended from time to time as necessary with the written consent of the City and the TWDB, but no such amendments shall increase the liabilities or responsibilities or diminish the rights of the Escrow Agent without its consent.

SECTION 11: TERMINATION. In the event that this Agreement is terminated by either the City or by the Escrow Agent, the Escrow Agent must report said termination in writing to the TWDB within five business days of such termination. The City is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the City and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this Agreement; and (d) the City must forward a copy of the executed escrow agreement with the successor escrow agent within five business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent. If the City has not appointed a successor escrow agent within thirty (30) days of the notice of termination, the Escrow Agent may petition any court of competent jurisdiction in Texas for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the City. Whether appointed by the City or a court, the successor escrow agent and escrow agreement must be approved by the TWDB for the appointment to be effective. The Escrow Agent is responsible for performance

under this Agreement until a successor has been approved by the TWDB and has signed an acceptable escrow agreement.

SECTION 12: EXPIRATION. This Agreement shall expire upon final transfer of the funds in the Escrow Accounts to the City.

SECTION 13: POINT OF CONTACT. The points of contact for the Escrow Agent and the TWDB are as follows:

BOKF, NA
5956 Sherry Lane, Suite 900
Dallas, Texas 75225
Attention: Tony Hongnoi
Ph: (972) 892-9968
Fax: (214) 256-7517
E-Mail: THongnoi@bankoftexas.com

Executive Administrator
Texas Water Development Board
1700 North Congress Avenue
Austin, Texas 78701

SECTION 14: CHOICE OF LAW. This Agreement shall be governed exclusively by the applicable laws of the State of Texas. Venue for disputes shall be in the District Court of Travis County, Texas.

SECTION 15: ASSIGNABILITY. This Agreement shall not be assignable by the parties hereto, in whole or in part, without the consent of the TWDB, and any attempted assignment shall be void and of no force and effect.

SECTION 16: ENTIRE AGREEMENT. This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the City and supersedes any other agreements, whether oral or written, between the parties regarding the Proceeds or the Escrow Accounts. No modification or amendment of this Agreement shall be valid unless the same is in writing and is signed by the City and consented to by the Escrow Agent and the TWDB.

SECTION 17: VALIDITY OF PROVISIONS. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 18: COMPENSATION FOR ESCROW SERVICES. The Escrow Agent shall be entitled to compensation for its services as stated in **EXHIBIT A**, which compensation shall be paid by the City but may not be paid directly from the Escrow Accounts.

SECTION 19: VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS. The Escrow Agent makes the following representation and verifications pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Underwriter within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations.

A. NOT A SANCTIONED COMPANY. The Escrow Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Escrow Agent and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

B. NO BOYCOTT OF ISRAEL. The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

C. NO DISCRIMINATION AGAINST FIREARM ENTITIES. The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

D. NO BOYCOTT OF ENERGY COMPANIES. The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

SECTION 20: FORM 1295 EXEMPTION. The Escrow Agent represents that it is a wholly owned subsidiary of BOK, Financial Corporation, a publicly traded business entity, and therefore this Agreement is exempt from Section 2252.908, Texas Government Code, as amended.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective upon signature of both parties.

[Signature Page Follows]

CITY OF HARLINGEN, TEXAS

By: _____
Mayor

Date: _____

Address: 118 East Tyler Avenue
Harlingen, Texas 78550

(City Seal)

BOKF, NA
as Escrow Agent

By: _____

Title: _____

Date: _____

Address: 5956 Sherry Lane, Suite 900
Dallas, Texas 75225

EXHIBIT A
Fee Schedule

GENERAL CERTIFICATE

We, the undersigned, Mayor and City Secretary, respectively, of the City of Harlingen, Texas (the “City”) and the Interim General Manager of the System and Chairman of the Harlingen Waterworks System Utility Board of Trustees (the “Board”), do hereby certify as follows:

I. General

1.1 This certificate relates to the issue of City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2026 (WLAF) (the “Series 2026 Bonds”), City of Harlingen, Texas, Waterworks and Sewer System Revenue Bonds, Series 2026A (WLAF) (the “Series 2026A Bonds”) and City of Harlingen, Texas, Waterworks and Sewer System Revenue Bonds, Series 2026B (EDAP) (the “Series 2026B Bonds” and together with the Series 2026 Bonds and the Series 2026A Bonds, the “Bonds”) dated _____, 2026. Capitalized terms used herein and not otherwise defined shall have the meaning assigned thereto in the respective ordinances passed and adopted on _____, 2026 (collectively the “Ordinance”) authorizing the issuance of the Bonds.

1.2 The City is a duly incorporated Home Rule City operating under the Constitution and laws of the State of Texas and the duly adopted Home Rule Charter of the City, which has not been amended since the last issuance of obligations by the City designated as City of Harlingen, Texas, Waterworks and Sewer System Revenue Bonds, Taxable Series 2025 (LSL).

1.3 A true and correct statement of the revenues and expenses of the System is attached hereto as Exhibit B. A true and correct statement of the rates charged for services of the System are attached hereto as Exhibit C.

1.4 A true and correct copy of the debt service schedule pertaining to the Bonds and the Outstanding Bonds is attached hereto as Exhibit D.

1.5 The duly qualified and acting members and officers of the City Commission and certain other officers of the City are as follows:

Norma Sepulveda	Mayor
Ford Kinsley	Commissioner District 1
Daniel N. Lopez	Commissioner District 2
Michael Mezmar	Commissioner District 3
Frank Morales	Commissioner District 4
Rene Perez	Commissioner District 5
Gabriel Gonzalez	City Manager
Mayra Herrera	City Secretary

1.6 The duly qualified and acting members and officers of the Board of Trustees and certain other officers of the System are as follows:

Michael Garza	Chairman
Michael Murphy	Vice-Chairman
Scott Allex	Trustee
Wayne Lowry	Trustee
Jessica Gonzalez	Trustee
Steven Ritter	Trustee
Roel “Roy” Rodriguez	Interim General Manager
Ron De La Garza	Finance Director

1.7 Each of the special funds created and maintained for the benefit of the Bonds and the Outstanding Bonds contains the amount of money required to be on deposit therein.

1.8 The “weighted average maturity” of the Series 2026 Bonds as calculated by the City’s financial advisor is _____ years, and such weighted average maturity is not greater than 120 percent of the reasonably expected weighted average economic life of the improvements and personal property financed by the Bonds. Such weighted average estimated economic life is determined in accordance with the following assumptions: (i) the weighted average was determined by taking into account the respective costs of each of the assets financed by the Bonds; (ii) the reasonably expected economic life of an asset was determined as of the later of the Closing Date of the Bonds or the date on which such asset is expected to be placed in service (i.e., available for use for the intended purposes of such asset); and (iii) the economic lives used in making this determination are not greater than the reasonably expected economic useful lives of the projects financed by the Bonds allowing for normal wear and tear and assuming prudent and customary maintenance

1.9 The “weighted average maturity” of the Series 2026A Bonds as calculated by the City’s financial advisor is _____ years, and such weighted average maturity is not greater than 120 percent of the reasonably expected weighted average economic life of the improvements and personal property financed by the Bonds. Such weighted average estimated economic life is determined in accordance with the following assumptions: (i) the weighted average was determined by taking into account the respective costs of each of the assets financed by the Bonds; (ii) the reasonably expected economic life of an asset was determined as of the later of the Closing Date of the Bonds or the date on which such asset is expected to be placed in service (i.e., available for use for the intended purposes of such asset); and (iii) the economic lives used in making this determination are not greater than the reasonably expected economic useful lives of the projects financed by the Bonds allowing for normal wear and tear and assuming prudent and customary maintenance.

1.10 The “weighted average maturity” of the Series 2026B Bonds as calculated by the City’s financial advisor is _____ years, and such weighted average maturity is not greater than 120 percent of the reasonably expected weighted average economic life of the improvements and personal property financed by the Bonds. Such weighted average estimated economic life is determined in accordance with the following assumptions: (i) the weighted average was determined by taking into account the respective costs of each of the assets financed by the Bonds; (ii) the reasonably expected economic life of an asset was determined as of the later of the Closing Date of the Bonds or the date on which such asset is expected to be placed in service (i.e., available for use for the intended purposes of such asset); and (iii) the economic

lives used in making this determination are not greater than the reasonably expected economic useful lives of the projects financed by the Bonds allowing for normal wear and tear and assuming prudent and customary maintenance.

1.11 Save and except for the pledge of the Net Revenues to the payment of the Bonds and the Outstanding Bonds, there are no other outstanding obligations of the City payable from or secured by a first lien on and pledge of the Net Revenues.

1.12 The City is not in default in the payment of principal or interest on any of its outstanding obligations or as to any covenant, condition or obligation prescribed by the ordinance authorizing the issuance of the Outstanding Bonds.

1.13 Neither the corporate existence nor boundaries of the City, nor the title of its present officers to their respective offices is being contested, and no authority or proceedings for the issuance of the Bonds have been repealed, revoked, or rescinded.

1.14 With respect to the contracts contained within this transcript of proceedings, all required disclosure filings and acknowledgments required by Section 2252.908, Texas Government Code, and the rules of the Texas Ethics Commission related to said provisions have been made.

1.15 All requirements of the TWDB Resolutions No. 25-125, 25-126 and 25-___ have been or will be met by closing.

II. Signature Identification and No-Litigation

2.1 We officially executed and signed the Bonds, including the Initial Bonds, by manual signature or by causing facsimiles of our manual signatures to be imprinted or lithographed on each of the Bonds, and we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed each of the Bonds; at the time we so executed and signed the Bonds we were, and at the time of executing this certificate we are, the duly chosen, qualified, and acting officers indicated therein and authorized to execute the same; and we have caused the official seal of the City to be impressed on each of the Bonds, and said seal on the Bonds has been duly adopted as, and is hereby declared to be, the official seal of the City.

2.2 The Bonds, including the Initial Bonds, are substantially in the form, and have been duly executed and signed in the manner prescribed in the Ordinance.

2.3 No litigation is pending or, to the knowledge of either of us, threatened in any court: (i) to restrain or enjoin the issuance or delivery of the Bonds, or the collection or application of the revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (ii) contesting or affecting in any way the creation, organization, existence or powers of the City or the authority of the City Council to adopt the Ordinance and to authorize the execution and delivery of the Bonds; (iii) contesting or affecting in any way the validity or authorization of the Bonds or the Ordinance; or (iv) contesting in any way the accuracy, completeness or fairness of the Private Placement Memorandum.

III. Private Placement Memorandum

3.1 The description and statements of or pertaining to the City contained in the Private Placement Memorandum[s] prepared in connection with the Bonds, and any addenda, supplement or amendment thereto, on the date of the Private Placement Memorandum[s], on the date of the sale of the Bonds, and on the date hereof, were and are true and correct in all material respects.

3.2 Insofar as the City and its affairs, including the financial affairs are concerned, the Private Placement Memorandum[s] did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

3.3 Insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Private Placement Memorandum[s] are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect.

3.4 There has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

[Execution Page Follows]

EXECUTED AND DELIVERED this _____.

Manual Signatures

Official Titles

Mayor, City of Harlingen, Texas

City Secretary, City of
Harlingen, Texas

City Manager, City of Harlingen,
Texas

STATE OF TEXAS §
 §
COUNTY OF CAMERON §

BEFORE ME, the undersigned authority, on this day personally appeared Norma Sepulveda, Mayra Herrera and Gabriel Gonzalez, Mayor, City Secretary and City Manager of the City of Harlingen, Texas, known to me to be the person who signed in my presence the above Certificate and acknowledged to me that he executed the above and foregoing Certificate for the purposes therein stated.

Given under my hand and seal of office, this _____.

Notary Public in and for the State
of Texas

EXECUTED AND DELIVERED this _____.

Manual Signatures

Official Titles

Chairman, Utility Board of Trustees

Interim General Manager of the System

Director of Finance and Revenue of the System

STATE OF TEXAS §

§

COUNTY OF CAMERON §

BEFORE ME, the undersigned authority, on this day personally appeared Michael Garza, Roel "Roy" Rodriguez and Ron De La Garza, Chairman of the Utility Board of Trustees, Interim General Manager and Finance Director of the System, known to me to be the person who signed in my presence the above Certificate and acknowledged to me that he executed the above and foregoing Certificate for the purposes therein stated.

Given under my hand and seal of office, this _____.

Notary Public in and for the State
of Texas

Exhibit A

REVENUES AND EXPENSES

Exhibit A

Error! Unknown document property name.

Exhibit B

SYSTEM RATES

City of Harlingen, Texas Waterworks System

MONTHLY WATER RATES (Effective May 1, 2024)

Base Rate: Residential and Commercial

Meter Size	Inside City Limits	Outside City Limits
3/4"	\$ 9.91	\$ 14.87
1"	13.16	19.74
1 1/2"	19.85	29.77
2"	43.35	65.02
3"	65.92	98.88
4"	192.55	288.83
6"	378.39	567.59
8"	746.45	1,119.68

Lifeline Discount** \$ (2.50)

Commodity Charge

(per each 1,000 gallons of water usage)

0 - 3000	\$ 1.30	\$ 1.95
3001 - 10000	\$ 1.80	\$ 2.70
10001 - 20000	\$ 2.55	\$ 3.83
20001 - Above	\$ 3.05	\$ 4.58

Commercial Volume Rate Per 1,000 Gal

Volume Charge \$ 1.83

Fuel Cost Adjustment

(per each 1,000 gallons of water usage)

All meters \$ - \$ -

Monthly Fire Suppression Charge

Meter Size	
4"	\$ 5.00
6"	7.00
8"	9.00
10"	11.00
12"	13.00

**For customers determined to be eligible by Housing Authority criteria

City of Harlingen, Texas Waterworks System

MONTHLY SEWER RATES (Effective May 1, 2024)

Base Rate: Residential and Commercial

<u>Meter Size</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
3/4"	\$ 7.73	\$ 20.50
1"	11.80	20.50
1 1/2"	26.76	40.14
2"	32.21	48.32
3"	66.21	99.32
4"	168.25	252.38
6"	345.10	517.65
8"	549.16	823.74

Lifeline Discount** \$ (2.50)

Commodity Charge

All meters	\$ 4.06	\$ 6.09
------------	---------	---------

Fuel Cost Adjustment

All meters	\$ -	\$ -
------------	------	------

Per each 1,000 gallons of water usage - single-family residential customers are limited to the average of water usage in the months of December, January, and February of each year.

**For customers determined to be eligible by Housing Authority criteria

Exhibit C

DEBT SERVICE SCHEDULE

Exhibit C

Error! Unknown document property name.

BRACEWELL

[closing date]

\$ _____
CITY OF HARLINGEN, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE BONDS,
SERIES 2026 (WLAF)

We have acted as bond counsel for the City of Harlingen, Texas (the "Issuer"), in connection with an issue of bonds described as follows:

CITY OF HARLINGEN, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2026 (WLAF), dated _____, 2026 (the "Bonds").

The Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the ordinance adopted by the City Commission of the Issuer authorizing their issuance (the "Ordinance").

We have acted as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of certified proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds which contains certified copies of certain proceedings of the Issuer, customary certificates of officers, agents and representatives of the Issuer and other public officials and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. Moreover, we have examined executed Bonds No. T-1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Ordinance, including, but not limited to, covenants relating to the tax exempt status of the Bonds.

Based on such examination and in reliance on such representations and, certifications and subject to the assumptions, qualifications and limitations set forth herein, it is our opinion that:

Bracewell LLP

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300 Convent Street, Suite 1500, San Antonio, Texas 78205-3723
bracewell.com

BRACEWELL

[closing date]

Page 2

- A. The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective, and that therefore the Bonds constitute valid and legally binding obligations of the Issuer;
- B. The Bonds are payable from and secured by a first lien on and pledge of the Net Revenues of the Issuer's waterworks and sewer system, as defined and described in the Ordinance, together with the current Outstanding Bonds; and
- C. Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, the Bonds are not "private activity bonds" and, as such, any interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

We express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the information submitted to us or the representative of the Issuer and other parties are determined to be inaccurate or incomplete or the Issuer fails to comply with the federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.


Bracewell LLP

**AGENDA ITEM
EXECUTIVE SUMMARY**

Meeting Date: **January 21, 2026**

Agenda Item:

Consideration of possible action to approve an Agreement Execution Resolution authorizing the agreement with the Texas Water Development Board (TWDB) and the City of Harlingen, Texas for funding in the amount of \$5,780,000 in reference to Series 2026A (WLAF)

Prepared By (Print Name): Ronald De La Garza, M.B.A.
Title: Finance and Revenue Director
Signature: 

Brief Summary:

On August 21, 2025, TWDB approved funding HWWS construction of water system improvements for the Jefferson Street raw water line. On January 21, 2026, HWWS Board of Trustees adopted a resolution for issuance of the Bonds Series 2026 (WLAF) and pursuant to TWDB procedures, it is necessary for the City Commission to approve the agreement execution resolution for the additional grant funds of \$5,780,000

Funding (if applicable):

Are funds specifically designated in the current budget for the full amount Yes No*
for this purpose?
*If no, specify source of funding and amount requested:

Finance Director's approval: Yes No N/A

Staff Recommendation:

Staff recommends approving the ordinance authorizing the issuance of the bonds.

City Manager's approval: Yes No N/A

Comments:

City Attorney's approval: Yes No N/A

Agreement Execution Resolution For Series 2026 (WLAF)

A RESOLUTION by the City Commission of the City of Harlingen, Texas (the "City") authorizing the City's Mayor, Norma Sepulveda, as the Designated Representative of the City, to execute an agreement with the Texas Water Development Board for funding in the amount of \$5,780,000.

WHEREAS, the Texas Water Development Board made a commitment to provide financial assistance in the form of a grant in the amount of \$5,780,000 to the City to finance a project upon execution of a grant agreement; therefore

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF HARLINGEN, TEXAS:

SECTION 1. Approval of Agreement. The agreement setting out the terms and conditions of the financial assistance between the Texas Water Development Board and the City is approved and the City's Designated Representative is authorized to execute the agreement on behalf of the City.

SECTION 2. Effective Date. This Resolution shall become effectively immediately after its adoption.

PASSED AND APPROVED, this the ____ day of _____ 2026.

CITY OF HARLINGEN, TEXAS

Mayor

ATTEST

City Secretary

(CITY SEAL)

**AGENDA ITEM
EXECUTIVE SUMMARY**

Meeting Date: **January 21, 2026**

Agenda Item:

Consideration of possible action to approve an ordinance authorizing the issuance and delivery of the City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2026A (WLAF); in the amount of \$2,495,000 authorizing the execution of a paying agent/registrars agreement and an escrow agreement relating to such bonds; and pledging the revenues of the city's waterworks and sewer system to the payment of the principal and interest on said bonds; and ordaining other matters relating thereto

Prepared By (Print Name): Ronald De La Garza, M.B.A.
Title: Finance and Revenue Director

Signature: 

Brief Summary:

In 2022, Harlingen Waterworks System completed a comprehensive master plan for water and wastewater capital improvement projects and submitted a preliminary application requesting funds for such projects through the Texas Water Development Board's (TWDB) Clean Water SRF and Water Loan Assistance Fund programs. On August 21, 2025, TWDB approved funding HWWS construction of water system improvements for N. 1st Street. On January 21, 2026 HWWS Board of Trustees adopted a resolution for issuance of the Bonds and pursuant to TWDB procedures, it is necessary for the City Commission to approve the financing agreement and issuance of the Waterworks and Sewer System Revenue Bonds, Series 2026A (WLAF) in the amount of \$2,495,000.

Funding (if applicable):

Are funds specifically designated in the current budget for the full amount Yes No*

*If no, specify source of funding and amount requested:

Finance Director's approval: Yes No N/A

Staff Recommendation:

Staff recommends approving the ordinance authorizing the issuance of the bonds.

City Manager's approval:  Yes No N/A

Comments:

City Attorney's approval:  Yes No N/A

REGISTERED
No. _____

REGISTERED
\$ _____

**UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF CAMERON
CITY OF HARLINGEN, TEXAS
WATERWORKS AND SEWER SYSTEM
REVENUE BONDS, SERIES 2026A (WLAF)**

INTEREST RATE	MATURITY DATE	ISSUANCE DATE	DATED DATE
As Shown Below	As Shown Below	_____	_____, 2026

THE CITY OF HARLINGEN, IN CAMERON COUNTY, TEXAS (the "*Issuer*"),
being a political subdivision of the State of Texas, hereby promises to pay to

TEXAS WATER DEVELOPMENT BOARD

or registered assigns, on November 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth with the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	\$ _____			\$ _____	

and to pay interest thereon from the later of the Issuance Date identified above or the most recent interest payment date to which interest has been paid or duly provided for to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; with interest being payable on _____ 1, 20__ and semiannually thereafter on each November 1 and May 1, mailed to the Owner as shown on the books of registration kept by the Paying Agent/Registrar as the fifteenth day of the month next preceding each interest payment date; provided, however, that for so long as the Texas Water Development Board ("TWDB") is the Owner of the Bonds, all payments of principal and interest will be made in wire transfer form at no cost to TWDB.

THE PRINCIPAL OF AND THE INTEREST ON this Bond are payable without exchange or collection charges in lawful money of the United States of America. Principal of this Bond (or so much thereof as shall not have been paid or deemed to have been paid upon prior redemption) shall be payable on the Maturity Date specified above (unless redeemed prior thereto as provided in this Bonds) upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the "Designated Payment/Transfer Office") of BOKF, NA (the "Paying Agent/Registrar"), as initial Paying Agent Registrar, or with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date mailed by the Paying Agent/Registrar for this Bond. Payment of all and interest on this Bond shall be made by the Paying Agent/Registrar to the Owner hereof on each interest payment date by check or draft, dated as of such date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Bond (the "**Ordinance**") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such principal and/or interest payment date, to the Owner hereof, at the address of the Owner, as it appeared on the 15th day of the month next preceding each such date (the "**Record Date**") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described, or by such other method acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the Owner. The Issuer covenants with the Owner of this Bond that on or before each principal and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, when due.

THIS BOND is dated _____, 2026 and is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$2,495,000 (herein referred to as the "Bonds"), for the purpose of evidencing the indebtedness of the Issuer for all or any part of the costs associated with the improvements to the Issuer's waterworks and sewer system, and the costs of professional services related thereto, issued in accordance with the Constitution and laws of the State of Texas, particularly Chapter 1502, Texas Government Code, as amended, pursuant to an ordinance duly adopted by the City Commission of the Issuer (the "Ordinance") which Ordinance is of record in the official minutes of the City Commission.

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

THIS BOND has been authorized in accordance with the Constitution and laws of the State of Texas, in the principal amount of \$2,495,000 **FOR THE PURPOSE OF ACQUIRING, PURCHASING, CONSTRUCTING, IMPROVING, ENLARGING OR EQUIPPING THE ISSUER'S WATERWORKS AND SEWER SYSTEM (THE "SYSTEM") TO WIT: N 1ST ST. WATER MAIN REPLACEMENT, AND TO PAY COSTS OF ISSUANCE.**

THE ISSUER HAS RESERVED THE OPTION to redeem the Bonds maturing on or after November 1, 20__, in whole or in part, in inverse order of maturity, before their respective scheduled maturity dates, on November 1, 20__, or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Bonds of a Stated Maturity are to be redeemed, in inverse order of maturity, the Issuer shall direct the Paying Agent/Registrar to call by lot the portions of the Bonds thereof, within such Stated Maturity and in such principal amounts, for redemption.

NOT LESS THAN THIRTY (30) DAYS prior to a redemption date for the Bonds, the Issuer shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the Owner of the Bonds to be redeemed at the address of the Owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

IN THE ORDINANCE, THE ISSUER RESERVES THE RIGHT, in the case of an optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. 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 the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Issuer retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Issuer delivers a certificate of the Issuer to the Paying Agent/Registrar instructing the Paying Agent/Registrar 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. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owner. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the Issuer to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the Issuer in the notice, the Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any obligation or portion thereof has not been surrendered for payment, interest on such obligation or portion thereof shall cease to accrue.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY INTEGRAL MULTIPLE OF \$5,000, may be assigned by the Owner hereof and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Ordinance. Among other requirements for such transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar for cancellation, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment by the Owner of this Bond, or any portion or portions hereof in any integral multiple of \$5,000, 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. Any instrument or instruments of assignment satisfactory

to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any such portion or portions hereof by the Owner hereof. A new bond or bonds payable to such assignee or assignees (which then will be the new Owner or Owners of such new Bond or Bonds) or to the Owner as to any portion of this Bond which is not being assigned and transferred by the Owner, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond or any portion or portions hereof, but solely in the form and manner as provided in the next paragraph hereof for the conversion and exchange of this Bond or any portion hereof. The Owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute Owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

AS PROVIDED above and in the Ordinance, this Bond, to the extent of the unpaid or unredeemed principal balance hereof, may be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the assignee or assignees duly designated in writing by the Owner hereof, or to the Owner as to any portion of this Bond which is not being assigned and transferred by the Owner, in any denomination or denominations in any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute bond issued in exchange for any portion of this Bond shall have a single stated principal maturity date), upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. If this Bond or any portion hereof is assigned and transferred or converted each bond issued in exchange for any portion hereof shall have a single stated principal maturity date corresponding to the due date of the installment of principal of this Bond or portion hereof for which the substitute bond is being exchanged and shall bear interest at the rate applicable to and borne by such installment of principal or portion thereof. Such bonds, respectively, shall be subject to redemption prior to maturity on the same dates and for the same prices as the corresponding installment of principal of this Bond or portion hereof for which they are being exchanged. No such bond shall be payable in installments but shall have only one stated principal maturity date. **AS PROVIDED IN THE ORDINANCE, THIS BOND IN ITS PRESENT FORM MAY BE ASSIGNED AND TRANSFERRED OR CONVERTED ONCE ONLY**, and to one or more assignees, but the bonds issued and delivered in exchange for this Bond or any portion hereof may be assigned and transferred, and converted, subsequently, as provided in the Ordinance. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging this Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any such assignment, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for prepayment or redemption prior to maturity, within 45 days prior to its prepayment or redemption date.

IN THE EVENT any Paying Agent/Registrar for this Bond is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer 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 Owner of this Bond.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, 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 interest on and principal of this Bond, together with other outstanding revenue bonds (as defined in the Ordinance), are payable from, and secured by a first lien on and pledge of the Net Revenues of said Issuer's combined Waterworks System and Sewer System.

THE ISSUER has reserved the right, subject to the restrictions stated and adopted by reference in the Ordinance authorizing this Bond, to issue additional parity revenue bonds which also may be made payable from, and secured by, a lien on and pledge of the aforesaid Net Revenues.

THE 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 aforesaid Net Revenues.

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

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual signature of the Mayor of the Issuer and countersigned with the manual signature of the City Secretary of the Issuer, has caused the official seal of the Issuer to be duly impressed on this Bond.

City Secretary

Mayor

(CITY SEAL)

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS §
OF THE STATE OF TEXAS §

REGISTER NO. _____

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 hand and seal of office at Austin, Texas, _____.

Acting Comptroller of Public Accounts
of the State of Texas

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (Print or typewrite name, address and zip code of transferee): _____

(Social Security or other identifying number: (_____)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints
_____ attorney to transfer the within Bond on the books kept for
registration thereof, with full power of substitution in the premises.

Dated: _____
Signature Guaranteed By: _____

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

ORDINANCE AUTHORIZING THE ISSUANCE AND DELIVERY OF THE CITY OF HARLINGEN, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2026A (WLAF); AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT RELATING TO SUCH BONDS; AND PLEDGING THE REVENUES OF THE CITY'S WATERWORKS AND SEWER SYSTEM TO THE PAYMENT OF THE PRINCIPAL AND INTEREST ON SAID BONDS; AND ORDAINING OTHER MATTERS RELATING THERETO

THE STATE OF TEXAS :
COUNTY OF CAMERON :
CITY OF HARLINGEN :

WHEREAS, the City Commission of the City of Harlingen, Texas (the “*Issuer*”) finds and declares a public purpose and deems it advisable and in the best interests of the Issuer to issue a series of bonds (defined in Section 1 herein as the “*Series 2026A Bonds*”) to pay costs to acquire, purchase, construct, improve, enlarge, or equip the Issuer’s waterworks system and sewer system (the “*System*”) and to pay costs of issuance; and

WHEREAS, there is presently outstanding the following bonds of the “*Issuer*” which are secured by a first lien on the Net Revenues of the System:

City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2015A, dated September 1, 2015, maturing November 1, 2026 through November 1, 2035, now outstanding in the principal amount of \$6,910,000 (the “*Series 2015A Bonds*”); and

City of Harlingen, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2015B, dated September 15, 2015, maturing November 1, 2026 through November 1, 2030, now outstanding in the principal amount of \$1,585,000 (the “*Series 2015B Bonds*”); and

City of Harlingen, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2019, dated November 1, 2019, maturing November 1, 2026 through November 1, 2035, now outstanding in the principal amount of \$3,555,000 (the “*Series 2019 Bonds*”); and

City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2024A, dated August 1, 2024, maturing November 1, 2026 through November 1, 2054, now outstanding in the principal amount of \$9,755,000 (the “*Series 2024A Bonds*”); and

City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Taxable Series 2025 (LSL), dated July 1, 2025, maturing November 1, 2026 through November 1, 2040, now outstanding in the principal amount of \$785,000 (the “*Series 2025 Bonds*”); and

WHEREAS, the Issuer has made application to the Texas Water Development Board for financial assistance for the purpose of paying the costs of acquiring, purchasing, constructing, improving, enlarging and equipping the System (the "Project") with an estimated total costs of approximately \$8,305,000 (the "Total Project Cost"); and

WHEREAS, the Issuer anticipates that the financial assistance for which it has applied may be awarded in part in the form of grant and in part in the form of loan; and

WHEREAS, the Issuer deems it advisable to approve the bonds herein after authorized to pay an estimated thirty percent of the Total Project Costs to be paid from a loan; and

WHEREAS, the bonds hereinafter authorized are to be issued and delivered pursuant to Chapter 1502 of the Texas Government Code; and

WHEREAS, the meeting was open to the public and public notice of the time, place and purpose of said meeting was given pursuant to Chapter 551, Texas Government Code.

THEREFORE, BE IT ORDAINED BY THE CITY OF HARLINGEN, TEXAS:

Section 1. AUTHORIZATION, AMOUNT, PURPOSE, AND REDEMPTION PROVISIONS OF THE BONDS. (a) The Issuer's Bonds to be designated "CITY OF HARLINGEN, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2026A WLAF)" (the "*Series 2026A Bonds*" or "*Bonds*") are hereby authorized to be issued and delivered in the aggregate principal amount of ***\$2,495,000 FOR THE PURPOSE OF ACQUIRING, PURCHASING, CONSTRUCTING, IMPROVING, ENLARGING, OR EQUIPPING THE SYSTEM TO WIT: N 1ST ST. WATER MAIN REPLACEMENT, AND TO PAY COSTS OF ISSUANCE***, issued in accordance with the Constitution and laws of the State of Texas, particularly Chapter 1502, Texas Government Code, as amended, pursuant to this Ordinance.

(b) The terms "*Series 2026A Bonds*" and "*Bonds*" as used in this Ordinance shall mean and include, the Series 2026A Bonds initially issued and delivered pursuant to this Ordinance and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto.

(c) Optional Redemption. The Bonds having Stated Maturities on and after November 1, 20__ shall be subject to redemption prior to Stated Maturity, at the option of the Issuer, on November 1, 20__, or on any date thereafter, as a whole or in part, inverse order of maturity, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date of redemption.

(d) Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the redemption of Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the Issuer shall notify the Paying Agent/Registrar of its decision to exercise the right to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date set for the redemption thereof. The decision of the Issuer to exercise the right to redeem Bonds shall be entered in the minutes of the governing body of the Issuer.

(e) Selection of Bonds for Redemption. If less than all of the Bonds of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall select at random and by lot the Bonds to be redeemed, provided that if less than the entire principal amount of a Bond is to be redeemed, the Issuer shall direct the Paying Agent/Registrar to treat such Bond then subject to redemption as representing the number of Bonds of a Stated Maturity outstanding which is obtained by dividing the principal amount of such Bond by \$5,000.

(f) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the Issuer and at the Issuer's expense, by the Paying Agent/Registrar to each Owner of a Bond to be redeemed in whole or in part at the address of the Owner appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Owner.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, shall be made at the corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Owner.

Subject, in the case of an optional redemption pursuant to Section 1(c), to any conditions or rights reserved by the Issuer in the notice, if a Bond is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as herein provided, such Bond (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and if money sufficient for the payment of such Bonds (or of the principal amount thereof to be redeemed) at the then applicable redemption price is held for the purpose of such payment by the Paying Agent/Registrar, then on the redemption date designated in such notice, interest on the Bonds (or the principal amount thereof to be redeemed) called for redemption shall cease to accrue, and such Bonds shall not be deemed to be outstanding in accordance with the provisions of this Ordinance.

(g) Conditional Notice of Redemption. The Issuer reserves the right to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state that (i) the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) the Issuer retains the right to rescind such notice at any time prior to and including the scheduled redemption date upon delivery of written instructions to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice. Upon such rescission, the notice and redemption shall be of no effect. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds called for redemption subject to a conditional notice of redemption and such

redemption has been rescinded shall remain outstanding, and the rescission shall not constitute a default under this Ordinance. Further, in the case of a redemption for which a conditional notice of redemption has been given, the failure of the Issuer to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute a default under this Ordinance.

(h) Transfer/Exchange of Bonds. Neither the Issuer nor the Paying Agent/Registrar shall be required (1) to transfer or exchange any Bond during a period beginning forty-five (45) days prior to the date fixed for redemption of the Bonds or (2) to transfer or exchange any Bond selected for redemption, provided, however, such limitation of transfer shall not be applicable to an exchange by the Owner of the unredeemed balance of a Bond which is subject to redemption in part.

Section 2. DESIGNATION AND DATE OF BONDS. Each bond issued pursuant to this Ordinance shall be designated: “**CITY OF HARLINGEN, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2026A (WLAF)**,” and initially there shall be issued, sold, and delivered hereunder fully registered Bonds, without interest coupons, payable to the respective owners thereof or to the registered assignee or assignees of said bonds or any portion or portions thereof (in each case, the “*Owner*”). The Bonds shall be in the respective denominations and principal amounts, shall be numbered, shall mature and be payable on the date or dates in each of the years and in the principal amounts or amounts due at maturity, as applicable, and shall bear interest to their respective dates of maturity or redemption prior to maturity at the rates per annum, as set forth in Section 3(b) of this Ordinance.

Section 3. DATE, DENOMINATION, NUMBERS, MATURITIES. (a) The Bonds shall be dated _____, 2026, in the denominations of \$5,000 or in any integral multiple thereof and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) The Bonds shall mature in the principal amounts at the per annum rates and shall mature on November 1 in each of the years set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	\$ _____			\$ _____	

(c) The Bonds (i) may be prepaid or redeemed prior to the respective scheduled due dates of installments of principal thereof, (ii) may be assigned and transferred, (iii) may be converted and

exchanged for other Bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal of and interest on the Bond shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BOND set forth in this Ordinance.

Section 4. INTEREST. The Bonds shall bear interest at the rates set out in Section 3 of this Ordinance from the later of the Issuance Date or the most recent interest payment date to which interest has been paid or duly provided for and will be calculated on the basis of a 360-day year of twelve 30-day months and said interest shall be payable in the manner provided and on the dates stated in the FORM OF BOND set forth in Section 5 of this Ordinance.

Section 5. FORM OF BOND. The form of the Bond, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to accompany the Initial Bond (unless accompanied by such other form of registration certificate as then utilized by the Comptroller of Public Accounts of the State as described in Section 6(b)(iii) of this Ordinance), the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Bonds, shall be substantially as follows:

(a) Form of Bond:

REGISTERED
No. _____

REGISTERED
\$ _____

**UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF CAMERON
CITY OF HARLINGEN, TEXAS
WATERWORKS AND SEWER SYSTEM
REVENUE BONDS, SERIES 2026A (WLAF)**

INTEREST RATE	MATURITY DATE	ISSUANCE DATE	DATED DATE	CUSIP NUMBER
_____ %	November 1, 20__	_____	_____, 2026	_____

THE CITY OF HARLINGEN, IN CAMERON COUNTY, TEXAS (the “*Issuer*”), being a political subdivision of the State of Texas, hereby promises to pay to

_____ or registered assigns, on the Maturity Date specified above, the sum of

_____ DOLLARS

and to pay interest thereon from the later of the Issuance Date identified above or the most recent interest payment date to which interest has been paid or duly provided for to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified

above, computed on the basis of a 360-day year of twelve 30-day months, with such interest being payable on _____ 1, 20__ and semiannually thereafter on each November 1 and May 1.

THE PRINCIPAL OF AND THE INTEREST ON this Bond are payable without exchange or collection charges in lawful money of the United States of America. Principal of this Bond (or so much thereof as shall not have been paid or deemed to have been paid upon prior redemption) shall be payable on the Maturity Date specified above (unless redeemed prior thereto as provided in this Bonds) upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the "Designated Payment/Transfer Office") of BOKF, NA (the "Paying Agent/Registrar"), as initial Paying Agent Registrar, or with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date mailed by the Paying Agent/Registrar for this Bond. Payment of all and interest on this Bond shall be made by the Paying Agent/Registrar to the Owner hereof on each interest payment date by check or draft, dated as of such date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Bond (the "**Ordinance**") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such principal and/or interest payment date, to the Owner hereof, at the address of the Owner, as it appeared on the 15th day of the month next preceding each such date (the "**Record Date**") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described, or by such other method acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the Owner. Notwithstanding the foregoing, for so long as the Texas Water Development Board ("TWDB") is the Owner of the Bonds, all payments of principal and interest will be made in wire transfer form at no cost to TWDB. The Issuer covenants with the Owner of this Bond that on or before each principal and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, when due.

THIS BOND is dated _____, 2026 and is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$2,495,000 (herein referred to as the "Bonds"), for the purpose of evidencing the indebtedness of the Issuer for all or any part of the costs associated with the improvements to the Issuer's waterworks and sewer system, and the costs of professional services related thereto, issued in accordance with the Constitution and laws of the State of Texas, particularly Chapter 1502, Texas Government Code, as amended, pursuant to an ordinance duly adopted by the City Commission of the Issuer (the "Ordinance") which Ordinance is of record in the official minutes of the City Commission.

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

THIS BOND has been authorized in accordance with the Constitution and laws of the State of Texas, in the principal amount of \$2,495,000 **FOR THE PURPOSE OF ACQUIRING, PURCHASING, CONSTRUCTING, IMPROVING, ENLARGING OR EQUIPPING THE ISSUER'S WATERWORKS AND SEWER SYSTEM (THE "SYSTEM") TO WIT: N 1ST ST. WATER MAIN REPLACEMENT, AND TO PAY COSTS OF ISSUANCE.**

THE ISSUER HAS RESERVED THE OPTION to redeem the Bonds maturing on or after November 1, 20__, in whole or in part, in inverse order of maturity, before their respective scheduled maturity dates, on November 1, 20__, or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Bonds of a Stated Maturity are to be redeemed, in inverse order of maturity, the Issuer shall direct the Paying Agent/Registrar to call by lot the portions of the Bonds thereof, within such Stated Maturity and in such principal amounts, for redemption.

NOT LESS THAN THIRTY (30) DAYS prior to a redemption date for the Bonds, the Issuer shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the Owner of the Bonds to be redeemed at the address of the Owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

IN THE ORDINANCE, THE ISSUER RESERVES THE RIGHT, in the case of an optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. 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 the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Issuer retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Issuer delivers a certificate of the Issuer to the Paying Agent/Registrar instructing the Paying Agent/Registrar 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. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owner. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain outstanding, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the Issuer to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the Issuer in the notice, the Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any obligation or portion thereof has not been surrendered for payment, interest on such obligation or portion thereof shall cease to accrue.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY INTEGRAL MULTIPLE OF \$5,000, may be assigned by the Owner hereof and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Ordinance. Among other

requirements for such transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar for cancellation, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment by the Owner of this Bond, or any portion or portions hereof in any integral multiple of \$5,000, 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. Any instrument or instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any such portion or portions hereof by the Owner hereof. A new bond or bonds payable to such assignee or assignees (which then will be the new Owner or Owners of such new Bond or Bonds) or to the Owner as to any portion of this Bond which is not being assigned and transferred by the Owner, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond or any portion or portions hereof, but solely in the form and manner as provided in the next paragraph hereof for the conversion and exchange of this Bond or any portion hereof. The Owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute Owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

AS PROVIDED above and in the Ordinance, this Bond, to the extent of the unpaid or unredeemed principal balance hereof, may be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the assignee or assignees duly designated in writing by the Owner hereof, or to the Owner as to any portion of this Bond which is not being assigned and transferred by the Owner, in any denomination or denominations in any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute bond issued in exchange for any portion of this Bond shall have a single stated principal maturity date), upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. If this Bond or any portion hereof is assigned and transferred or converted each bond issued in exchange for any portion hereof shall have a single stated principal maturity date corresponding to the due date of the installment of principal of this Bond or portion hereof for which the substitute bond is being exchanged and shall bear interest at the rate applicable to and borne by such installment of principal or portion thereof. Such bonds, respectively, shall be subject to redemption prior to maturity on the same dates and for the same prices as the corresponding installment of principal of this Bond or portion hereof for which they are being exchanged. No such bond shall be payable in installments, but shall have only one stated principal maturity date. **AS PROVIDED IN THE ORDINANCE, THIS BOND IN ITS PRESENT FORM MAY BE ASSIGNED AND TRANSFERRED OR CONVERTED ONCE ONLY**, and to one or more assignees, but the bonds issued and delivered in exchange for this Bond or any portion hereof may be assigned and transferred, and converted, subsequently, as provided in the Ordinance. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging this Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any such assignment, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for prepayment or redemption prior to maturity, within 45 days prior to its prepayment or redemption date.

IN THE EVENT any Paying Agent/Registrar for this Bond is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer 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 Owner of this Bond.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, 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 interest on and principal of this Bond, together with other Outstanding Bonds (as defined in the Ordinance), are payable from, and secured by a first lien on and pledge of the Net Revenues of said Issuer's combined Waterworks System and Sewer System.

THE ISSUER has reserved the right, subject to the restrictions stated and adopted by reference in the Ordinance authorizing this Bond, to issue additional parity revenue bonds which also may be made payable from, and secured by, a lien on and pledge of the aforesaid Net Revenues.

THE 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 aforesaid Net Revenues.

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

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual signature of the Mayor of the Issuer and countersigned with the manual signature of the City Secretary of the Issuer, has caused the official seal of the Issuer to be duly impressed on this Bond.

City Secretary

Mayor

(CITY SEAL)

(b) Form of Comptroller's Registration Certificate.

The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such certificate on the Initial Bond is fully executed. If an alternate form of registration certificate is then utilized by the Comptroller of Public Accounts of the State as described in Section 6(b)(iii) of this Ordinance, such form may be substituted for this Form of Comptroller's Registration Certificate.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS §
OF THE STATE OF TEXAS §

REGISTER NO. _____

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 hand and seal of office at Austin, Texas, _____.

Comptroller of Public Accounts
of the State of Texas

(c) Form of Certificate of Paying Agent/Registrar:

The following Certificate of Paying Agent/Registrar may be deleted from the Initial Bond if the executed Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Bond of this series of Bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Bonds referred to in the within-mentioned Ordinance.

BOKF, NA,
as Paying Agent/Registrar

Dated: _____
Authorized Signatory

By: _____

(d) Form of Assignment:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (Print or typewrite name, address and zip code of transferee): _____

(Social Security or other identifying number: (_____)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By: _____

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b), and (d) of this Section, except for the following alterations:

(i) immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the words "CUSIP NUMBER" deleted; and

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on November 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth with the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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(iii) (Information to be inserted from schedule in Section 3(b) of this Ordinance)

Section 6. GENERAL TERMS AND PROVISIONS REGARDING THE BONDS.

(a) Medium, Method and Place of Payment.

(i) The principal of and interest on the Bonds shall be paid in lawful money of the United States of America. Notwithstanding any provision of this Ordinance to the contrary, for so long as the TWDB is the Owner of the Bonds, all payments of principal and interest will be made in wire transfer form at no cost to the TWDB.

(ii) Interest on the Bonds shall be paid by check, dated as of the interest payment date, and sent United States mail, first class, postage prepaid, by the Paying Agent/Registrar to each Owner as shown in the Register at the close of business on the Record Date, at the address of each such Owner as such appears in the Register, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the Owner; provided, however, that the Owner shall bear all risk and expense of such other banking arrangements.

(iii) The principal of each Bond shall be paid to the Owner thereof on the Maturity date thereof at Maturity upon presentation and surrender of such Bond at the Designated Payment/Transfer Office.

(iv) If the date for the payment of the principal of or interest on the Bonds is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

(v) In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the special 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 (5) Business Days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each 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.

(vi) Unclaimed Payments shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owners of the Bonds to which such Unclaimed Payments pertain. Subject to Title 6, Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three (3) years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains three (3) years after the retirement of all outstanding Bonds, such money shall be paid to the Issuer to be used for any lawful purpose. Thereafter, neither the Issuer, the Paying Agent/Registrar nor any other person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to Title 6, Texas Property Code.

(b) Execution and Registration of Bonds.

(i) The Bonds shall be executed on behalf of the Issuer by the Mayor and the City Secretary, by their manual or facsimile signatures, and the official seal of the Issuer shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the Issuer had been manually impressed upon each of the Bonds.

(ii) In the event that any officer of the Issuer whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(iii) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed certificate of Paying Agent/Registrar described above, the Initial Bond delivered at the Closing Date shall (i) have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State, or by his/her duly authorized agent or (ii) be accompanied by such other form of registration certificate as utilized by the Comptroller of Public Accounts of the State from time to time, executed manually or in electronic format by the Comptroller of Public Accounts of the State or by his/her duly authorized agent, which certificate may be attached to the opinion of the Attorney General of the State, and either such certificate shall be evidence that the Initial Certificate has been duly approved by the Attorney General of the State and that it is a valid and binding obligation of the City has been registered by the Comptroller of Public Accounts of the State.

(iv) On the Issuance Date, one Initial Bond representing the entire principal amount of the Bonds payable in stated installments to TWDB or its designee, executed by the manual or facsimile signatures of the Mayor and the City Secretary, approved by the Attorney General of the State, registered by the Comptroller of Public Accounts of the State, and accompanied by a certificate of registration manually or electronically signed by the Comptroller of Public Accounts of the State, will be delivered to the TWDB or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver registered definitive Bonds to DTC in accordance with (g) hereof. To the extent the Paying Agent/Registrar is eligible to participate in DTC's FAST System, as evidenced by an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

(c) Ownership.

(i) The Issuer, the Paying Agent/Registrar and any other person may treat the Owner as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof for the further purpose of making and receiving payment of the interest thereon (subject to the provisions herein that the interest on the Bonds is to be paid to the person in whose name the Bond is registered on the Record Date or Special Record Date, as applicable), and for all other purposes, whether or not such Bond is overdue, and neither the Issuer nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(ii) All payments made to the Owner of a Bond shall be valid and effectual and shall discharge the liability of the Issuer and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

(d) Registration, Transfer and Exchange.

(i) So long as any Bonds remain outstanding, the Issuer shall cause the Paying Agent/Registrar to keep at its Designated Payment/Transfer Office a bond register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Ordinance. The Issuance Date of each Bond originally delivered to and paid for by TWDB shall be recorded in the Register.

(ii) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond to the Paying Agent/Registrar at the Designated Payment/Transfer Office with such endorsement or other evidence of transfer acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(iii) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000 and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange.

(iv) The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the Issuer and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

(v) No service charge shall be made to the Owner for the initial registration, any subsequent transfer, or exchange for a different denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover

any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond.

(vi) Neither the Issuer nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption, in whole or in part, within forty-five (45) days prior to the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

(e) Cancellation. All Bonds paid or redeemed before the Stated Maturity in accordance with this Ordinance, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Ordinance, shall be cancelled upon the making of proper records regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall dispose of such cancelled Bonds in the manner required by the Securities Exchange Act of 1934, as amended.

(f) Replacement Bonds.

(i) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. The Issuer or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(ii) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(1) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(2) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the Issuer to save them harmless;

(3) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar, and any tax or other governmental charge that is authorized to be imposed; and

(4) satisfies any other reasonable requirements imposed by the Issuer and the Paying Agent/Registrar.

(iii) If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such

original Bond, the Issuer and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the Issuer or the Paying Agent/Registrar in connection therewith.

(iv) In the event that any such mutilated, lost, apparently destroyed, or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(v) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the Issuer and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

(g) Book-Entry Only System.

(i) The Initial Bond shall be delivered against payment to the TWDB. The TWDB shall be required to promptly surrender the Initial Bond to the Paying Agent/Registrar for exchange. Bonds issued in exchange shall be registered in the name of Cede & Co., as nominee of DTC, as Owner of the Bonds, and held in the custody of DTC. Unless otherwise requested by DTC, a single bond will be issued and delivered to DTC for each maturity of the Bonds. Beneficial owners of Bonds will not receive physical delivery of Bonds except as provided hereinafter. For so long as DTC shall continue to serve as securities depository for the Bonds as provided herein, all transfers of beneficial ownership interest will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Bonds is to receive, hold or deliver any Bond.

(ii) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds, except as provided in this Ordinance. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than an Owner of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the Bonds for the purpose of giving notices with respect to such Bond, and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the

Bonds only to or upon the order of the respective Owners, as shown in the Register, as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of premium, if any, principal and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Bond evidencing the obligation of the Issuer to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Ordinance with respect to interest payments being mailed to the Owner as shown on the Register on the Record Date, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(iii) The Representation Letter previously executed and delivered by the Issuer, and applicable to the Issuer's obligations delivered in book-entry-only form to DTC as securities depository, is hereby ratified and approved for the Bonds.

(iv) Before the Issuer can discontinue the book-entry-only system of registration through DTC, notice must be given to the TWDB and prior written consent of the TWDB must be received by the Issuer.

(h) Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the Issuer determines that it is in the best interest of the Issuer and of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the Issuer or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

(i) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter of the Issuer to DTC.

Section 7. PAYING AGENT/REGISTRAR. (a) Appointment of Initial Paying Agent/Registrar; Paying Agent Registrar Agreement. BOKF, NA, is hereby appointed as the initial Paying Agent/Registrar for the Bonds.

(i) The Paying Agent/Registrar shall keep such books or records and make such transfers and registrations under such reasonable regulations as the Issuer and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfer and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the Owners and record in the Register the address of such Owner of each Bond to which payments with respect to the Bonds shall be mailed, as provided herein. The Issuer or its designee shall have the right to inspect the Register during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Register confidential and, unless otherwise required by law, shall not permit their inspection by any other entity.

(ii) The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest, on the Bonds. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds, and of all conversions, exchanges and replacements of such Bonds, as provided in the Ordinance.

(iii) The form of Paying Agent/Registrar Agreement setting forth the duties of the Paying Agent/Registrar is hereby approved, and the appropriate officials of the Issuer are hereby authorized to execute such agreement for and on behalf of the Issuer.

(b) Maintenance, Termination and Replacement of Paying Agent/Registrar.

(i) At all times while any Bonds are outstanding, the Issuer will maintain a Paying Agent/Registrar that is qualified under this Section 7 of the Ordinance.

(ii) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the Issuer will promptly appoint a replacement, provided no such resignation shall be effective until a successor Paying Agent/Registrar has accepted the duties of Paying Agent/Registrar for the Bonds.

(iii) Each Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State, or any other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Bonds.

(iv) The Issuer reserves the right to terminate the appointment of any Paying Agent/Registrar by (i) delivering to the entity whose appointment is to be terminated forty-five (45) days written notice of the termination of the appointment and of the Paying Agent/Registrar Agreement, stating the effective date of such termination, and (ii) appointing a successor Paying Agent/Registrar; provided, that, no such termination shall be effective until a successor Paying Agent/Registrar has assumed the duties of Paying Agent/Registrar for the Bonds.

(v) Promptly upon each change in the entity serving as Paying Agent/Registrar, the Issuer will cause notice of the change to be sent to each Owner by United States mail, first class, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

(vi) By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and functions of Paying Agent/Registrar prescribed hereby and under the Paying Agent/Registrar Agreement.

(vii) If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

Section 8. DEFINITIONS. (a)(i) The term “**Additional Bonds**” as used in this Ordinance shall mean (i) the additional parity revenue bonds which the Issuer reserves the right to issue and deliver in the future, as provided by Section 18 of this Ordinance and (ii) the Additional TWDB Bonds.

(ii) The term “**Additional TWDB Bonds**” as used in this Ordinance shall mean the additional parity revenue bonds which the Issuer reserves the right to issue and deliver in the future, as provided by Section 31(q) of this Ordinance.

(b) The term “**Bonds**” or “**Series 2026A Bonds**” shall mean the Issuer’s Waterworks and Sewer System Revenue Bonds, Series 2026A (WLAF) authorized to be issued and delivered by this Ordinance.

(c) The term “**Board of Utility Trustees**” shall mean the Board of Utility Trustees as established by the Issuer’s charter.

(d) The term “**Business Day**” shall mean a day that is not a Saturday, Sunday, legal holiday, or other day on which banking institutions in the city where the Designated Payment/Transfer Office is located are required or authorized by law or executive order to close.

(e) The term “**Closing Date**” shall mean the date of the initial delivery of and payment for the Bonds.

(f) The term “**Code**” shall mean the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

(g) The term “**Credit Facility**” shall mean a policy of municipal bond insurance, a surety bond or a letter or line of credit issued by a Credit Facility Provider in support of any Bonds or Additional Bonds.

(h) The term “**Credit Facility Provider**” shall mean (i) with respect to any Credit Facility consisting of a policy of municipal bond insurance or a surety bond, an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations such as the Bonds or Additional Bonds, provided that a Rating Agency having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds fully insured by a standard

policy issued by the issuer in its highest generic rating category for such obligations; and (ii) with respect to any Credit Facility consisting of a letter or line of credit, any financial institution, provided that a Rating Agency having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds in 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 series of Bonds or Additional Bonds and the interest thereon.

(i) The term “**Designated Payment/Transfer Office**” shall mean (i) with respect to the initial Paying Agent/Registrar, the Designated Payment/Transfer Office as designated in the Paying Agent/Registrar Agreement, or at such other location designated by the Paying Agent/Registrar, and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the Issuer and such successor.

(j) The term “**DTC**” shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

(k) The term “**DTC Participant**” shall mean brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

(l) The term “**Escrow Agent**” shall mean BOKF, NA and its successors and assigns, or such other escrow agent as may be approved by the Mayor or Mayor Pro Tem and acceptable to the TWDB.

(m) The term “**Escrow Agreement**” shall mean the escrow agreement by and between the Issuer and the Escrow Agent pertaining to the deposit of the proceeds of the Bonds.

(n) The Term “**Financial Obligation**” means a (i) debt obligation, (ii) 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) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

(o) The term “**Fiscal Year**” shall mean the twelve-month period ending September 30 of each year, unless otherwise designated by the Issuer.

(p) The term “**Investment**” shall mean cash, investments, any Credit Facility, or any combination of the foregoing.

(q) The term “**Issuance Date**” with respect to the Bonds initially delivered to the TWDB, shall mean the date on which each such Bond is authenticated by the Paying Agent/Registrar and delivered to and paid for by the TWDB. Bonds delivered on transfer of or in exchange for other Bonds shall bear the same Issuance Date as the Bond or Bonds in lieu of or in exchange for which the new Bond is delivered.

(r) The term “**MSRB**” shall mean the Municipal Securities Rulemaking Board.

(s) The term “**Net Revenues**,” as used in this Ordinance, shall mean all gross revenues of the System, after deducting the expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs, and extensions necessary to render efficient service, provided, however, that only such repairs and extensions, as in the judgment of the City Commission of the Issuer, reasonably and fairly exercised by the passage of appropriate ordinances, are necessary to keep the System in operation and render adequate service to the Issuer and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair the Bonds and any Additional Bonds, shall be deducted in determining the “Net Revenues.” Depreciation and payments into and out of the Interest and Sinking Fund and the Reserve Fund, the existence and maintenance of which are hereinafter reaffirmed, shall never be considered as expenses of operation and maintenance.

(t) (i) The term “**Outstanding Bonds**” shall mean the outstanding Series 2015A Bonds, the Series 2015B Bonds, the Series 2019 Bonds, the Series 2024A Bonds, the 2025 Bonds, and any other bonds that have been authorized and are secured and on parity with the Bonds authorized pursuant to this Ordinance.

(ii) The term “**Outstanding TWDB Bonds**” shall mean the Series 2024A Bonds and the Series 2025 Bonds and any other bonds that have been authorized and are secured by a pledge of Net Revenues on parity with the Bonds authorized pursuant to this Ordinance and are additionally secured on parity with the Bonds by the funds on deposit in the TWDB Reserve Fund.

(u) The term “**Owner**” shall mean the person who is the registered owner of a Bond or Bonds, as shown in the Register.

(v) The term “**Rating Agency**” shall mean any nationally recognized municipal securities rating service.

(w) The term “**Register**” shall mean the books of registration kept by the Paying Agent/Registrar in which are maintained the names and addresses of and the principal amounts registered to each Owner.

(x) The term “**Regulations**” shall mean the applicable, proposed, temporary or final Treasury Regulations promulgated under the Code, or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

(y) The term “**Rule**” shall mean SEC Rule 15c2-12, as amended from time to time.

(z) The term “**SEC**” shall mean the United States Securities and Exchange Commission.

(aa) The term “**System**” as used in this Ordinance, shall mean the Issuer’s entire Waterworks System and Sewer System, together with all future improvements, extensions, enlargements, and additions thereto, and replacement thereof.

(bb) The term “**Subordinate Debt**” shall mean any obligation of the Issuer heretofore or hereafter issued which is payable (i) in whole or in part from the Net Revenues and (ii) secured by

a lien on and pledge of Net Revenues which is not, by its terms, a first lien on and pledge of such Net Revenues, or on parity with these Bonds.

(cc) The term “**TWDB**” means the Texas Water Development Board.

Section 9. PLEDGE. (a) The Bonds authorized hereby are payable from and secured by a first lien on and pledge of the Net Revenues of the System on parity with the Outstanding Bonds.

(b) The Bonds, and any Additional Bonds which may be issued in accordance with this Ordinance, and the interest thereon, are and shall be payable from and secured by a first lien on and pledge of the Net Revenues of the System and said Net Revenues are further pledged irrevocably to the establishment and maintenance of the Funds created by this Ordinance.

Section 10. RATES. The Issuer covenants and agrees with the Owners of the Bonds and all Additional Bonds, as follows:

(a) That it will at all times fix, maintain, charge and collect for services rendered by the System, rates and charges which will produce gross revenues at least sufficient to pay all expenses of operation and maintenance, and to provide Net Revenues adequate to pay promptly all of the principal of and interest on the Bonds, the Outstanding Bonds and all Additional Bonds, being an amount at least equal to 1.25 times the annual principal and interest on the Bonds, the Outstanding Bonds and Additional Bonds, and to make all deposits now or hereafter required to be made into the Funds created by the ordinances authorizing the Outstanding Bonds, which Funds are reaffirmed hereby.

(b) If the System should become legally liable for any other obligations or indebtedness, the Issuer shall fix, maintain, charge, and collect additional rates and charges for services rendered by the System sufficient to establish and maintain funds for the payment thereof.

Section 11. FUNDS. All revenues of the System shall be kept separate and apart from all other funds of the Issuer, and the following special Funds have been created, are hereby reaffirmed, and shall be maintained in an official depository bank of the Issuer, so long as any of the Bonds, the Outstanding Bonds or Additional Bonds, or the interest thereon, are outstanding and unpaid:

(a) City of Harlingen Waterworks and Sewer System Revenue Fund, hereinafter called the “Revenue Fund”; and

(b) City of Harlingen Waterworks and Sewer System Revenue Bonds Interest and Sinking Fund, hereinafter called the “Interest and Sinking Fund”;

(c) City of Harlingen Waterworks and Sewer System Revenue Bonds Reserve Fund, hereinafter called the “Reserve Fund”; and

(d) City of Harlingen Waterworks and Sewer System Revenue Bonds TWDB Reserve Fund, hereinafter called the “TWDB Reserve Fund”.

Section 12. REVENUE FUND. All gross revenues of every nature received from the operation and ownership of the System shall be deposited from day to day as collected into the Revenue

Fund, and the reasonable, necessary, and proper expenses of operation and maintenance of the System shall be paid from the Revenue Fund. The revenues of the System not actually required to pay said expenses shall be deposited from the Revenue Fund into the other Funds, the existence of which are reaffirmed by this Ordinance, in the manner and amounts hereinafter provided, and each of such Funds shall have priority as to such deposits in the order in which they are treated in the following sections.

Section 13. INTEREST AND SINKING FUND. There shall be deposited into the Interest and Sinking Fund the following:

- (i) such amounts, in equal monthly installments made on or before the 10th day of each month hereafter, as will be sufficient to pay the interest scheduled to come due on the Bonds, the Outstanding Bonds, and any Additional Bonds on the next interest payment date; and
- (ii) such amounts, made on or before each principal payment date, as will be sufficient to pay the next maturing or mandatorily redeemed principal of the Bonds, the Outstanding Bonds, and any Additional Bonds.

The Interest and Sinking Fund shall be used to pay the principal of and interest on the Bonds, the Outstanding Bonds, and all Additional Bonds, as such principal matures and such interest comes due.

Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the revenues granted by the Issuer under this Section, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the revenues granted by the Issuer under this Section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, in order to preserve to the Owners of the Bonds a security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing of a security interest in said pledge to occur.

Section 14. RESERVE FUND. (a) There is currently on deposit in the Reserve Fund \$0. In accordance with Section 14(g) herein, the Net Revenues for each Fiscal Year are equal to at least 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds and, therefore, the “*Required Reserve*” is \$0; provided, however, that if and whenever the Net Revenues for any Fiscal Year are less than 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds, the Issuer will be required to (1) obtain a Credit Facility, as permitted in subsection (b) below, in the amount of the Required Reserve; or (2) commence making monthly deposits in the Reserve Fund in an amount equal to 1/60 of the full amount then required to be on deposit in the Reserve Fund and such monthly deposits shall be continued until such time as the Reserve Fund has been restored to the average annual principal and interest requirements and all Outstanding Bonds (excluding the Outstanding TWDB Bonds and the Bonds). The Reserve Fund shall be used to pay the principal of and interest on the Outstanding Bonds (excluding the Outstanding TWDB Bonds and the Bonds), and all Additional Bonds (excluding any Additional TWDB Bonds), at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose. Money in the Reserve Fund may, upon

authorization by the City Commission of the Issuer, be invested in direct obligations of, or obligations, the principal of and interest on which are guaranteed by the United States of America, or invested in direct obligations of the Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, Federal National Mortgage Association, Federal Home Loan Banks or Banks for Cooperatives, provided that each of the aforesaid obligations must mature, or be subject to redemption at the option of the holder thereof, within not more than ten years from the date of the making of such investment. Any obligation in which money in the Reserve Fund is so invested shall be kept and held in an official depository bank of the Issuer in escrow and in trust for the benefit of the holders of the Outstanding Bonds (excluding the Outstanding TWDB Bonds and the Bonds) and all Additional Bonds (excluding any Additional TWDB Bonds), and shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the Reserve Fund.

(b) The Issuer may replace or substitute a Credit Facility for cash or investments in the Reserve Fund.

Upon such replacement or substitution, cash or investments on deposit in the Reserve Fund which, taken together with the face amount of any existing Credit Facilities, are in excess of the Required Reserve may be withdrawn by the Issuer, at its option, and transferred to the Revenue Fund; provided that the face amount of any Credit Facility may be reduced at the option of the Issuer in lieu of such transfer.

(c) If the Issuer is required to make a withdrawal from the Reserve Fund for any of the purposes described in this Section, the Issuer shall promptly notify any applicable Credit Facility Provider of the necessity for a withdrawal from the Reserve Fund for any such purposes, and shall make such withdrawal FIRST from available moneys or investments then on deposit in the Reserve Fund, and NEXT from a drawing under any Credit Facility to the extent of such deficiency.

(d) In the event of a deficiency in the Reserve Fund, or in the event that on the date of termination or expiration of any Credit Facility there is not on deposit in the Reserve Fund sufficient amounts, all in an aggregate amount at least equal to the Required Reserve, then the Issuer shall satisfy the Required Reserve by depositing into the Reserve Fund in monthly installments of not less than 1/60 of the Required Reserve made on or before the 10th day of each month following such termination or expiration.

(e) In the event of the redemption or defeasance of any bonds payable from amounts on deposit in the Reserve Fund, any amounts on deposit in the Reserve Fund in excess of the Required Reserve may be withdrawn and transferred, at the option of the Issuer, to the Revenue Fund, as a result of (i) the redemption of such bonds, or (ii) funds for the payment of such bonds having been deposited irrevocably with the paying agent or place of payment therefor in the manner described in any ordinance authorizing the issuance of bonds, the result of such deposit being that such bonds no longer are deemed to be outstanding under the terms of any such ordinance.

(f) In the event there is a draw upon the Credit Facility, the Issuer shall reimburse the Credit Facility Provider for such draw, in accordance with the terms of any agreement pursuant to which the Credit Facility is issued, from Net Revenues, however, such reimbursement from Net Revenues

shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the Bonds, the Outstanding Bonds or Additional Bonds.

(g) Notwithstanding anything to the contrary contained herein, the requirement set forth in subsection (a) above to maintain the Required Reserve in the Reserve Fund shall be suspended for such time as the Net Revenues for each Fiscal Year are equal to at least 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds. In the event that the Net Revenues for any Fiscal Year are less than 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds, the Issuer will be required to (1) obtain a Credit Facility, as permitted in subsection (b) above, in the amount of the Required Reserve; or (2) commence making monthly deposits in the Reserve Fund, as provided in subsection (a) above, and to continue such monthly deposits until the earlier of (i) such time as the Reserve Fund contains the Required Reserve or (ii) the Net Revenues in each of two consecutive years have been equal to not less than 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds.

(h) The Issuer may create and establish a reserve fund pursuant to the provisions of any ordinance authorizing the issuance of Additional Bonds for the purpose of securing that particular issue or series of Additional Bonds or any specific group of issues or series of Additional Bonds and the amounts once deposited or credited to said reserve funds shall no longer constitute Net Revenues and shall be held solely for the benefit of the holders of the particular Additional Bonds for which such reserve fund was established. Each such reserve fund shall be designated in such manner as is necessary to identify the Additional Bonds it secures and to distinguish such reserve fund from the Reserve Fund and the reserve funds created for the benefit of other Additional Bonds.

Section 15. DEFICIENCIES IN FUNDS. If in any month the Issuer shall fail to deposit into any Fund, the existence of which is reaffirmed by this Ordinance, the full amounts required, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available and unallocated Net Revenues of the System for the following month or months, and such payments shall be in addition to the amounts otherwise required to be paid into said Funds during such month or months. To the extent necessary, the Issuer shall increase the rates and charges for services of the System to make up for any such deficiencies.

Section 16. EXCESS REVENUES. The Net Revenues of the System, in excess of those necessary to maintain the Funds as required in this Ordinance, or as hereafter may be required in connection with the issuance of Additional Bonds, may be used for any lawful purpose.

Section 17. SECURITY FOR FUNDS. All Funds, the existence of which are reaffirmed by this Ordinance, shall be secured in the manner and to the fullest extent permitted or required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Ordinance.

Section 18. ADDITIONAL BONDS. The Issuer reserves the right to issue additional parity revenue bonds, to be known as Additional Bonds, which when issued and delivered, shall be payable from and secured by a lien on and pledge of the Net Revenues of the System, in the same manner and to the same extent as the Outstanding Bonds, the Bonds, and all Additional Bonds

shall in all respects be on a parity and equal dignity. The Additional Bonds may be issued in one or more installments or series, provided, however, that no installment or series of Additional Bonds shall be issued unless:

(a) A certificate is executed by the Mayor and City Secretary or Deputy City Secretary of the Issuer to the effect that no default exists in connection with any of the covenants or requirements of the ordinance or ordinances authorizing the issuance of all Outstanding Bonds, Bonds and Additional Bonds then outstanding.

(b) A certificate is executed by the Mayor and City Secretary or Deputy City Secretary of the Issuer to the effect that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be on deposit therein.

(c) A certificate is executed by an independent certified public accountant, or independent firm of certified public accountants, acting by and through a certified public accountant, signs a written certificate to the effect that, in his or her opinion, during either the next preceding fiscal year, or any twelve consecutive calendar month period ending not more than ninety days prior to the passage of the ordinance authorizing the issuance of the proposed Additional Bonds is passed, the Net Revenues were at least 1.25 times an amount equal to the average annual principal and interest requirements on such Outstanding Bonds and such proposed Additional Bonds as are on parity of Lien with the Bonds or any Additional Bonds. It is specifically provided, however, that in calculating the amount of Net Revenues for the purpose of this subsection (c), if there has been any increase in the rates or charges for services of the System which is then in effect, but which was not in effect during all or any part of the entire period for which the Net Revenues are being calculated (hereinafter referred to as the "entire period"), then the certified public accountant, or in lieu of the certified public accountant, a firm of consulting engineers, shall determine and certify the amount of Net Revenues as being the total of (i) the actual Net Revenues for the entire period, plus (ii) a sum equal to the aggregate amount by which the actual billings to customers of the System during the entire period would have been increased if such increased rates or charges had been in effect during the entire period.

At such time that all of the Series 2015A Bonds, the Series 2015B Bonds, and the Series 2019 Bonds are either defeased or no longer outstanding, then sub-section (c-1) shall be added to this Section 18 as shown below in italicized language:

(c-1) Notwithstanding anything to the contrary contained herein, the requirement set forth in subsection (c) above to obtain a certificate executed by either the Director of Finance of, or the financial advisor to, the System, to the effect that, in his or her opinion, during either the next preceding fiscal year, or any twelve consecutive calendar month period ending not more than ninety days prior to the passage of the ordinance authorizing the issuance of the proposed Additional Bonds is passed, the Net Revenues were at least 1.25 times an amount equal to the average annual principal and interest requirements on such Outstanding Bonds and such proposed Additional Bonds as are on parity of Lien with the Bonds or any Additional Bonds. It is specifically provided, however, that in calculating the amount of Net Revenues for the purpose of this subsection (c-1), if there has been any increase in the rates or charges for services of the System which is then in effect, but which was not in effect during all or any part of the entire period for which the Net Revenues are being calculated (hereinafter referred to as the "entire period"),

then in lieu of the Director of Finance of, or the financial advisor to, the System, a firm of consulting engineers, shall determine and certify the amount of Net Revenues as being the total of (i) the actual Net Revenues for the entire period, plus (ii) a sum equal to the aggregate amount by which the actual billings to customers of the System during the entire period would have been increased if such increased rates or charges had been in effect during the entire period.

(d) The Additional Bonds are scheduled to mature only on November 1, and the interest thereon is scheduled to be paid only on November 1 and May 1.

(e) The ordinance authorizing the issuance of such installment or series of Additional Bonds provides that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased by an additional amount not less than the average annual principal and interest requirements for said Additional Bonds; and that such additional amount shall be so accumulated within 61 months from the date of the Additional Bonds, by the deposit in the Reserve Fund of the necessary sums in equal monthly installments; provided, however, that the aggregate of all or any part of said required additional amount in cash immediately after the aggregate amount to be accumulated in the Reserve Fund shall never be required to exceed the average annual principal and interest requirements for all Outstanding Bonds, Bonds and Additional Bonds then outstanding, and for the installment or series of Additional Bonds the proposed to be issued.

(f) All calculations of average annual principal and interest requirements made pursuant to this Section are made as of and from the date of the Additional Bonds then proposed to be issued.

Section 19. MAINTENANCE AND OPERATION; INSURANCE. The Board of Utility Trustees of the Issuer shall have managing control of the System while any of the Bonds or Additional Bonds are outstanding, the Issuer covenants and agrees to cause the Board of Utility Trustees to maintain the System in good condition and operate the same in an efficient manner and at reasonable expense, and to maintain insurance on the System, for the benefit of the holder or holders of the Bonds and Additional Bonds, of a kind and in an amount which usually would be carried by private companies engaged in a similar type of business. Nothing in this Ordinance shall be construed as requiring the Issuer to expend any funds which are derived from sources other than the System, but nothing herein shall be construed as preventing the Issuer from doing so.

Section 20. ACCOUNTS AND FISCAL YEAR. The Issuer shall cause the Board of Utilities Trustees to keep proper books of records and accounts, separate from all other records and accounts of the Issuer in which complete and correct entries shall be made of all transactions relating to the System, and shall have said books audited once each fiscal year by a Certified Public Accountant. The Issuer agrees to operate the System and keep its books of records and accounts pertaining thereto on the basis of its current fiscal year; provided, however, that the City Commission of the Issuer may change such fiscal year by ordinance duly passed, if such change is deemed necessary by the City Commission of the Issuer.

Section 21. ACCOUNTING REPORTS. Within 90 days after the close of each fiscal year hereafter, the Issuer will furnish, without cost, to any holder of any Bonds, the Outstanding Bonds or Additional Bonds who may so request, a signed or certified copy of a report by a Certified Public Accountant, covering the next preceding fiscal year, showing the following information:

- (a) A detailed statement of all gross revenues of the System and all expenses of operation and maintenance thereof for said fiscal year.
- (b) A balance sheet as of the end of said fiscal year.
- (c) The accountant's comment regarding the manner in which the Issuer has complied with the requirements of this Ordinance and his recommendations, if any, for changes or improvements in the operation and maintenance of the System.
- (d) A list of insurance policies in force at the end of said fiscal year, showing, as to each policy, the risk covered, the amount of the policy, the name of the insurer, and the expiration date.
- (e) The number of properties connected with the System, and the gross revenues from each of said System for said fiscal year.
- (f) The number of unmetered customers of the Waterworks System at the end of said fiscal year.
- (g) The approximate number of gallons of water registered through the Issuer meters, and the number of gallons sold during said fiscal year.

Section 22. INSPECTION. Any holder or holders of any Bonds or Additional Bonds shall have the right at all reasonable times to inspect the System and all records, accounts, and data of the Issuer relating thereto.

Section 23. SPECIAL COVENANTS. The Issuer further covenants as follows:

- (a) That other than for the payment of the Bonds herein authorized, the revenues and income of the System have not in any manner been pledged to the payment of any debt or obligation of the Issuer or of the System.
- (b) That while any of the Bonds or Additional Bonds are outstanding, the Issuer will not sell or encumber the System or any substantial part thereof, and that, with the exception of the Additional Bonds expressly permitted by this Ordinance to be issued, it will not encumber the revenues and income of the System, unless such encumbrance is made junior and subordinate in all respects to the Bonds and Additional Bonds and all liens and pledges in connection therewith.
- (c) That no free service of the System shall be allowed and should the Issuer or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by the Issuer out of funds from sources other than the revenues and income of the System.
- (d) That to the extent it legally may, the Issuer further covenants and agrees that while any of the Bonds or Additional Bonds are outstanding, no franchise shall be granted for the installation or operation of any competing waterworks system or sewer system; and that the Issuer will prohibit the operation of any such competing system; and the operation of any competing system is hereby prohibited.

(e) That in addition to all of the rights and remedies provided by the laws of the State of Texas, the Issuer covenants and agrees that in the event of default in payment of principal or interest on any of the Bonds or Additional Bonds when due, or, in the event it fails to make the payments required to be made into the Interest and Sinking Fund or Reserve Fund or defaults in the observance of performance of any other of the contracts, covenants, conditions or obligations set forth in this Ordinance or in the Bonds or Additional Bonds, the following remedies shall be available:

(i) the Owners shall be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the Issuer and the officials thereof to observe and perform the contracts, covenants, obligations, or conditions prescribed in this Ordinance; and

(ii) any delay or omission to exercise any right or power accruing upon any default shall not impair any such right or power nor be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

The specific remedy herein provided shall be cumulative of all other existing remedies and the specification of such remedy shall not be deemed to be exclusive.

Section 24. BONDS ARE SPECIAL OBLIGATIONS. The Bonds and Additional Bonds shall be special obligations of the Issuer, payable solely from the pledged Net Revenues, and the holder or holders thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

Section 25. DEFEASANCE OF BONDS. The Bonds may be refunded, defeased or discharged in any manner permitted by applicable law.

Section 26. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED. The Mayor of the Issuer is hereby authorized to have control of the Initial Bond issued hereunder and all necessary records and proceedings pertaining to the Initial Bond pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Initial Bond said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall sign the Comptroller's Registration Certificate on the Initial Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Initial Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on or attached to the Initial Bond or on any Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the Owners of the Bonds. In addition, if bond insurance is obtained, the Bonds may bear an appropriate legend as provided by the insurer.

Section 27. PROVISIONS CONCERNING FEDERAL INCOME TAX MATTERS.

(a) General. The Issuer covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the Issuer covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the Issuer in connection with the Bonds.

(b) No Private Activity Bonds. The Issuer covenants that it will use the proceeds of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code. Furthermore, the Issuer will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Bonds to be a “private activity bond” unless it takes a remedial action permitted by section 1.141-12 of the Regulations.

(c) No Federal Guarantee. The Issuer covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

(d) No Hedge Bonds. The Issuer covenants not to take any action or omit to take action that, if taken or omitted, would cause the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code.

(e) No Arbitrage Bonds. The Issuer covenants that it will make such use of the proceeds of the Bonds (including investment income) and regulate the investment of such proceeds of the Bonds so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

(f) Required Rebate. The Issuer covenants that, if the Issuer does not qualify for an exception to the requirements of section 148(f) of the Code, the Issuer will comply with the requirement that certain amounts earned by the Issuer on the investment of the gross proceeds of the Bonds, be rebated to the United States.

(g) Information Reporting. The Issuer covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning the Bonds in accordance with section 149(e) of the Code.

(h) Record Retention. The Issuer covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Bonds and the use of the property financed, directly or indirectly, thereby until six years after the last Bond is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

(i) Registration. If the Bonds are “registration-required bonds” under section 149(a)(2) of the Code, the Bonds will be issued in registered form.

(j) Favorable Opinion of Bond Counsel. Notwithstanding the foregoing, the Issuer will not be required to comply with any of the federal tax covenants set forth above if the Issuer has

received an opinion of nationally recognized bond counsel that such noncompliance will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

(k) Continuing Compliance. Notwithstanding any other provision of this Ordinance, the Issuer's obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the excludability of interest on the Bonds from gross income for federal income tax purposes.

(l) Official Intent. For purposes of section 1.150-2(d) of the Regulations, to the extent that an official intent to reimburse has not previously been adopted by the Issuer, this Ordinance serves as the Issuer's official declaration of intent to use proceeds of the Bonds to reimburse itself from proceeds of the Bonds issued in the maximum amount for certain expenditures paid in connection with the projects set forth herein. Any such reimbursement will only be made (i) for an original expenditure paid no earlier than sixty (60) days prior to the date hereof and (ii) not later than eighteen (18) months after the later of (A) the date the original expenditure is paid or (B) the date on which the project to which such expenditure relates is placed in service or abandoned, but in to event more than three (3) years after the original expenditure is paid.

(m) Source Series Bonds. The Issuer covenants that neither the Issuer nor a related party thereto will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Bonds to be acquired from the Issuer by the TWDB.

(n) Advanced Refunding. The Issuer covenants to refrain from using the proceeds of the Bonds to pay debt service on another issue more than ninety (90) days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code.

Section 28. CONTINUING DISCLOSURE.

(a) Annual Reports. The Issuer shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the Issuer, financial information and operating data with respect to the Issuer of the general type included in the Private Placement Memorandum, being information described in APPENDIX B-OFFICIAL ACTION. The information will also include audited financial statements of the Issuer if audited financial statements of the Issuer are then available. If not provided as part such financial information and operating data, audited financial statements of the Issuer will be provided when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with generally accepted government accounting principles or such other accounting principles as the Issuer may be required to employ, from time to time, by State law or regulation, and (ii) audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the Issuer shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

(b) If the Issuer 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 Issuer otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) 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.

(d) Event Notices. (a) The Issuer shall provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) nonpayment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Owners, if material;
- (viii) bond calls, if material and tender offers;
- (ix) defeasance;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of the Issuer, which shall occur as described below;

Note to paragraph (xii): For the purposes of the event identified in paragraph xii of this section, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer 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 or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing

governing body and officials or officers 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 Issuer.

(xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Note to paragraphs (xv) and (xvi): For purposes of the events identified in paragraphs (xv) and (xvi) of this section and in the definition of Financial Obligation in Section 2, the City intends the words used in such paragraphs to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the “2018 Release”) and any further amendments or written guidance provided by the SEC or its staff with respect with respect to the amendments to the Rule effected by the 2018 Release.

(e) The Issuer shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with Section 28 of this Ordinance by the time required by such Section.

(f) Limitations, Disclaimers and Amendments. (a)The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Issuer in any event will give notice of any redemption calls and any defeasances that cause the Issuer to be no longer an “obligated person.”

(i) The provisions of this Section are for the sole benefit of the Owner 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 Issuer 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 Issuer’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 Issuer 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.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE REGISTERED OWNER 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.

(ii) No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under the Ordinance for purposes of any other provisions of this Ordinance.

(iii) Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

(iv) The provisions of this Section may be amended by the Issuer 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 Issuer, 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 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions 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 Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owner and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the Issuer if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the Issuer's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with Section 29 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

Section 29. SALE OF BONDS AND APPROVAL OF PRIVATE PLACEMENT MEMORANDUM; FURTHER PROCEDURES. (a) The Bonds are hereby initially sold and shall be delivered to *TWDB*, as the initial purchasers of the Bonds (the "*Purchasers*"), at a price of par at \$2,495,000 subject to the approval of the Attorney General and Bond Counsel. At the time the Bonds are delivered to the *TWDB*, the Issuer shall pay an origination fee to the *TWDB* equal to % (\$) of the Project costs, in accordance with the rules of the *TWDB*.

The Mayor or Mayor Pro Tem and other appropriate officers, agents and representatives of the Issuer are hereby authorized to do any and all things necessary or desirable to provide for the issuance and delivery of the Bonds. The Bonds shall initially be registered in the name of ***Texas Water Development Board***. The pricing and terms of the sale of the Bonds are hereby found and determined to be the most advantageous reasonably obtainable by the Issuer.

(b) The Issuer hereby approves the form and content of the Private Placement Memorandum relating to the Bonds and any addenda, supplement, or amendment thereto, and approves the distribution of such Private Placement Memorandum to the TWDB in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof.

(c) The Mayor and Mayor Pro Tern, the City Manager and City Secretary and all other officers, employees and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Bonds, the sale of the Bonds and the Private Placement Memorandum. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 30. DEPOSIT OF SALE PROCEEDS INTO PROJECT FUND. Concurrently with the initial delivery of the Series 2026A Bonds, the Issuer shall deposit proceeds received by the Issuer from the sale of the Series 2026A Bonds (excluding accrued interest, if any, which shall be deposited into the Interest and Sinking Fund) which are not required to pay costs of issuance related to the Series 2026A Bonds into a project fund to be used to acquire, purchase, construct, improve, enlarge, or equip the System.

Section 31. TWDB PROVISIONS.

(a) TWDB Resolution. The Issuer agrees to comply with the applicable provisions of TWDB Resolution No. 25-126, which authorized the financial assistance evidenced by the Bonds.

(b) Escrow Agreement. To facilitate the delivery of and payment for the Bonds pending completion of review of plans and specifications, the City Commission hereby authorizes an Escrow Agreement to be entered into by and between the Issuer and the Escrow Agent, the terms and conditions of which are hereby approved, subject to such insertions, additions, and modifications as shall be necessary to comply with all applicable laws, regulations, and procedures and to carry out the intent and purposes of this Ordinance. The Mayor or Mayor Pro Tem and the City Secretary are authorized to execute and deliver such Escrow Agreement in multiple counterparts on behalf of the Issuer.

(c) Project Fund. There is hereby created and established a special fund of the Issuer, to be known as the "City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds,

Series 2026A (WLAF) Project Fund,” which shall be established at an official depository of the Issuer and kept separate and apart from other funds of the Issuer. The proceeds of the Bonds shall be deposited in the escrow account for the Bonds that is maintained by the Escrow Agent for the benefit of the Issuer and TWDB under and as more specifically provided in the Escrow Agreement. Upon release from the escrow account, such proceeds shall be deposited and held in the Project Fund until used for authorized purposes. The proceeds of the Bonds, as received, shall be deposited in the Project Fund. Money on deposit in the Project Fund and all interest, and income derived therefrom shall be used only for the purposes set forth in Section 1 of this Ordinance and to pay costs of issuance. Money on deposit in the Project Fund, may, at the option of the Issuer, be invested as permitted by State law including, particularly, the Public Funds Investment Act, Texas Government Code, Chapter 2256, and the Public Funds Collateral Act, Texas Government Code, Chapter 2257; provided that all such deposits and investments shall be made in such manner that the money required to be expended from the Project Fund will be available at the proper time or times. Bond proceeds deposited in the Project Fund shall be timely and expeditiously used, in accordance with the schedule for the Project approved by the TWDB, as may be amended from time to time. The Issuer will maintain project accounts in accordance with generally accepted government accounting standards, including standards related to the reporting of infrastructure assets.

(d) TWDB Rules. In compliance with the published rules and regulations of the TWDB, the Issuer covenants and agrees that upon final completion of the Project to be financed with the proceeds of the Bonds, and if all or any portion of the Bonds shall be held by or on account of the TWDB or the State, the proper officials of the Issuer shall render due and final accounting of the total cost of the Project and provide a copy of as-built plans for the Project to the TWDB. If, following completion of the Project, funds remain on hand in the Project Fund, or if the TWDB Executive Administrator (the “Executive Administrator”) disapproves construction of any portion of the Project as not being in accordance with the plans and specifications, the Issuer shall use any remaining funds for enhancements to the Project that are approved by the Executive Administrator, or, if no enhancements are authorized by the Executive Administrator, the Issuer shall submit to the TWDB a final accounting and describe the proposed disposition of the any unused funds. If any funds are determined to be surplus funds remaining after the completion of the Project and the completion of a final accounting, such surplus funds shall be used for purposes approved by the Executive Administrator. Unless otherwise stated in the loan commitment of the TWDB with respect to the purchase of the Bonds, in determining the amount of available funds for constructing the Project to be financed, the Issuer shall account for all monies in the Project Fund, including all loan funds extended by the TWDB, all other funds available from the Project as described in the Project engineer’s sufficiency of funds statement required for closing the TWDB’s loan and all interest, earned by the Issuer on money in the Project Fund. This requirement shall not be interpreted as prohibiting the TWDB from enforcing such other rights as it may have under law.

(e) Outlay Reports. The Issuer agrees to submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines.

(f) Environmental Indemnification. The Issuer shall not use proceeds from the sale of the Bonds for sampling, testing, removing or disposing of contaminated soils and/or media at the Project site. To the extent permitted by law, the Issuer agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property

of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Issuer, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project.

(g) Insurance. The Issuer covenants that the Project will be kept continually insured against such perils in an amount sufficient to protect the TWDB's interest in the Project, to the extent that insurance is customarily carried by cities operating similar facilities in similar locations; provided, however, that the Issuer shall not be required to maintain such insurance so long as builders risk insurance covering such facilities during the period of construction is in effect.

(h) Compliance with Rules and Statutes; Notice of Suit. The Issuer covenants that it will comply with TWDB's rules and relevant state statutes in connection with the sale of the Bonds to TWDB and the use of the proceeds in connection with the Project approved by TWDB. The Issuer will provide notice, in writing to the TWDB, of any lawsuit filed against the Issuer by the Attorney General of Texas under Section 1.10(f), Texas Penal Code.

(i) Compliance with Environmental Findings of Executive Administrator. The Issuer covenants that it will comply with the conditions specified in the final environmental finding of the Executive Administrator when issued, including the standing emergency discovery conditions for threatened and endangered species and cultural resources.

(j) Audited Financial Statements. The Issuer shall annually submit to the TWDB a copy of its audited financial statements, which shall be prepared by a certified public accountant in accordance with the accounting principles the Issuer may be required to employ from time to time pursuant to State law or regulation.

(k) Compliance with Davis-Bacon and Federal Disadvantaged Business Enterprises Program. Laborers and mechanics employed by contractors and subcontractors for the Project shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The Issuer, all contractors, and all sub-contractors shall ensure that all Project contracts mandate compliance with the Davis-Bacon Act. All contracts and subcontracts for the construction of the Project carried out in whole or in part with Bond proceeds shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB. The Issuer covenants to comply with all applicable State and federal procurement requirements, including the federal procurement requirements under the Disadvantaged Business Enterprises program.

(l) Federal Funding Accountability and Transparency Act. The Issuer shall provide the TWDB with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252. The Issuer shall obtain a Data Universal Numbering System (DUNS) Number and shall register with System for Award Management (SAM) and maintain current registration at all times during which the Bonds are outstanding.

(m) Use of Iron and Steel Products. The Issuer covenants that it will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the

United States, as required by Texas Government Code, Chapter 2252, Subchapter F, and Texas Water Code, Section 17.183.

(n) Maintenance of Project Fund. The Issuer covenants that it will maintain the Project Fund in accordance with generally accepted government accounting principles.

(o) Remedies. TWDB shall have all remedies available at law or in equity with respect to the Bonds, and any provision of the Bonds that restricts or limits TWDB's exercise of such remedies shall be of no force and effect.

(p) TWDB Reserve Fund. (i) Upon the issuance of the Bonds, the Bonds shall be additionally secured by the TWDB Reserve Fund. The Bonds shall not be additionally secured by any funds on deposit, if any, in the Reserve Fund created in Section 11(c) and described in Section 14 of this Ordinance, and TWDB shall not be entitled to demand payment of principal of or interest on the Bonds from any such funds on deposit, if any, in such Reserve Fund. There is currently on deposit in the Reserve Fund \$0. There is currently on deposit in the TWDB Reserve Fund \$ _____. To accommodate and maintain a reserve as additional security for the payment of the Bonds equal to the average annual principal and interest requirements of the Bonds (the "TWDB Required Reserve Amount"), the Issuer will be required on or before the 10th day of each month, commencing with the month immediately following the issuance of the Bonds, to begin making deposits into the TWDB Reserve Fund in an amount equal to 1/60th of the full amount of the TWDB Required Reserve Amount. The TWDB Reserve Fund shall be used to pay the principal of and interest on the Bonds, at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose. Money in the TWDB Reserve Fund may, upon authorization by the City Commission of the Issuer, be invested in direct obligations of, or obligations, the principal of and interest on which are guaranteed by the United States of America, or invested in direct obligations of the Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, Federal National Mortgage Association, Federal Home Loan Banks or Banks for Cooperatives, provided that each of the aforesaid obligations must mature, or be subject to redemption at the option of the holder thereof, within not more than ten years from the date of the making of such investment. Any obligation in which money in the TWDB Reserve Fund is so invested shall be kept and held in an official depository bank of the Issuer in escrow and in trust for the benefit of the holders of the Bonds and all Additional TWDB Bonds and shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the TWDB Reserve Fund.

(ii) If the Issuer is required to make a withdrawal from the TWDB Reserve Fund for any of the purposes described in this Section, the Issuer shall be required to begin making monthly deposits to the TWDB Reserve Fund in the amounts and at the times described below to the extent of such deficiency in the TWDB Required Reserve Amount.

(iii) In the event of a deficiency in the TWDB Reserve Fund, then the Issuer shall satisfy the TWDB Required Reserve Amount by depositing into the TWDB Reserve Fund in monthly installments of not less than 1/60th of the TWDB Required Reserve Amount made on or before the 10th day of each following month.

(iv) In the event of the redemption or defeasance of any Bonds, any amounts on deposit in the TWDB Reserve Fund in excess of the TWDB Required Reserve Amount may be withdrawn and transferred, at the option of the Issuer, to the Revenue Fund, as a result of (i) the redemption of any Bonds, or (ii) funds for the payment of any Bonds having been deposited irrevocably with the paying agent or place of payment therefor in the manner described in any ordinance authorizing the issuance of Bonds, the result of such deposit being that such Bonds no longer are deemed to be outstanding under the terms of any such ordinance.

(q) Additional TWDB Bonds. The Issuer reserves the right to issue additional parity revenue bonds, to be known as Additional TWDB Bonds, which when issued and delivered, shall be payable from and secured by a lien on and pledge of the Net Revenues of the System, in the same manner and to the same extent as the Outstanding Bonds, the Bonds and all Additional Bonds, and all Additional TWDB Bonds shall in all respects be on a parity and equal dignity. The Additional TWDB Bonds may be issued in one or more installments or series, provided, however, that no installment or series of Additional TWDB Bonds shall be issued unless:

(i) A certificate is executed by the Mayor and City Secretary or Deputy City Secretary of the Issuer to the effect that no default exists in connection with any of the covenants or requirements of the ordinance or ordinances authorizing the issuance of all Outstanding Bonds, Bonds, Additional Bonds, and Additional TWDB Bonds then outstanding.

(ii) A certificate is executed by the Mayor and City Secretary or Deputy City Secretary of the Issuer to the effect that the Interest and Sinking Fund, the Reserve Fund, and the TWDB Reserve Fund each contains the amount then required to be on deposit therein.

(iii) In addition to the certificate required by section 18(c) of this Ordinance, a certificate is executed by an independent certified public accountant, or independent firm of certified public accountants, acting by and through a certified public accountant, signs a written certificate to the effect that, in his or her opinion, during either the next preceding fiscal year, or any twelve consecutive calendar month period ending not more than ninety days prior to the passage of the ordinance authorizing the issuance of the proposed Additional TWDB Bonds is passed, the Net Revenues were at least 1.25 times an amount equal to the average annual principal and interest requirements on such Outstanding TWDB Bonds and such proposed Additional TWDB Bonds as are on parity of Lien with the Bonds or any Additional TWDB Bonds. It is specifically provided, however, that in calculating the amount of Net Revenues for the purpose of this subsection (iii), if there has been any increase in the rates or charges for services of the System which is then in effect, but which was not in effect during all or any part of the entire period for which the Net Revenues are being calculated (hereinafter referred to as the "entire period"), then the certified public accountant, or in lieu of the certified public accountant, a firm of consulting engineers, shall determine and certify the amount of Net Revenues as being the total of (i) the actual Net Revenues for the entire period, plus (ii) a sum equal to the aggregate amount by which the actual billings to customers of the System during the entire period would have been increased if such increased rates or charges had been in effect during the entire period.

(iv) The Additional TWDB Bonds are scheduled to mature only on November 1, and the interest thereon is scheduled to be paid only on November 1 and May 1.

(v) The ordinance authorizing the issuance of such installment or series of Additional TWDB Bonds provides that the aggregate amount to be accumulated and maintained in the TWDB Reserve Fund shall be increased by an additional amount not less than the average annual principal and interest requirements for said Additional TWDB Bonds; and that such additional amount shall be so accumulated within 61 months from the date of the Additional TWDB Bonds, by the deposit in the TWDB Reserve Fund of the necessary sums in equal monthly installments; provided, however, that the aggregate of all or any part of said required additional amount in cash immediately after the aggregate amount to be accumulated in the TWDB Reserve Fund shall never be required to exceed the average annual principal and interest requirements for all Outstanding TWDB Bonds and Additional TWDB Bonds then outstanding, and for the installment or series of Additional TWDB Bonds the proposed to be issued.

(vi) All calculations of average annual principal and interest requirements made pursuant to this Section are made as of and from the date of the Additional TWDB then proposed to be issued.

Section 32. AMENDMENTS. The Issuer hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of any Owner, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the Owners, (ii) grant additional rights or security for the benefit of the Owners, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the Owners, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be materially inconsistent with the provisions of this Ordinance and that shall not, in the opinion of nationally-recognized bond counsel, materially adversely affect the interests of the Owners.

(b) Except as provided in paragraph (a) above, a majority of the Owners of Bonds then outstanding that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of 100% of the Owners in aggregate principal amount of the then outstanding Bonds, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Bonds so as to:

- (i) Make any change in the maturity of any of the outstanding Bonds;
- (ii) Reduce the rate of interest borne by any of the outstanding Bonds;
- (iii) Reduce the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds;

(iv) Modify the terms of payment of principal or of interest or redemption premium on outstanding Bonds or any of them or impose any condition with respect to such payment; or

(v) Change the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Ordinance under this Section, the Issuer shall send by U.S. mail to each Owner of the affected Bonds a copy of the proposed amendment.

(d) Whenever at any time within one year from the date of mailing of such notice the Issuer shall receive an instrument or instruments executed by the Owners of at least a majority in aggregate principal amount of all of the Bonds then outstanding that are required for the amendment (or 100% if such amendment is made in accordance with paragraph (b)), which instrument or instruments shall refer to the proposed amendment and which shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

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

(f) Any consent given by the Owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the consent and shall be conclusive and binding upon all future Owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of said consent by the Owner who gave such consent, or by a successor in title, by filing notice with the Issuer, but such revocation shall not be effective if the Owners the required amount of the affected Bonds, then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

(g) For the purposes of establishing ownership of the Bonds, the Issuer shall rely solely upon the registration of the ownership of such Bonds on the Registration Books kept by the Paying Agent/Registrar.

Section 33. INCORPORATION OF RECITALS. The Issuer hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the Issuer hereby incorporates such recitals as a part of this Ordinance.

PASSED, APPROVED AND EFFECTIVE THIS _____, 2026.

CITY OF HARLINGEN, TEXAS

Mayor

ATTEST

City Secretary

(CITY SEAL)

Signature Page to Ordinance

PAYING AGENT/REGISTRAR AGREEMENT
between

CITY OF HARLINGEN, TEXAS

and

BOKF, NA

Pertaining to

City of Harlingen, Texas
Waterworks and Sewer System Revenue Bonds,
Series 2026A (WLAF)

_____, 2026

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PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT (the or this "Agreement"), dated as of _____, 2026, is by and between CITY OF HARLINGEN, TEXAS (the "Issuer") and BOKF, NA (the "Bank"), a national banking association duly organized and existing under the laws of the United States of America.

WHEREAS, the Issuer has duly authorized and provided for the issuance of its City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2026A (WLAf) (the "Obligations"), dated _____, 2026, to be issued as registered securities without coupons; and

WHEREAS, all things necessary to make the Obligations the valid obligations of the Issuer, in accordance with their terms, will be taken upon the issuance and delivery thereof; and

WHEREAS, the Issuer is desirous that the Bank act as the Paying Agent of the Issuer in paying the principal, redemption premium, if any, and interest on the Obligations, in accordance with the terms thereof, and that the Bank act as Registrar for the Obligations; and

WHEREAS, the Issuer has duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement the valid agreement of the Issuer, in accordance with its terms, have been done;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE I

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01 Appointment. (a) The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Obligations in paying to the Owners of the Obligations the principal, redemption premium, if any, and interest on all or any of the Obligations.

(b) The Issuer hereby appoints the Bank as Registrar with respect to the Obligations.

(c) The Bank hereby accepts its appointment, and agrees to act as, the Paying Agent and Registrar.

Section 1.02 Compensation. (a) As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A hereto for the first year of this Agreement, or such part thereof, as this Agreement shall be in effect, and thereafter while this Agreement is in effect, the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for municipalities, which shall be supplied to the Issuer on or before ninety (90) days prior to the close of the Fiscal Year of the Issuer, and shall be effective upon the first day of the following Fiscal Year.

(b) In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Bank in accordance

with any of the provisions hereof, including the reasonable compensation and the expenses and disbursements of its agents and counsel.

(c) The Bank agrees and represents that the total value of this Agreement due to the Bank pursuant to this Agreement shall not exceed the dollar limitation set forth in Section 2271.002(a)(2) of the Texas Government Code, Section 2276.002(a)(2) of the Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session and recodified in House Bill 4595 in the 88th Texas Legislature, Regular Session) and Section 2274.002(a)(2) of the Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session).

ARTICLE II

DEFINITIONS

Section 2.01 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms have the following meanings when used in this Agreement:

“Bank” means BOKF, NA.

“Bank Office” means the Bank’s office at 5956 Sherry Lane, Suite 900, Dallas, Texas 75225. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

“Obligation” or “Obligations” means any or all of the Issuer’s City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2025B (WLAF), dated _____, 2025.

“Financial Advisor” means Hilltop Securities Inc., its successors and assigns.

“Fiscal Year” means the 12-month period ending September 30th of each year.

“Issuer” means the City of Harlingen, Texas.

“Issuer Request” and “Issuer Ordinance” means a written request or order signed in the name of the Issuer by the Mayor of the Issuer, or any other authorized representative of the Issuer and delivered to the Bank.

“Legal Holiday” means a day on which the Bank is required or authorized by applicable law to be closed.

“Obligation Ordinance” means the ordinance of the City Commission of the Issuer authorizing the issuance and delivery of the Obligations.

“Owner” means the Person in whose name an Obligation is registered in the Register.

“Paying Agent” means the Bank when it is performing the functions associated with the terms in this Agreement.

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

“Predecessor Obligations” of any particular Obligation means every previous Obligation evidencing all or a portion of the same obligation as that evidenced by such particular Obligation (and, for the purposes of this definition, any Obligation registered and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Obligation shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Obligation).

“Record Date” means the fifteenth calendar day of the month next preceding an interest payment date established by the Obligation Ordinance.

“Register” means a register in which the Issuer shall provide for the registration and transfer of Obligations.

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

“Stated Maturity” means the date or dates specified in the Obligation Ordinance as the fixed date on which the principal of the Obligations is due and payable or the date fixed in accordance with the terms of the Obligation Ordinance for redemption of the Obligations, or any portion thereof, prior to the fixed maturity date.

ARTICLE III

PAYING AGENT

Section 3.01 Duties of Paying Agent. (a) The Bank, as Paying Agent and on behalf of the Issuer, shall pay to the Owner, at the Stated Maturity and upon the surrender of the Obligation or Obligations so maturing at the Bank Office, the principal amount of the Obligation or Obligations then maturing, and redemption premium, if any, provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds, no later than 10:00 a.m. Central Time on the applicable payment date, to make such payment.

(b) The Bank, as Paying Agent and on behalf of the Issuer, shall pay interest when due on the Obligations to each Owner of the Obligations (or their Predecessor Obligations) as shown in the Register at the close of business on the Record Date, provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds, no later than 10:00 a.m. Central Time on the applicable payment date, to make such payments; such payments shall be made by computing the amount of interest to be paid each Owner, preparing the checks, and mailing the

checks on each interest payment date addressed to each Owner's address as it appears in the Register on the Record Date.

Section 3.02 Payment Dates. The Issuer hereby instructs the Bank to pay the principal of, redemption premium, if any, and interest on the Obligations at the dates specified in the Obligation Ordinance.

ARTICLE IV

REGISTRAR

Section 4.01 Transfer and Exchange. (a) The Issuer shall keep the Register at the Bank Office, and subject to such reasonable written regulations as the Issuer may prescribe, which regulations shall be furnished to the Bank herewith or subsequent hereto by Issuer Ordinance, the Issuer shall provide for the registration and transfer of the Obligations. The Bank is hereby appointed "Registrar" for the purpose of registering and transferring the Obligations as herein provided. The Bank agrees to maintain the Register while it is Registrar. The Bank agrees to at all times maintain a copy of the Register at its office located in the State of Texas.

(b) The Bank as Registrar hereby agrees that at any time while any Obligation is outstanding, the Owner may deliver such Obligation to the Registrar for transfer or exchange, accompanied by instructions from the Owner, or the duly authorized designee of the Owner, designating the persons, the maturities, and the principal amounts to and in which such Obligation is to be transferred and the addresses of such persons; the Registrar shall thereupon, within not more than three (3) business days, register and deliver such Obligation or Obligations as provided in such instructions. The provisions of the Obligation Ordinance shall control the procedures for transfer or exchange set forth herein to the extent such procedures are in conflict with the provisions of the Obligation Ordinance.

(c) Every Obligation surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed in a manner satisfactory to the Bank, duly executed by the Owner thereof or his attorney duly authorized in writing.

(d) The Bank may request any supporting documentation it feels necessary to effect a re-registration.

Section 4.02 The Obligations. The Issuer shall provide an adequate inventory of unregistered Obligations to facilitate transfers. The Bank covenants that it will maintain the unregistered Obligations in safekeeping and will use reasonable care in maintaining such unregistered Obligations in safekeeping, which shall be not less than the care it maintains for debt securities of other governments or corporations for which it serves as registrar, or which it maintains for its own securities.

Section 4.03 Form of Register. (a) The Bank as Registrar will maintain the records of the Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Register in any form other than a form which the Bank has currently available and currently utilizes at the time.

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

Section 4.04 List of Owners. (a) The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the cost, if any, of reproduction, a copy of the information contained in the Register. The Issuer may also inspect the information in the Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

(b) The Bank will not release or disclose the content of the Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a subpoena or court order or as otherwise required by law. Upon receipt of a subpoena or court order the Bank will notify the Issuer so that the Issuer may contest the subpoena or court order.

Section 4.05 Cancellation of Obligations. All Obligations surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly cancelled by it and, if surrendered to the Issuer, shall be delivered to the Bank and, if not already cancelled, shall be promptly cancelled by the Bank. The Issuer may at any time deliver to the Bank for cancellation any Obligations previously certified or registered and delivered which the Issuer may have acquired in any manner whatsoever, and all Obligations so delivered shall be promptly cancelled by the Bank. All cancelled Obligations held by the Bank shall be disposed of pursuant to the Securities Exchange Act of 1934.

Section 4.06 Mutilated, Destroyed, Lost, or Stolen Obligations. (a) Subject to the provisions of this Section 4.06, the Issuer hereby instructs the Bank to deliver fully registered Obligations in exchange for or in lieu of mutilated, destroyed, lost, or stolen Obligations as long as the same does not result in an overissuance.

(b) If (i) any mutilated Obligation is surrendered to the Bank, or the Issuer and the Bank receives evidence to their satisfaction of the destruction, loss, or theft of any Obligation, and (ii) there is delivered to the Issuer and the Bank such security or indemnity as may be required by the Bank to save and hold each of them harmless, then in the absence of notice to the Issuer or the Bank that such Obligation has been acquired by a bona fide purchaser, the Issuer shall execute, and upon its request the Bank shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Obligation, a new Obligation of the same stated maturity and of like tenor and principal amount bearing a number not contemporaneously outstanding.

(c) Every new Obligation issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Obligation shall constitute a replacement of the prior obligation of the Issuer, whether or not the mutilated, destroyed, lost, or stolen Obligation shall be at any time enforceable by anyone, and shall be entitled to all the benefits of the Obligation Ordinance equally and ratably with all other outstanding Obligations.

(d) Upon the satisfaction of the Bank and the Issuer that a Obligation has been mutilated, destroyed, lost, or stolen, and upon receipt by the Bank and the Issuer of such

indemnity or security as they may require, the Bank shall cancel the Obligation number on the Obligation registered with a notation in the Register that said Obligation has been mutilated, destroyed, lost, or stolen; and a new Obligation shall be issued of the same series and of like tenor and principal amount bearing a number, according to the Register, not contemporaneously outstanding.

(e) The Bank may charge the Owner the Bank's fees and expenses in connection with issuing a new Obligation in lieu of or exchange for a mutilated, destroyed, lost, or stolen Obligation.

(f) The Issuer hereby accepts the Bank's current blanket bond for lost, stolen, or destroyed Obligations and any future substitute blanket bond for lost, stolen, or destroyed Obligations that the Bank may arrange, and agrees that the coverage under any such blanket bond is acceptable to it and meets the Issuer's requirements as to security or indemnity. The Bank need not notify the Issuer of any changes in the security or other company giving such bond or the terms of any such bond, provided that the amount of such bond is not reduced below the amount of the bond on the date of execution of this Agreement. The blanket bond then utilized by the Bank for lost, stolen, or destroyed Obligations by the Bank is available for inspection by the Issuer on request.

Section 4.07 Transaction Information to Issuer. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Obligations it has paid pursuant to Section 3.01, Obligations it has delivered upon the transfer or exchange of any Obligations pursuant to Section 4.01, and Obligations it has delivered in exchange for or in lieu of mutilated, destroyed, lost or stolen Obligations pursuant to Section 4.06 of this Agreement.

ARTICLE V

THE BANK

Section 5.01 Duties of Bank. The Bank undertakes to perform the duties set forth herein and in accordance with the Obligation Ordinance and agrees to use reasonable care in the performance thereof. The Bank hereby agrees to use the funds deposited with it for payment of the principal of, redemption premium, if any, and interest on the Obligations, to pay the Obligations as the same shall become due and further agrees to establish and maintain all accounts and funds as may be required for the Bank to function as Paying Agent. The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Obligations in the manner described in the closing memorandum prepared by the Issuer's Financial Advisor or other agent on behalf of the Issuer. The Bank may act on a facsimile or email transmission of the closing memorandum acknowledged by the Issuer's Financial Advisor or the Issuer as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.02 Reliance on Documents, Etc. (a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

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

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

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

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

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

Section 5.03 Recitals of Issuer. (a) The recitals contained herein and in the Obligations shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

(b) The Bank shall in no event be liable to the Issuer, any Owner or Owners, or any other Person for any amount due on any Obligation except as otherwise expressly provided herein with respect to the liability of the Bank for its duties under this Agreement.

Section 5.04 May Hold Obligations. The Bank, in its individual or any other capacity, may become the Owner or pledgee of Obligations and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05 Money Held by Bank. (a) Money held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained.

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

(c) Subject to the provisions of Title 6, Texas Property Code, any money deposited with the Bank for the payment of the principal, redemption premium, if any, or interest on any Obligation and remaining unclaimed for three years after final maturity of the Obligation has become due and payable will be paid by the Bank to the Issuer, and the Owner of such Obligation shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease.

(d) The Bank will comply with the reporting requirements of Chapter 74 of the Texas Property Code.

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

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank, its officers, directors, employees, and agents for, and hold them harmless against, any loss, liability, or expense incurred without negligence or bad faith on their part arising out of or in connection with its acceptance or administration of the Bank's duties hereunder, and under Article V of the Obligation Ordinance, including the cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demands or controversy over its persons as well as funds on deposit in a court of competent jurisdiction within the State of Texas; waive personal service of any process; and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction within the State of Texas to determine the rights of any person claiming any interest herein.

Section 5.08 Depository Trust Company. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", promulgated from time to time by The Depository Trust Company, which establishes requirements for securities to be eligible for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.01 Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

Section 6.02 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03 Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown below:

- (a) if to the Issuer: City of Harlingen, Texas
134 East Van Buren
Harlingen, Texas 78550
Attention: Director of Finance

- (b) if to the Bank: BOKF, NA
5956 Sherry Lane, Suite 900
Dallas, Texas 75225
Attention: Corporate Trust Department

Section 6.04 Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05 Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06 Separability. If any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07 Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.08 Entire Agreement. This Agreement and the Obligation Ordinance constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar, and if any conflict exists between this Agreement and the Obligation Ordinance, the Obligation Ordinance shall govern.

Section 6.09 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10 Termination. (a) This Agreement will terminate on the date of final payment of principal, redemption premium, if any, and interest of the Obligations.

(b) This Agreement may be earlier terminated upon sixty (60) days written notice by either party; provided, that (i) no termination shall be effective until a successor has been appointed by the Issuer and has accepted the duties imposed by this Agreement and (ii) notice has been given to the Holders of the Obligations of the appointment of a successor paying agent/registrar. If the sixty (60) day notice period expires and no successor has been appointed, the Bank, at the expense of the Issuer, has the right to petition a court of competent jurisdiction for the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Obligations.

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

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

Section 6.11 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

Section 6.12 Sanctioned Countries. (a) The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153, Government Code, or Section 2270.0201, Government Code. The foregoing representation excludes the Bank and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Bank understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

(a) Notwithstanding anything contained herein, the representations and covenants contained in this Section 6.13 shall survive termination of the Agreement until the statute of limitations has run..

Section 6.13 Form 1295 Exemption. The Bank represents that it is a wholly owned subsidiary of BOK, Financial Corporation, a publicly traded business entity, and therefore this Agreement is exempt from Section 2252.908, Texas Government Code, as amended.

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

CITY OF HARLINGEN, TEXAS

By: _____
Mayor, City of Harlingen, Texas

ATTEST:

City Secretary, City of Harlingen, Texas

BOKF, NA, as Paying Agent/Registrar

By: _____
Title: _____

ANNEX "A"

SCHEDULE OF FEES FOR SERVICE AS PAYING AGENT/REGISTRAR

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement"), made by and between the CITY OF HARLINGEN, TEXAS (the "City"), a political subdivision of the State of Texas in Cameron County, Texas, and BOKF, NA, as Escrow Agent (the "Escrow Agent"), together with any successor in such capacity;

WITNESSETH:

WHEREAS, pursuant to an ordinance (the "Ordinance") adopted on _____, 2026, the City authorized the issuance of \$2,495,000 City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2026B (WLAF) (the "Bonds") to obtain financial assistance from the Texas Water Development Board (the "TWDB") for the purpose of funding the costs of acquiring, purchasing, constructing, improving, enlarging, or equipping the System and to pay the costs of professional services related thereto (the "Project"); and

WHEREAS, pursuant to a resolution adopted on _____, 2026, the City authorized the execution of a Grant Agreement (the "Grant Agreement") with the TWDB to obtain financial assistance in the amount of \$5,810,000 from the Water Loan Assistance Fund for the purpose of funding the Project; and

WHEREAS, pursuant to the Grant Agreement, the City will accept certain contractual obligations (the "Contractual Obligations," and together with the Bonds, the "Obligations") to obtain financial assistance from the TWDB for the purpose of funding the Project; and

WHEREAS, the Escrow Agent is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code, Chapter 404, Subchapter D, and is otherwise qualified and empowered to enter into this Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

WHEREAS, a condition of the Obligations is the deposit of the proceeds of the Obligations (the "Proceeds") in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB (the "Executive Administrator") or another designated TWDB representative; provided, however, the Proceeds can be transferred to different investments so long as all parties hereto consent to such transfer.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and in consideration of the amount of fees to be paid by the City to the Escrow Agent, as set forth on **EXHIBIT A**, the receipt of which is hereby acknowledged, and in order to secure the delivery of the Obligations, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives and successors, as follows:

SECTION 1: ESCROW ACCOUNTS. Upon the delivery of the Obligations described above, the Proceeds identified under TWDB Commitment Numbers L1002172 and G1002173 shall be deposited to the credit of special escrow accounts or subaccounts (the "Escrow Accounts") maintained at the Escrow Agent on behalf of the City and the TWDB and shall not be commingled

with any other accounts or with any other proceeds or funds. The Proceeds received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the City, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement.

The Escrow Accounts shall be entitled (a) "L1002172 Harlingen WLAF Esc Acct" and (b) "G1002173 Harlingen WLAF Esc Acct" and shall not be subject to warrants, drafts or checks drawn by the City but shall be disbursed or withdrawn to pay the costs of the Project for which the Obligations were issued or other purposes in accordance with the Ordinance or the Principal Forgiveness Agreement and solely upon written authorization from the Executive Administrator or his/her designated representative. The Escrow Agent shall provide to the City and to the TWDB the Escrow Accounts bank statements upon request.

SECTION 2: COLLATERAL. All cash deposited to the credit of such Escrow Accounts and any accrued interest in excess of the amounts insured by the FDIC and remaining uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Texas Government Code, Chapter 2257.

SECTION 3: INVESTMENTS. While the Proceeds are held in escrow, the Escrow Agent shall only invest escrowed Proceeds in investments that are authorized by the Public Funds Investment Act, Texas Government Code, Chapter 2256 (the "PFIA"). It is the City's responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the PFIA but also with its own written investment policy.

SECTION 4: DISBURSEMENTS. The Escrow Agent shall not honor any disbursement from the Escrow Accounts, or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator or his/her designated representative. However, no written approval and consent by the Executive Administrator shall be required if the disbursement involves transferring Proceeds from one investment to another within the Escrow Accounts provided that all such investments are consistent with the PFIA requirements.

SECTION 5: UNEXPENDED FUNDS. Any Proceeds remaining unexpended in the Escrow Accounts after completion of the Project and after the final accounting has been submitted to and approved by the TWDB shall be disposed of pursuant to the provisions of the Ordinance or the Principal Forgiveness Agreement. The City shall deliver a copy of such TWDB approval of the final accounting to the Escrow Agent together with instructions concerning the disbursement of unexpended Proceeds hereunder. The Escrow Agent shall have no obligation to ensure that such unexpended Proceeds are used as required by the provisions of the Ordinance or the Principal Forgiveness Agreement, that being the sole obligation of the City.

SECTION 6: CERTIFICATIONS. The Escrow Agent shall be authorized to accept and rely upon the certifications and documents furnished to the Escrow Agent by the City and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

SECTION 7: LIABILITY OF ESCROW AGENT. To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or default or failure in the performance of any obligation imposed upon it hereunder. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Obligations or any recitation contained in the Obligations.

SECTION 8: RECORDS. The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Accounts, and investments of the Escrow Accounts and all proceeds thereof. The records shall be available for inspection and copying at reasonable hours and under reasonable conditions by the City and the TWDB.

SECTION 9: MERGER/CONSOLIDATION. In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code, Chapter 404, Subchapter D. The Escrow Agent must provide the TWDB with written notification within 30 days of acceptance of the merger, consolidation, or transfer. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within five business days following such merger, consolidation or exchange.

SECTION 10: AMENDMENTS. This Agreement may be amended from time to time as necessary with the written consent of the City and the TWDB, but no such amendments shall increase the liabilities or responsibilities or diminish the rights of the Escrow Agent without its consent.

SECTION 11: TERMINATION. In the event that this Agreement is terminated by either the City or by the Escrow Agent, the Escrow Agent must report said termination in writing to the TWDB within five business days of such termination. The City is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the City and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this Agreement; and (d) the City must forward a copy of the executed escrow agreement with the successor escrow agent within five business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent. If the City has not appointed a successor escrow agent within thirty (30) days of the notice of termination, the Escrow Agent may petition any court of competent jurisdiction in Texas for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the City. Whether appointed by the City or a court, the successor escrow agent and escrow agreement must be approved by the TWDB for the appointment to be effective. The Escrow Agent is responsible for performance

under this Agreement until a successor has been approved by the TWDB and has signed an acceptable escrow agreement.

SECTION 12: EXPIRATION. This Agreement shall expire upon final transfer of the funds in the Escrow Accounts to the City.

SECTION 13: POINT OF CONTACT. The points of contact for the Escrow Agent and the TWDB are as follows:

BOKF, NA
5956 Sherry Lane, Suite 900
Dallas, Texas 75225
Attention: Tony Hongnoi
Ph: (972) 892-9968
Fax: (214) 256-7517
E-Mail: THongnoi@bankoftexas.com

Executive Administrator
Texas Water Development Board
1700 North Congress Avenue
Austin, Texas 78701

SECTION 14: CHOICE OF LAW. This Agreement shall be governed exclusively by the applicable laws of the State of Texas. Venue for disputes shall be in the District Court of Travis County, Texas.

SECTION 15: ASSIGNABILITY. This Agreement shall not be assignable by the parties hereto, in whole or in part, without the consent of the TWDB, and any attempted assignment shall be void and of no force and effect.

SECTION 16: ENTIRE AGREEMENT. This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the City and supersedes any other agreements, whether oral or written, between the parties regarding the Proceeds or the Escrow Accounts. No modification or amendment of this Agreement shall be valid unless the same is in writing and is signed by the City and consented to by the Escrow Agent and the TWDB.

SECTION 17: VALIDITY OF PROVISIONS. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 18: COMPENSATION FOR ESCROW SERVICES. The Escrow Agent shall be entitled to compensation for its services as stated in **EXHIBIT A**, which compensation shall be paid by the City but may not be paid directly from the Escrow Accounts.

SECTION 19: VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS. The Escrow Agent makes the following representation and verifications pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Underwriter within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations.

A. NOT A SANCTIONED COMPANY. The Escrow Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Escrow Agent and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

B. NO BOYCOTT OF ISRAEL. The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

C. NO DISCRIMINATION AGAINST FIREARM ENTITIES. The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

D. NO BOYCOTT OF ENERGY COMPANIES. The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

SECTION 20: FORM 1295 EXEMPTION. The Escrow Agent represents that it is a wholly owned subsidiary of BOK, Financial Corporation, a publicly traded business entity, and therefore this Agreement is exempt from Section 2252.908, Texas Government Code, as amended.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective upon signature of both parties.

[Signature Page Follows]

CITY OF HARLINGEN, TEXAS

By: _____
Mayor

Date: _____

Address: 118 East Tyler Avenue
Harlingen, Texas 78550

(City Seal)

BOKF, NA
as Escrow Agent

By: _____

Title: _____

Date: _____

Address: 5956 Sherry Lane, Suite 900
Dallas, Texas 75225

EXHIBIT A
Fee Schedule

GENERAL CERTIFICATE

We, the undersigned, Mayor and City Secretary, respectively, of the City of Harlingen, Texas (the “City”) and the Interim General Manager of the System and Chairman of the Harlingen Waterworks System Utility Board of Trustees (the “Board”), do hereby certify as follows:

I. General

1.1 This certificate relates to the issue of City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2026 (WLAF) (the “Series 2026 Bonds”), City of Harlingen, Texas, Waterworks and Sewer System Revenue Bonds, Series 2026A (WLAF) (the “Series 2026A Bonds”) and City of Harlingen, Texas, Waterworks and Sewer System Revenue Bonds, Series 2026B (EDAP) (the “Series 2026B Bonds” and together with the Series 2026 Bonds and the Series 2026A Bonds, the “Bonds”) dated _____, 2026. Capitalized terms used herein and not otherwise defined shall have the meaning assigned thereto in the respective ordinances passed and adopted on _____, 2026 (collectively the “Ordinance”) authorizing the issuance of the Bonds.

1.2 The City is a duly incorporated Home Rule City operating under the Constitution and laws of the State of Texas and the duly adopted Home Rule Charter of the City, which has not been amended since the last issuance of obligations by the City designated as City of Harlingen, Texas, Waterworks and Sewer System Revenue Bonds, Taxable Series 2025 (LSL).

1.3 A true and correct statement of the revenues and expenses of the System is attached hereto as Exhibit B. A true and correct statement of the rates charged for services of the System are attached hereto as Exhibit C.

1.4 A true and correct copy of the debt service schedule pertaining to the Bonds and the Outstanding Bonds is attached hereto as Exhibit D.

1.5 The duly qualified and acting members and officers of the City Commission and certain other officers of the City are as follows:

Norma Sepulveda	Mayor
Ford Kinsley	Commissioner District 1
Daniel N. Lopez	Commissioner District 2
Michael Mezmar	Commissioner District 3
Frank Morales	Commissioner District 4
Rene Perez	Commissioner District 5
Gabriel Gonzalez	City Manager
Mayra Herrera	City Secretary

1.6 The duly qualified and acting members and officers of the Board of Trustees and certain other officers of the System are as follows:

Michael Garza	Chairman
Michael Murphy	Vice-Chairman
Scott Allex	Trustee
Wayne Lowry	Trustee
Jessica Gonzalez	Trustee
Steven Ritter	Trustee
Roel “Roy” Rodriguez	Interim General Manager
Ron De La Garza	Finance Director

1.7 Each of the special funds created and maintained for the benefit of the Bonds and the Outstanding Bonds contains the amount of money required to be on deposit therein.

1.8 The “weighted average maturity” of the Series 2026 Bonds as calculated by the City’s financial advisor is _____ years, and such weighted average maturity is not greater than 120 percent of the reasonably expected weighted average economic life of the improvements and personal property financed by the Bonds. Such weighted average estimated economic life is determined in accordance with the following assumptions: (i) the weighted average was determined by taking into account the respective costs of each of the assets financed by the Bonds; (ii) the reasonably expected economic life of an asset was determined as of the later of the Closing Date of the Bonds or the date on which such asset is expected to be placed in service (i.e., available for use for the intended purposes of such asset); and (iii) the economic lives used in making this determination are not greater than the reasonably expected economic useful lives of the projects financed by the Bonds allowing for normal wear and tear and assuming prudent and customary maintenance

1.9 The “weighted average maturity” of the Series 2026A Bonds as calculated by the City’s financial advisor is _____ years, and such weighted average maturity is not greater than 120 percent of the reasonably expected weighted average economic life of the improvements and personal property financed by the Bonds. Such weighted average estimated economic life is determined in accordance with the following assumptions: (i) the weighted average was determined by taking into account the respective costs of each of the assets financed by the Bonds; (ii) the reasonably expected economic life of an asset was determined as of the later of the Closing Date of the Bonds or the date on which such asset is expected to be placed in service (i.e., available for use for the intended purposes of such asset); and (iii) the economic lives used in making this determination are not greater than the reasonably expected economic useful lives of the projects financed by the Bonds allowing for normal wear and tear and assuming prudent and customary maintenance.

1.10 The “weighted average maturity” of the Series 2026B Bonds as calculated by the City’s financial advisor is _____ years, and such weighted average maturity is not greater than 120 percent of the reasonably expected weighted average economic life of the improvements and personal property financed by the Bonds. Such weighted average estimated economic life is determined in accordance with the following assumptions: (i) the weighted average was determined by taking into account the respective costs of each of the assets financed by the Bonds; (ii) the reasonably expected economic life of an asset was determined as of the later of the Closing Date of the Bonds or the date on which such asset is expected to be placed in service (i.e., available for use for the intended purposes of such asset); and (iii) the economic

lives used in making this determination are not greater than the reasonably expected economic useful lives of the projects financed by the Bonds allowing for normal wear and tear and assuming prudent and customary maintenance.

1.11 Save and except for the pledge of the Net Revenues to the payment of the Bonds and the Outstanding Bonds, there are no other outstanding obligations of the City payable from or secured by a first lien on and pledge of the Net Revenues.

1.12 The City is not in default in the payment of principal or interest on any of its outstanding obligations or as to any covenant, condition or obligation prescribed by the ordinance authorizing the issuance of the Outstanding Bonds.

1.13 Neither the corporate existence nor boundaries of the City, nor the title of its present officers to their respective offices is being contested, and no authority or proceedings for the issuance of the Bonds have been repealed, revoked, or rescinded.

1.14 With respect to the contracts contained within this transcript of proceedings, all required disclosure filings and acknowledgments required by Section 2252.908, Texas Government Code, and the rules of the Texas Ethics Commission related to said provisions have been made.

1.15 All requirements of the TWDB Resolutions No. 25-125, 25-126 and 25-___ have been or will be met by closing.

II. Signature Identification and No-Litigation

2.1 We officially executed and signed the Bonds, including the Initial Bonds, by manual signature or by causing facsimiles of our manual signatures to be imprinted or lithographed on each of the Bonds, and we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed each of the Bonds; at the time we so executed and signed the Bonds we were, and at the time of executing this certificate we are, the duly chosen, qualified, and acting officers indicated therein and authorized to execute the same; and we have caused the official seal of the City to be impressed on each of the Bonds, and said seal on the Bonds has been duly adopted as, and is hereby declared to be, the official seal of the City.

2.2 The Bonds, including the Initial Bonds, are substantially in the form, and have been duly executed and signed in the manner prescribed in the Ordinance.

2.3 No litigation is pending or, to the knowledge of either of us, threatened in any court: (i) to restrain or enjoin the issuance or delivery of the Bonds, or the collection or application of the revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (ii) contesting or affecting in any way the creation, organization, existence or powers of the City or the authority of the City Council to adopt the Ordinance and to authorize the execution and delivery of the Bonds; (iii) contesting or affecting in any way the validity or authorization of the Bonds or the Ordinance; or (iv) contesting in any way the accuracy, completeness or fairness of the Private Placement Memorandum.

III. Private Placement Memorandum

3.1 The description and statements of or pertaining to the City contained in the Private Placement Memorandum[s] prepared in connection with the Bonds, and any addenda, supplement or amendment thereto, on the date of the Private Placement Memorandum[s], on the date of the sale of the Bonds, and on the date hereof, were and are true and correct in all material respects.

3.2 Insofar as the City and its affairs, including the financial affairs are concerned, the Private Placement Memorandum[s] did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

3.3 Insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Private Placement Memorandum[s] are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect.

3.4 There has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

[Execution Page Follows]

EXECUTED AND DELIVERED this _____.

Manual Signatures

Official Titles

Mayor, City of Harlingen, Texas

City Secretary, City of
Harlingen, Texas

City Manager, City of Harlingen,
Texas

STATE OF TEXAS §
 §
COUNTY OF CAMERON §

BEFORE ME, the undersigned authority, on this day personally appeared Norma Sepulveda, Mayra Herrera and Gabriel Gonzalez, Mayor, City Secretary and City Manager of the City of Harlingen, Texas, known to me to be the person who signed in my presence the above Certificate and acknowledged to me that he executed the above and foregoing Certificate for the purposes therein stated.

Given under my hand and seal of office, this _____.

Notary Public in and for the State
of Texas

EXECUTED AND DELIVERED this _____.

Manual Signatures

Official Titles

Chairman, Utility Board of Trustees

Interim General Manager of the System

Director of Finance and Revenue of the System

STATE OF TEXAS §
 §
COUNTY OF CAMERON §

BEFORE ME, the undersigned authority, on this day personally appeared Michael Garza, Roel "Roy" Rodriguez and Ron De La Garza, Chairman of the Utility Board of Trustees, Interim General Manager and Finance Director of the System, known to me to be the person who signed in my presence the above Certificate and acknowledged to me that he executed the above and foregoing Certificate for the purposes therein stated.

Given under my hand and seal of office, this _____.

Notary Public in and for the State
of Texas

Exhibit A

REVENUES AND EXPENSES

Exhibit A

Error! Unknown document property name.

Exhibit B

SYSTEM RATES

City of Harlingen, Texas Waterworks System

MONTHLY WATER RATES (Effective May 1, 2024)

Base Rate: Residential and Commercial

Meter Size	Inside City Limits	Outside City Limits
3/4"	\$ 9.91	\$ 14.87
1"	13.16	19.74
1 1/2"	19.85	29.77
2"	43.35	65.02
3"	65.92	98.88
4"	192.55	288.83
6"	378.39	567.59
8"	746.45	1,119.68

Lifeline Discount** \$ (2.50)

Commodity Charge

(per each 1,000 gallons of water usage)

0 - 3000	\$ 1.30	\$ 1.95
3001 - 10000	\$ 1.80	\$ 2.70
10001 - 20000	\$ 2.55	\$ 3.83
20001 Above	\$ 3.05	\$ 4.58

Commercial Volume Rate Per 1,000 Gal

Volume Charge \$ 1.83

Fuel Cost Adjustment

(per each 1,000 gallons of water usage)

All meters \$ - \$ -

Monthly Fire Suppression Charge

Meter Size	
4"	\$ 5.00
6"	7.00
8"	9.00
10"	11.00
12"	13.00

**For customers determined to be eligible by Housing Authority criteria

City of Harlingen, Texas Waterworks System

MONTHLY SEWER RATES (Effective May 1, 2024)

Base Rate: Residential and Commercial

Meter Size	Inside City Limits	Outside City Limits
3/4"	\$ 7.73	\$ 20.50
1"	11.80	20.50
1 1/2"	26.76	40.14
2"	32.21	48.32
3"	66.21	99.32
4"	168.25	252.38
6"	345.10	517.65
8"	549.16	823.74
Lifeline Discount**	\$ (2.50)	
Commodity Charge		
All meters	\$ 4.06	\$ 6.09
Fuel Cost Adjustment		
All meters	\$ -	\$ -

Per each 1,000 gallons of water usage - single-family residential customers are limited to the average of water usage in the months of December, January, and February of each year.

**For customers determined to be eligible by Housing Authority criteria

Exhibit C

DEBT SERVICE SCHEDULE

Exhibit C

Error! Unknown document property name.

BRACEWELL

[closing date]

\$ _____
CITY OF HARLINGEN, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE BONDS,
SERIES 2026A (WLAF)

We have acted as bond counsel for the City of Harlingen, Texas (the “Issuer”), in connection with an issue of bonds described as follows:

CITY OF HARLINGEN, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2026A (WLAF), dated _____, 2026 (the “Bonds”).

The Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the ordinance adopted by the City Commission of the Issuer authorizing their issuance (the “Ordinance”).

We have acted as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of certified proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds which contains certified copies of certain proceedings of the Issuer, customary certificates of officers, agents and representatives of the Issuer and other public officials and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. Moreover, we have examined executed Bonds No. T-1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Ordinance, including, but not limited to, covenants relating to the tax exempt status of the Bonds.

Based on such examination and in reliance on such representations and, certifications and subject to the assumptions, qualifications and limitations set forth herein, it is our opinion that:

Bracewell LLP

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bracewell.com

BRACEWELL

[closing date]

Page 2

- A. The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective, and that therefore the Bonds constitute valid and legally binding obligations of the Issuer;
- B. The Bonds are payable from and secured by a first lien on and pledge of the Net Revenues of the Issuer's waterworks and sewer system, as defined and described in the Ordinance, together with the current Outstanding Bonds; and
- C. Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, the Bonds are not "private activity bonds" and, as such, any interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

We express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the information submitted to us or the representative of the Issuer and other parties are determined to be inaccurate or incomplete or the Issuer fails to comply with the federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.


Bracewell LLP

**AGENDA ITEM
EXECUTIVE SUMMARY**

Meeting Date: **January 21, 2026**

Agenda Item:

Consideration of possible action to approve an Agreement Execution Resolution authorizing the agreement with the Texas Water Development Board (TWDB) and the City of Harlingen, Texas for funding in the amount of \$5,810,000 in reference to Series 2026A (WLAF)

Prepared By (Print Name): Ronald De La Garza, M.B.A.
Title: Finance and Revenue Director
Signature: 

Brief Summary:

On August 21, 2025, TWDB approved funding HWWS construction of water system improvements for N. 1st Street. On January 21, 2026, HWWS Board of Trustees adopted a resolution for issuance of the Bonds Series 2026A (WLAF) and pursuant to TWDB procedures, it is necessary for the City Commission to approve the agreement execution resolution for the additional grant funds of \$5,810,000

Funding (if applicable):

Are funds specifically designated in the current budget for the full amount Yes No*
for this purpose?
*If no, specify source of funding and amount requested:

Finance Director's approval: Yes No N/A

Staff Recommendation:

Staff recommends approving the ordinance authorizing the issuance of the bonds.

City Manager's approval: Yes No N/A

Comments:

City Attorney's approval: Yes No N/A

Agreement Execution Resolution For Series 2026A (WLAF)

A RESOLUTION by the City Commission of the City of Harlingen, Texas (the "City") authorizing the City's Mayor, Norma Sepulveda, as the Designated Representative of the City, to execute an agreement with the Texas Water Development Board for funding in the amount of \$5,810,000.

WHEREAS, the Texas Water Development Board made a commitment to provide financial assistance in the form of a grant in the amount of \$5,810,000 to the City to finance a project upon execution of a grant agreement; therefore

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF HARLINGEN, TEXAS:

SECTION 1. Approval of Agreement. The agreement setting out the terms and conditions of the financial assistance between the Texas Water Development Board and the City is approved and the City's Designated Representative is authorized to execute the agreement on behalf of the City.

SECTION 2. Effective Date. This Resolution shall become effectively immediately after its adoption.

PASSED AND APPROVED, this the ____ day of _____ 2026.

CITY OF HARLINGEN, TEXAS

Mayor

ATTEST

City Secretary

(CITY SEAL)

**AGENDA ITEM
EXECUTIVE SUMMARY**

Meeting Date: **January 21, 2026**

Agenda Item:

Consideration of possible action to approve an ordinance authorizing the issuance and delivery of the City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2026B (EDAP); in the amount of \$12,560,000 authorizing the execution of a paying agent/registrar agreement and an escrow agreement relating to such bonds; and pledging the revenues of the city's waterworks and sewer system to the payment of the principal and interest on said bonds; and ordaining other matters relating thereto

Prepared By (Print Name): Ronald De La Garza, M.B.A.
Title: Finance and Revenue Director

Signature: 

Brief Summary:

In 2022, Harlingen Waterworks System completed a comprehensive master plan for water and wastewater capital improvement projects and submitted a preliminary application requesting funds for such projects through the Texas Water Development Board's (TWDB) Economically Distressed Areas Program. On August 21, 2025, TWDB approved funding of HWWS construction of wastewater system improvements. On January 21, 2026 HWWS Board of Trustees adopted a resolution for issuance of the Bonds and pursuant to TWDB procedures, it is necessary for the City Commission to approve the financing agreement and issuance of the Waterworks and Sewer System Revenue Bonds, Series 2026B (WLAf) in the amount of \$12,560,000.

Funding (if applicable):


Are funds specifically designated in the current budget for the full amount Yes No*
for this purpose?

*If no, specify source of funding and amount requested:

Finance Director's approval: Yes No N/A

Staff Recommendation:

Staff recommends approving the ordinance authorizing the issuance of the bonds.

City Manager's approval:  Yes No N/A

Comments:

City Attorney's approval:  Yes No N/A

REGISTERED
No. T-1

REGISTERED
\$ _____

**UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF CAMERON
CITY OF HARLINGEN, TEXAS
WATERWORKS AND SEWER SYSTEM
REVENUE BONDS, SERIES 2026B (EDAP)**

INTEREST RATE MATURITY DATE ISSUANCE DATE DATED DATE
As Show Below As Shown Below _____ _____, 2025

THE CITY OF HARLINGEN, IN CAMERON COUNTY, TEXAS (the “*Issuer*”),
being a political subdivision of the State of Texas, hereby promises to pay to

TEXAS WATER DEVELOPMENT BOARD

or registered assigns, on August 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth with the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	\$ _____			\$ _____	

and to pay interest thereon from the later of the Issuance Date identified above or the most recent interest payment date to which interest has been paid or duly provided for to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; with interest being payable on _____ 1, 20__ and semiannually thereafter on each November 1 and May 1, mailed to the Owner as shown on the books of registration kept by the Paying Agent/Registrar as the fifteenth day of the month next preceding each interest payment date; provided, however, that for so long as the Texas Water Development Board (“TWDB”) is the Owner of the Bonds, all payments of principal and interest will be made in wire transfer form at no cost to TWDB.

THE PRINCIPAL OF AND THE INTEREST ON this Bond are payable without exchange or collection charges in lawful money of the United States of America. Principal of this Bond (or so much thereof as shall not have been paid or deemed to have been paid upon prior redemption) shall be payable on the Maturity Date specified above (unless redeemed prior thereto as provided in this Bonds) upon presentation and surrender of this Bond at the corporate trust office in _____, Texas (the "Designated Payment/Transfer Office") of _____ (the "Paying Agent/Registrar"), as initial Paying Agent Registrar, or with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date mailed by the Paying Agent/Registrar for this Bond. Payment of all and interest on this Bond shall be made by the Paying Agent/Registrar to the Owner hereof on each interest payment date by check or draft, dated as of such date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Bond (the "**Ordinance**") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such principal and/or interest payment date, to the Owner hereof, at the address of the Owner, as it appeared on the 15th day of the month next preceding each such date (the "**Record Date**") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described, or by such other method acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the Owner. The Issuer covenants with the Owner of this Bond that on or before each principal and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, when due.

THIS BOND is dated _____, 2026 and is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$12,560,000 (herein referred to as the "Bonds"), for the purpose of evidencing the indebtedness of the Issuer for all or any part of the costs associated with the improvements to the Issuer's waterworks and sewer system, and the costs of professional services related thereto, issued in accordance with the Constitution and laws of the State of Texas, particularly Chapter 1502, Texas Government Code, as amended, pursuant to an ordinance duly adopted by the City Commission of the Issuer (the "Ordinance") which Ordinance is of record in the official minutes of the City Commission.

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

THIS BOND has been authorized in accordance with the Constitution and laws of the State of Texas, in the principal amount of \$12,560,000 **FOR THE PURPOSE OF ACQUIRING, PURCHASING, CONSTRUCTING, IMPROVING, ENLARGING OR EQUIPPING THE ISSUER'S WATERWORKS AND SEWER SYSTEM (THE "SYSTEM") AND TO PAY COSTS OF ISSUANCE.**

THE ISSUER HAS RESERVED THE OPTION to redeem the Bonds maturing on or after November 1, 20__, in whole or in part, before their respective scheduled maturity dates, on November 1, 20__, or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the Issuer shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity and in such principal amounts, for redemption.

NOT LESS THAN THIRTY (30) DAYS prior to a redemption date for the Bonds, the Issuer shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the Owner of the Bonds to be redeemed at the address of the Owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

IN THE ORDINANCE, THE ISSUER RESERVES THE RIGHT, in the case of an optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. 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 the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Issuer retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Issuer delivers a certificate of the Issuer to the Paying Agent/Registrar instructing the Paying Agent/Registrar 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. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owner. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the Issuer to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the Issuer in the notice, the Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any obligation or portion thereof has not been surrendered for payment, interest on such obligation or portion thereof shall cease to accrue.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY INTEGRAL MULTIPLE OF \$5,000, may be assigned by the Owner hereof and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Ordinance. Among other requirements for such transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar for cancellation, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment by the Owner of this Bond, or any portion or portions hereof in any integral multiple of \$5,000, 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. Any instrument or instruments of assignment satisfactory

to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any such portion or portions hereof by the Owner hereof. A new bond or bonds payable to such assignee or assignees (which then will be the new Owner or Owners of such new Bond or Bonds) or to the Owner as to any portion of this Bond which is not being assigned and transferred by the Owner, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond or any portion or portions hereof, but solely in the form and manner as provided in the next paragraph hereof for the conversion and exchange of this Bond or any portion hereof. The Owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute Owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

AS PROVIDED above and in the Ordinance, this Bond, to the extent of the unpaid or unredeemed principal balance hereof, may be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the assignee or assignees duly designated in writing by the Owner hereof, or to the Owner as to any portion of this Bond which is not being assigned and transferred by the Owner, in any denomination or denominations in any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute bond issued in exchange for any portion of this Bond shall have a single stated principal maturity date), upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. If this Bond or any portion hereof is assigned and transferred or converted each bond issued in exchange for any portion hereof shall have a single stated principal maturity date corresponding to the due date of the installment of principal of this Bond or portion hereof for which the substitute bond is being exchanged and shall bear interest at the rate applicable to and borne by such installment of principal or portion thereof. Such bonds, respectively, shall be subject to redemption prior to maturity on the same dates and for the same prices as the corresponding installment of principal of this Bond or portion hereof for which they are being exchanged. No such bond shall be payable in installments but shall have only one stated principal maturity date. **AS PROVIDED IN THE ORDINANCE, THIS BOND IN ITS PRESENT FORM MAY BE ASSIGNED AND TRANSFERRED OR CONVERTED ONCE ONLY**, and to one or more assignees, but the bonds issued and delivered in exchange for this Bond or any portion hereof may be assigned and transferred, and converted, subsequently, as provided in the Ordinance. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging this Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any such assignment, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for prepayment or redemption prior to maturity, within 45 days prior to its prepayment or redemption date.

IN THE EVENT any Paying Agent/Registrar for this Bond is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer 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 Owner of this Bond.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, 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 interest on and principal of this Bond, together with other outstanding revenue bonds (as defined in the Ordinance), are payable from, and secured by a first lien on and pledge of the Net Revenues of said Issuer's combined Waterworks System and Sewer System.

THE ISSUER has reserved the right, subject to the restrictions stated and adopted by reference in the Ordinance authorizing this Bond, to issue additional parity revenue bonds which also may be made payable from, and secured by, a lien on and pledge of the aforesaid Net Revenues.

THE 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 aforesaid Net Revenues.

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

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual signature of the Mayor of the Issuer and countersigned with the manual signature of the City Secretary of the Issuer, has caused the official seal of the Issuer to be duly impressed on this Bond.

City Secretary

Mayor

(CITY SEAL)

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS §
OF THE STATE OF TEXAS §

REGISTER NO. _____

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 hand and seal of office at Austin, Texas, _____.

Comptroller of Public Accounts
of the State of Texas

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (Print or typewrite name, address and zip code of transferee): _____

(Social Security or other identifying number: (_____))
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____
Signature Guaranteed By: _____

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

ORDINANCE AUTHORIZING THE ISSUANCE AND DELIVERY OF THE CITY OF HARLINGEN, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2026B (EDAP); AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT RELATING TO SUCH BONDS; AND PLEDGING THE REVENUES OF THE CITY'S WATERWORKS AND SEWER SYSTEM TO THE PAYMENT OF THE PRINCIPAL AND INTEREST ON SAID BONDS; AND ORDAINING OTHER MATTERS RELATING THERETO

THE STATE OF TEXAS :
COUNTY OF CAMERON :
CITY OF HARLINGEN :

WHEREAS, the City Commission of the City of Harlingen, Texas (the “*Issuer*”) finds and declares a public purpose and deems it advisable and in the best interests of the Issuer to issue a series of bonds (defined in Section I herein as the “*Series 2026B Bonds*”) to pay costs to acquire, purchase, construct, improve, enlarge, or equip the Issuer’s waterworks system and sewer system (the “*System*”) and to pay costs of issuance; and

WHEREAS, there is presently outstanding the following bonds of the “*Issuer*” which are secured by a first lien on the Net Revenues of the System:

City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2015A, dated September 1, 2015, maturing November 1, 2026 through November 1, 2035, now outstanding in the principal amount of \$6,910,000 (the “*Series 2015A Bonds*”); and

City of Harlingen, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2015B, dated September 15, 2015, maturing November 1, 2026 through November 1, 2030, now outstanding in the principal amount of \$1,585,000 (the “*Series 2015B Bonds*”); and

City of Harlingen, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2019, dated November 1, 2019, maturing November 1, 2026 through November 1, 2035, now outstanding in the principal amount of \$3,555,000 (the “*Series 2019 Bonds*”); and

City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2024A, dated August 1, 2024, maturing November 1, 2026 through November 1, 2054, now outstanding in the principal amount of \$9,755,000 (the “*Series 2024A Bonds*”); and

City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Taxable Series 2025 (LSL), dated July 1, 2025, maturing November 1, 2026 through November 1, 2040, now outstanding in the principal amount of \$785,000 (the “*Series 2025 Bonds*”); and

WHEREAS, the Issuer has made application to the Texas Water Development Board for financial assistance for the purpose of paying the costs of acquiring, purchasing, constructing, improving, enlarging and equipping the System (the "Project") with an estimated total costs of approximately \$25,116,404 (the "Total Project Cost"); and

WHEREAS, the Issuer anticipates that the financial assistance for which it has applied may be awarded in part in the form of grant and in part in the form of loan; and

WHEREAS, the Issuer deems it advisable to approve the bonds herein after authorized to pay an estimated fifty percent of the Total Project Costs to be paid from a loan; and

WHEREAS, the bonds hereinafter authorized are to be issued and delivered pursuant to Chapter 1502 of the Texas Government Code; and

WHEREAS, the meeting was open to the public and public notice of the time, place and purpose of said meeting was given pursuant to Chapter 551, Texas Government Code.

THEREFORE, BE IT ORDAINED BY THE CITY OF HARLINGEN, TEXAS:

Section 1. AUTHORIZATION, AMOUNT, PURPOSE, AND REDEMPTION PROVISIONS OF THE BONDS. (a) The Issuer's Bonds to be designated "CITY OF HARLINGEN, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2026B (EDAP)" (the "*Series 2026B Bonds*" or "*Bonds*") are hereby authorized to be issued and delivered in the aggregate principal amount of ***\$12,560,000 FOR THE PURPOSE OF ACQUIRING, PURCHASING, CONSTRUCTING, IMPROVING, ENLARGING, OR EQUIPPING THE SYSTEM AND TO PAY COSTS OF ISSUANCE***, issued in accordance with the Constitution and laws of the State of Texas, particularly Chapter 1502, Texas Government Code, as amended, pursuant to this Ordinance.

(b) The terms "*Series 2026B Bonds*" and "*Bonds*" as used in this Ordinance shall mean and include, the Series 2026B Bonds initially issued and delivered pursuant to this Ordinance and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto.

(c) Optional Redemption. The Bonds having Stated Maturities on and after November 1, 20__ shall be subject to redemption prior to Stated Maturity, at the option of the Issuer, on November 1, 20__, or on any date thereafter, as a whole or in part, in inverse order of maturity, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date of redemption.

(d) Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the redemption of Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the Issuer shall notify the Paying Agent/Registrar of its decision to exercise the right to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date set for the redemption thereof. The decision of the Issuer to exercise the right to redeem Bonds shall be entered in the minutes of the governing body of the Issuer.

(e) Selection of Bonds for Redemption. If less than all of the Bonds of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall select at random and by lot the Bonds to be redeemed, provided that if less than the entire principal amount of a Bond is to be redeemed, the Issuer shall direct the Paying Agent/Registrar to treat such Bond then subject to redemption as representing the number of Bonds of a Stated Maturity outstanding which is obtained by dividing the principal amount of such Bond by \$5,000.

(f) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the Issuer and at the Issuer's expense, by the Paying Agent/Registrar to each Owner of a Bond to be redeemed in whole or in part at the address of the Owner appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Owner.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, shall be made at the corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Owner.

Subject, in the case of an optional redemption pursuant to Section 1(c), to any conditions or rights reserved by the Issuer in the notice, if a Bond is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as herein provided, such Bond (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and if money sufficient for the payment of such Bonds (or of the principal amount thereof to be redeemed) at the then applicable redemption price is held for the purpose of such payment by the Paying Agent/Registrar, then on the redemption date designated in such notice, interest on the Bonds (or the principal amount thereof to be redeemed) called for redemption shall cease to accrue, and such Bonds shall not be deemed to be outstanding in accordance with the provisions of this Ordinance.

(g) Conditional Notice of Redemption. The Issuer reserves the right to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state that (i) the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) the Issuer retains the right to rescind such notice at any time prior to and including the scheduled redemption date upon delivery of written instructions to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice. Upon such rescission, the notice and redemption shall be of no effect. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds called for redemption subject to a conditional notice of redemption and such

redemption has been rescinded shall remain outstanding, and the rescission shall not constitute a default under this Ordinance. Further, in the case of a redemption for which a conditional notice of redemption has been given, the failure of the Issuer to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute a default under this Ordinance.

(h) Transfer/Exchange of Bonds. Neither the Issuer nor the Paying Agent/Registrar shall be required (1) to transfer or exchange any Bond during a period beginning forty-five (45) days prior to the date fixed for redemption of the Bonds or (2) to transfer or exchange any Bond selected for redemption, provided, however, such limitation of transfer shall not be applicable to an exchange by the Owner of the unredeemed balance of a Bond which is subject to redemption in part.

Section 2. DESIGNATION AND DATE OF BONDS. Each bond issued pursuant to this Ordinance shall be designated: “**CITY OF HARLINGEN, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2026B (EDAP)**,” and initially there shall be issued, sold, and delivered hereunder fully registered Bonds, without interest coupons, payable to the respective owners thereof or to the registered assignee or assignees of said bonds or any portion or portions thereof (in each case, the “*Owner*”). The Bonds shall be in the respective denominations and principal amounts, shall be numbered, shall mature and be payable on the date or dates in each of the years and in the principal amounts or amounts due at maturity, as applicable, and shall bear interest to their respective dates of maturity or redemption prior to maturity at the rates per annum, as set forth in Section 3(b) of this Ordinance.

Section 3. DATE, DENOMINATION, NUMBERS, MATURITIES. (a) The Bonds shall be dated _____, 2026, in the denominations of \$5,000 or in any integral multiple thereof and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) The Bonds shall mature in the principal amounts at the per annum rates and shall mature on November 1 in each of the years set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	\$ _____			\$ _____	

(c) The Bonds (i) may be prepaid or redeemed prior to the respective scheduled due dates of installments of principal thereof, (ii) may be assigned and transferred, (iii) may be converted and

exchanged for other Bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal of and interest on the Bond shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BOND set forth in this Ordinance.

Section 4. INTEREST. The Bonds shall bear interest at the rates set out in Section 3 of this Ordinance from the later of the Issuance Date or the most recent interest payment date to which interest has been paid or duly provided for and will be calculated on the basis of a 360-day year of twelve 30-day months and said interest shall be payable in the manner provided and on the dates stated in the FORM OF BOND set forth in Section 5 of this Ordinance.

Section 5. FORM OF BOND. The form of the Bond, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to accompany the Initial Bond (unless accompanied by such other form of registration certificate as then utilized by the Comptroller of Public Accounts of the State as described in Section 6(b)(iii) of this Ordinance), the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Bonds, shall be substantially as follows:

(a) Form of Bond:

REGISTERED
No. _____

REGISTERED
\$ _____

**UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF CAMERON
CITY OF HARLINGEN, TEXAS
WATERWORKS AND SEWER SYSTEM
REVENUE BONDS, SERIES 2026B (EDAP)**

INTEREST RATE	MATURITY DATE	ISSUANCE DATE	DATED DATE	CUSIP NUMBER
_____ %	November 1, 20__	_____	_____, 2026	_____

THE CITY OF HARLINGEN, IN CAMERON COUNTY, TEXAS (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to

_____ or registered assigns, on the Maturity Date specified above, the sum of

_____ DOLLARS

and to pay interest thereon from the later of the Issuance Date identified above or the most recent interest payment date to which interest has been paid or duly provided for to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified

above, computed on the basis of a 360-day year of twelve 30-day months, with such interest being payable on _____ 1, 20__ and semiannually thereafter on each November 1 and May 1.

THE PRINCIPAL OF AND THE INTEREST ON this Bond are payable without exchange or collection charges in lawful money of the United States of America. Principal of this Bond (or so much thereof as shall not have been paid or deemed to have been paid upon prior redemption) shall be payable on the Maturity Date specified above (unless redeemed prior thereto as provided in this Bonds) upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the "Designated Payment/Transfer Office") of BOKF, NA (the "Paying Agent/Registrar"), as initial Paying Agent Registrar, or with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date mailed by the Paying Agent/Registrar for this Bond. Payment of all and interest on this Bond shall be made by the Paying Agent/Registrar to the Owner hereof on each interest payment date by check or draft, dated as of such date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Bond (the "**Ordinance**") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such principal and/or interest payment date, to the Owner hereof, at the address of the Owner, as it appeared on the 15th day of the month next preceding each such date (the "**Record Date**") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described, or by such other method acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the Owner. Notwithstanding the foregoing, for so long as the Texas Water Development Board ("TWDB") is the Owner of the Bonds, all payments of principal and interest will be made in wire transfer form at no cost to TWDB. The Issuer covenants with the Owner of this Bond that on or before each principal and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, when due.

THIS BOND is dated _____, 2026 and is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$12,560,000 (herein referred to as the "Bonds"), for the purpose of evidencing the indebtedness of the Issuer for all or any part of the costs associated with the improvements to the Issuer's waterworks and sewer system, and the costs of professional services related thereto, issued in accordance with the Constitution and laws of the State of Texas, particularly Chapter 1502, Texas Government Code, as amended, pursuant to an ordinance duly adopted by the City Commission of the Issuer (the "Ordinance") which Ordinance is of record in the official minutes of the City Commission.

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

THIS BOND has been authorized in accordance with the Constitution and laws of the State of Texas, in the principal amount of \$12,560,000 **FOR THE PURPOSE OF ACQUIRING, PURCHASING, CONSTRUCTING, IMPROVING, ENLARGING OR EQUIPPING THE ISSUER'S WATERWORKS AND SEWER SYSTEM (THE "SYSTEM") AND TO PAY COSTS OF ISSUANCE.**

THE ISSUER HAS RESERVED THE OPTION to redeem the Bonds maturing on or after November 1, 20__, in whole or in part, in inverse order of maturity, before their respective scheduled maturity dates, on November 1, 20__, or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Bonds of a Stated Maturity are to be redeemed, in inverse order of maturity, the Issuer shall direct the Paying Agent/Registrar to call by lot the portions of the Bonds thereof, within such Stated Maturity and in such principal amounts, for redemption.

NOT LESS THAN THIRTY (30) DAYS prior to a redemption date for the Bonds, the Issuer shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the Owner of the Bonds to be redeemed at the address of the Owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

IN THE ORDINANCE, THE ISSUER RESERVES THE RIGHT, in the case of an optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. 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 the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Issuer retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Issuer delivers a certificate of the Issuer to the Paying Agent/Registrar instructing the Paying Agent/Registrar 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. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owner. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain outstanding, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the Issuer to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the Issuer in the notice, the Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any obligation or portion thereof has not been surrendered for payment, interest on such obligation or portion thereof shall cease to accrue.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY INTEGRAL MULTIPLE OF \$5,000, may be assigned by the Owner hereof and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Ordinance. Among other

requirements for such transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar for cancellation, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment by the Owner of this Bond, or any portion or portions hereof in any integral multiple of \$5,000, 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. Any instrument or instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any such portion or portions hereof by the Owner hereof. A new bond or bonds payable to such assignee or assignees (which then will be the new Owner or Owners of such new Bond or Bonds) or to the Owner as to any portion of this Bond which is not being assigned and transferred by the Owner, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond or any portion or portions hereof, but solely in the form and manner as provided in the next paragraph hereof for the conversion and exchange of this Bond or any portion hereof. The Owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute Owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

AS PROVIDED above and in the Ordinance, this Bond, to the extent of the unpaid or unredeemed principal balance hereof, may be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the assignee or assignees duly designated in writing by the Owner hereof, or to the Owner as to any portion of this Bond which is not being assigned and transferred by the Owner, in any denomination or denominations in any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute bond issued in exchange for any portion of this Bond shall have a single stated principal maturity date), upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. If this Bond or any portion hereof is assigned and transferred or converted each bond issued in exchange for any portion hereof shall have a single stated principal maturity date corresponding to the due date of the installment of principal of this Bond or portion hereof for which the substitute bond is being exchanged and shall bear interest at the rate applicable to and borne by such installment of principal or portion thereof. Such bonds, respectively, shall be subject to redemption prior to maturity on the same dates and for the same prices as the corresponding installment of principal of this Bond or portion hereof for which they are being exchanged. No such bond shall be payable in installments, but shall have only one stated principal maturity date. **AS PROVIDED IN THE ORDINANCE, THIS BOND IN ITS PRESENT FORM MAY BE ASSIGNED AND TRANSFERRED OR CONVERTED ONCE ONLY**, and to one or more assignees, but the bonds issued and delivered in exchange for this Bond or any portion hereof may be assigned and transferred, and converted, subsequently, as provided in the Ordinance. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging this Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any such assignment, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for prepayment or redemption prior to maturity, within 45 days prior to its prepayment or redemption date.

IN THE EVENT any Paying Agent/Registrar for this Bond is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer 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 Owner of this Bond.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, 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 interest on and principal of this Bond, together with other Outstanding Bonds (as defined in the Ordinance), are payable from, and secured by a first lien on and pledge of the Net Revenues of said Issuer's combined Waterworks System and Sewer System.

THE ISSUER has reserved the right, subject to the restrictions stated and adopted by reference in the Ordinance authorizing this Bond, to issue additional parity revenue bonds which also may be made payable from, and secured by, a lien on and pledge of the aforesaid Net Revenues.

THE 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 aforesaid Net Revenues.

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

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual signature of the Mayor of the Issuer and countersigned with the manual signature of the City Secretary of the Issuer, has caused the official seal of the Issuer to be duly impressed on this Bond.

City Secretary

Mayor

(CITY SEAL)

(b) Form of Comptroller's Registration Certificate.

The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such certificate on the Initial Bond is fully executed. If an alternate form of registration certificate is then utilized by the Comptroller of Public Accounts of the State as described in Section 6(b)(iii) of this Ordinance, such form may be substituted for this Form of Comptroller's Registration Certificate.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO. _____
OF THE 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 hand and seal of office at Austin, Texas, _____.

Comptroller of Public Accounts
of the State of Texas

(c) Form of Certificate of Paying Agent/Registrar:

The following Certificate of Paying Agent/Registrar may be deleted from the Initial Bond if the executed Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Bond of this series of Bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Bonds referred to in the within-mentioned Ordinance.

BOKF, NA,
as Paying Agent/Registrar

Dated: _____
Authorized Signatory

By: _____

(d) Form of Assignment:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (Print or typewrite name, address and zip code of transferee): _____

(Social Security or other identifying number: (_____))
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____
Signature Guaranteed By: _____

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

Authorized Signatory

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b), and (d) of this Section, except for the following alterations:

(i) immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the words "CUSIP NUMBER" deleted; and

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on November 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth with the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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(iii) (Information to be inserted from schedule in Section 3(b) of this Ordinance)

Section 6. GENERAL TERMS AND PROVISIONS REGARDING THE BONDS.

(a) Medium, Method and Place of Payment.

(i) The principal of and interest on the Bonds shall be paid in lawful money of the United States of America. Notwithstanding any provision of this Ordinance to the contrary, for so long as the TWDB is the Owner of the Bonds, all payments of principal and interest will be made in wire transfer form at no cost to the TWDB.

(ii) Interest on the Bonds shall be paid by check, dated as of the interest payment date, and sent United States mail, first class, postage prepaid, by the Paying Agent/Registrar to each Owner as shown in the Register at the close of business on the Record Date, at the address of each such Owner as such appears in the Register, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the Owner; provided, however, that the Owner shall bear all risk and expense of such other banking arrangements.

(iii) The principal of each Bond shall be paid to the Owner thereof on the Maturity date thereof at Maturity upon presentation and surrender of such Bond at the Designated Payment/Transfer Office.

(iv) If the date for the payment of the principal of or interest on the Bonds is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

(v) In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the special 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 (5) Business Days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each 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.

(vi) Unclaimed Payments shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owners of the Bonds to which such Unclaimed Payments pertain. Subject to Title 6, Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three (3) years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains three (3) years after the retirement of all outstanding Bonds, such money shall be paid to the Issuer to be used for any lawful purpose. Thereafter, neither the Issuer, the Paying Agent/Registrar nor any other person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to Title 6, Texas Property Code.

(b) Execution and Registration of Bonds.

(i) The Bonds shall be executed on behalf of the Issuer by the Mayor and the City Secretary, by their manual or facsimile signatures, and the official seal of the Issuer shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the Issuer had been manually impressed upon each of the Bonds.

(ii) In the event that any officer of the Issuer whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(iii) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed certificate of Paying Agent/Registrar described above, the Initial Bond delivered at the Closing Date shall (i) have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State, or by his/her duly authorized agent or (ii) be accompanied by such other form of registration certificate as utilized by the Comptroller of Public Accounts of the State from time to time, executed manually or in electronic format by the Comptroller of Public Accounts of the State or by his/her duly authorized agent, which certificate may be attached to the opinion of the Attorney General of the State, and either such certificate shall be evidence that the Initial Certificate has been duly approved by the Attorney General of the State and that it is a valid and binding obligation of the City has been registered by the Comptroller of Public Accounts of the State.

(iv) On the Issuance Date, one Initial Bond representing the entire principal amount of the Bonds payable in stated installments to TWDB or its designee, executed by the manual or facsimile signatures of the Mayor and the City Secretary, approved by the Attorney General of the State, registered by the Comptroller of Public Accounts of the State, and accompanied by a certificate of registration manually or electronically signed by the Comptroller of Public Accounts of the State, will be delivered to the TWDB or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver registered definitive Bonds to DTC in accordance with (g) hereof. To the extent the Paying Agent/Registrar is eligible to participate in DTC's FAST System, as evidenced by an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

(c) Ownership.

(i) The Issuer, the Paying Agent/Registrar and any other person may treat the Owner as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof for the further purpose of making and receiving payment of the interest thereon (subject to the provisions herein that the interest on the Bonds is to be paid to the person in whose name the Bond is registered on the Record Date or Special Record Date, as applicable), and for all other purposes, whether or not such Bond is overdue, and neither the Issuer nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(ii) All payments made to the Owner of a Bond shall be valid and effectual and shall discharge the liability of the Issuer and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

(d) Registration, Transfer and Exchange.

(i) So long as any Bonds remain outstanding, the Issuer shall cause the Paying Agent/Registrar to keep at its Designated Payment/Transfer Office a bond register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Ordinance. The Issuance Date of each Bond originally delivered to and paid for by TWDB shall be recorded in the Register.

(ii) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond to the Paying Agent/Registrar at the Designated Payment/Transfer Office with such endorsement or other evidence of transfer acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(iii) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000 and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange.

(iv) The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the Issuer and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

(v) No service charge shall be made to the Owner for the initial registration, any subsequent transfer, or exchange for a different denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover

any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond.

(vi) Neither the Issuer nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption, in whole or in part, within forty-five (45) days prior to the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

(e) Cancellation. All Bonds paid or redeemed before the Stated Maturity in accordance with this Ordinance, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Ordinance, shall be cancelled upon the making of proper records regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall dispose of such cancelled Bonds in the manner required by the Securities Exchange Act of 1934, as amended.

(f) Replacement Bonds.

(i) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. The Issuer or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(ii) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(1) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(2) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the Issuer to save them harmless;

(3) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar, and any tax or other governmental charge that is authorized to be imposed; and

(4) satisfies any other reasonable requirements imposed by the Issuer and the Paying Agent/Registrar.

(iii) If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such

original Bond, the Issuer and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the Issuer or the Paying Agent/Registrar in connection therewith.

(iv) In the event that any such mutilated, lost, apparently destroyed, or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(v) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the Issuer and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

(g) Book-Entry Only System.

(i) The Initial Bond shall be delivered against payment to the TWDB. The TWDB shall be required to promptly surrender the Initial Bond to the Paying Agent/Registrar for exchange. Bonds issued in exchange shall be registered in the name of Cede & Co., as nominee of DTC, as Owner of the Bonds, and held in the custody of DTC. Unless otherwise requested by DTC, a single bond will be issued and delivered to DTC for each maturity of the Bonds. Beneficial owners of Bonds will not receive physical delivery of Bonds except as provided hereinafter. For so long as DTC shall continue to serve as securities depository for the Bonds as provided herein, all transfers of beneficial ownership interest will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Bonds is to receive, hold or deliver any Bond.

(ii) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds, except as provided in this Ordinance. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than an Owner of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the Bonds for the purpose of giving notices with respect to such Bond, and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the

Bonds only to or upon the order of the respective Owners, as shown in the Register, as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of premium, if any, principal and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Bond evidencing the obligation of the Issuer to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Ordinance with respect to interest payments being mailed to the Owner as shown on the Register on the Record Date, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(iii) The Representation Letter previously executed and delivered by the Issuer, and applicable to the Issuer's obligations delivered in book-entry-only form to DTC as securities depository, is hereby ratified and approved for the Bonds.

(iv) Before the Issuer can discontinue the book-entry-only system of registration through DTC, notice must be given to the TWDB and prior written consent of the TWDB must be received by the Issuer.

(h) Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the Issuer determines that it is in the best interest of the Issuer and of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the Issuer or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

(i) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter of the Issuer to DTC.

Section 7. PAYING AGENT/REGISTRAR. (a) Appointment of Initial Paying Agent/Registrar; Paying Agent Registrar Agreement. BOKF, NA, is hereby appointed as the initial Paying Agent/Registrar for the Bonds.

(i) The Paying Agent/Registrar shall keep such books or records and make such transfers and registrations under such reasonable regulations as the Issuer and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfer and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the Owners and record in the Register the address of such Owner of each Bond to which payments with respect to the Bonds shall be mailed, as provided herein. The Issuer or its designee shall have the right to inspect the Register during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Register confidential and, unless otherwise required by law, shall not permit their inspection by any other entity.

(ii) The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest, on the Bonds. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds, and of all conversions, exchanges and replacements of such Bonds, as provided in the Ordinance.

(iii) The form of Paying Agent/Registrar Agreement setting forth the duties of the Paying Agent/Registrar is hereby approved, and the appropriate officials of the Issuer are hereby authorized to execute such agreement for and on behalf of the Issuer.

(b) Maintenance, Termination and Replacement of Paying Agent/Registrar.

(i) At all times while any Bonds are outstanding, the Issuer will maintain a Paying Agent/Registrar that is qualified under this Section 7 of the Ordinance.

(ii) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the Issuer will promptly appoint a replacement, provided no such resignation shall be effective until a successor Paying Agent/Registrar has accepted the duties of Paying Agent/Registrar for the Bonds.

(iii) Each Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State, or any other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Bonds.

(iv) The Issuer reserves the right to terminate the appointment of any Paying Agent/Registrar by (i) delivering to the entity whose appointment is to be terminated forty-five (45) days written notice of the termination of the appointment and of the Paying Agent/Registrar Agreement, stating the effective date of such termination, and (ii) appointing a successor Paying Agent/Registrar; provided, that, no such termination shall be effective until a successor Paying Agent/Registrar has assumed the duties of Paying Agent/Registrar for the Bonds.

(v) Promptly upon each change in the entity serving as Paying Agent/Registrar, the Issuer will cause notice of the change to be sent to each Owner by United States mail, first class, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

(vi) By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and functions of Paying Agent/Registrar prescribed hereby and under the Paying Agent/Registrar Agreement.

(vii) If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

Section 8. DEFINITIONS. (a)(i) The term “*Additional Bonds*” as used in this Ordinance shall mean (i) the additional parity revenue bonds which the Issuer reserves the right to issue and deliver in the future, as provided by Section 18 of this Ordinance and (ii) the Additional TWDB Bonds.

(ii) The term “*Additional TWDB Bonds*” as used in this Ordinance shall mean the additional parity revenue bonds which the Issuer reserves the right to issue and deliver in the future, as provided by Section 31(q) of this Ordinance.

(b) The term “*Bonds*” or “*Series 2026B Bonds*” shall mean the Issuer’s Waterworks and Sewer System Revenue Bonds, Series 2026B (EDAP) authorized to be issued and delivered by this Ordinance.

(c) The term “*Board of Utility Trustees*” shall mean the Board of Utility Trustees as established by the Issuer’s charter.

(d) The term “*Business Day*” shall mean a day that is not a Saturday, Sunday, legal holiday, or other day on which banking institutions in the city where the Designated Payment/Transfer Office is located are required or authorized by law or executive order to close.

(e) The term “*Closing Date*” shall mean the date of the initial delivery of and payment for the Bonds.

(f) The term “*Code*” shall mean the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

(g) The term “*Credit Facility*” shall mean a policy of municipal bond insurance, a surety bond or a letter or line of credit issued by a Credit Facility Provider in support of any Bonds or Additional Bonds.

(h) The term “*Credit Facility Provider*” shall mean (i) with respect to any Credit Facility consisting of a policy of municipal bond insurance or a surety bond, an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations such as the Bonds or Additional Bonds, provided that a Rating Agency having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds fully insured by a standard

policy issued by the issuer in its highest generic rating category for such obligations; and (ii) with respect to any Credit Facility consisting of a letter or line of credit, any financial institution, provided that a Rating Agency having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds in 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 series of Bonds or Additional Bonds and the interest thereon.

(i) The term “**Designated Payment/Transfer Office**” shall mean (i) with respect to the initial Paying Agent/Registrar, the Designated Payment/Transfer Office as designated in the Paying Agent/Registrar Agreement, or at such other location designated by the Paying Agent/Registrar, and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the Issuer and such successor.

(j) The term “**DTC**” shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

(k) The term “**DTC Participant**” shall mean brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

(l) The term “**Escrow Agent**” shall mean BOKF, NA and its successors and assigns, or such other escrow agent as may be approved by the Mayor or Mayor Pro Tem and acceptable to the TWDB.

(m) The term “**Escrow Agreement**” shall mean the escrow agreement by and between the Issuer and the Escrow Agent pertaining to the deposit of the proceeds of the Bonds.

(n) The Term “**Financial Obligation**” means a (i) debt obligation, (ii) 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) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

(o) The term “**Fiscal Year**” shall mean the twelve-month period ending September 30 of each year, unless otherwise designated by the Issuer.

(p) The term “**Investment**” shall mean cash, investments, any Credit Facility, or any combination of the foregoing.

(q) The term “**Issuance Date**” with respect to the Bonds initially delivered to the TWDB, shall mean the date on which each such Bond is authenticated by the Paying Agent/Registrar and delivered to and paid for by the TWDB. Bonds delivered on transfer of or in exchange for other Bonds shall bear the same Issuance Date as the Bond or Bonds in lieu of or in exchange for which the new Bond is delivered.

(r) The term “**MSRB**” shall mean the Municipal Securities Rulemaking Board.

(s) The term “**Net Revenues**,” as used in this Ordinance, shall mean all gross revenues of the System, after deducting the expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs, and extensions necessary to render efficient service, provided, however, that only such repairs and extensions, as in the judgment of the City Commission of the Issuer, reasonably and fairly exercised by the passage of appropriate ordinances, are necessary to keep the System in operation and render adequate service to the Issuer and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair the Bonds and any Additional Bonds, shall be deducted in determining the “Net Revenues.” Depreciation and payments into and out of the Interest and Sinking Fund and the Reserve Fund, the existence and maintenance of which are hereinafter reaffirmed, shall never be considered as expenses of operation and maintenance.

(t) (i) The term “**Outstanding Bonds**” shall mean the outstanding Series 2015A Bonds, the Series 2015B Bonds, the Series 2019 Bonds, the Series 2024A Bonds, the 2025 Bonds, and any other bonds that have been authorized and are secured and on parity with the Bonds authorized pursuant to this Ordinance.

(ii) The term “**Outstanding TWDB Bonds**” shall mean the Series 2024A Bonds and the Series 2025 Bonds and any other bonds that have been authorized and are secured by a pledge of Net Revenues on parity with the Bonds authorized pursuant to this Ordinance and are additionally secured on parity with the Bonds by the funds on deposit in the TWDB Reserve Fund.

(u) The term “**Owner**” shall mean the person who is the registered owner of a Bond or Bonds, as shown in the Register.

(v) The term “**Rating Agency**” shall mean any nationally recognized municipal securities rating service.

(w) The term “**Register**” shall mean the books of registration kept by the Paying Agent/Registrar in which are maintained the names and addresses of and the principal amounts registered to each Owner.

(x) The term “**Regulations**” shall mean the applicable, proposed, temporary or final Treasury Regulations promulgated under the Code, or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

(y) The term “**Rule**” shall mean SEC Rule 15c2-12, as amended from time to time.

(z) The term “**SEC**” shall mean the United States Securities and Exchange Commission.

(aa) The term “**System**” as used in this Ordinance, shall mean the Issuer’s entire Waterworks System and Sewer System, together with all future improvements, extensions, enlargements, and additions thereto, and replacement thereof.

(bb) The term “**Subordinate Debt**” shall mean any obligation of the Issuer heretofore or hereafter issued which is payable (i) in whole or in part from the Net Revenues and (ii) secured by

a lien on and pledge of Net Revenues which is not, by its terms, a first lien on and pledge of such Net Revenues, or on parity with these Bonds.

(cc) The term “**TWDB**” means the Texas Water Development Board.

Section 9. PLEDGE. (a) The Bonds authorized hereby are payable from and secured by a first lien on and pledge of the Net Revenues of the System on parity with the Outstanding Bonds.

(b) The Bonds, and any Additional Bonds which may be issued in accordance with this Ordinance, and the interest thereon, are and shall be payable from and secured by a first lien on and pledge of the Net Revenues of the System and said Net Revenues are further pledged irrevocably to the establishment and maintenance of the Funds created by this Ordinance.

Section 10. RATES. The Issuer covenants and agrees with the Owners of the Bonds and all Additional Bonds, as follows:

(a) That it will at all times fix, maintain, charge and collect for services rendered by the System, rates and charges which will produce gross revenues at least sufficient to pay all expenses of operation and maintenance, and to provide Net Revenues adequate to pay promptly all of the principal of and interest on the Bonds, the Outstanding Bonds and all Additional Bonds, being an amount at least equal to 1.25 times the annual principal and interest on the Bonds, the Outstanding Bonds and Additional Bonds, and to make all deposits now or hereafter required to be made into the Funds created by the ordinances authorizing the Outstanding Bonds, which Funds are reaffirmed hereby.

(b) If the System should become legally liable for any other obligations or indebtedness, the Issuer shall fix, maintain, charge, and collect additional rates and charges for services rendered by the System sufficient to establish and maintain funds for the payment thereof.

Section 11. FUNDS. All revenues of the System shall be kept separate and apart from all other funds of the Issuer, and the following special Funds have been created, are hereby reaffirmed, and shall be maintained in an official depository bank of the Issuer, so long as any of the Bonds, the Outstanding Bonds or Additional Bonds, or the interest thereon, are outstanding and unpaid:

(a) City of Harlingen Waterworks and Sewer System Revenue Fund, hereinafter called the “Revenue Fund”; and

(b) City of Harlingen Waterworks and Sewer System Revenue Bonds Interest and Sinking Fund, hereinafter called the “Interest and Sinking Fund”;

(c) City of Harlingen Waterworks and Sewer System Revenue Bonds Reserve Fund, hereinafter called the “Reserve Fund”; and

(d) City of Harlingen Waterworks and Sewer System Revenue Bonds TWDB Reserve Fund, hereinafter called the “TWDB Reserve Fund”.

Section 12. REVENUE FUND. All gross revenues of every nature received from the operation and ownership of the System shall be deposited from day to day as collected into the Revenue

Fund, and the reasonable, necessary, and proper expenses of operation and maintenance of the System shall be paid from the Revenue Fund. The revenues of the System not actually required to pay said expenses shall be deposited from the Revenue Fund into the other Funds, the existence of which are reaffirmed by this Ordinance, in the manner and amounts hereinafter provided, and each of such Funds shall have priority as to such deposits in the order in which they are treated in the following sections.

Section 13. INTEREST AND SINKING FUND. There shall be deposited into the Interest and Sinking Fund the following:

- (i) such amounts, in equal monthly installments made on or before the 10th day of each month hereafter, as will be sufficient to pay the interest scheduled to come due on the Bonds, the Outstanding Bonds, and any Additional Bonds on the next interest payment date; and
- (ii) such amounts, made on or before each principal payment date, as will be sufficient to pay the next maturing or mandatorily redeemed principal of the Bonds, the Outstanding Bonds, and any Additional Bonds.

The Interest and Sinking Fund shall be used to pay the principal of and interest on the Bonds, the Outstanding Bonds, and all Additional Bonds, as such principal matures and such interest comes due.

Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the revenues granted by the Issuer under this Section, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the revenues granted by the Issuer under this Section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, in order to preserve to the Owners of the Bonds a security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing of a security interest in said pledge to occur.

Section 14. RESERVE FUND. (a) There is currently on deposit in the Reserve Fund \$0. In accordance with Section 14(g) herein, the Net Revenues for each Fiscal Year are equal to at least 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds and, therefore, the "**Required Reserve**" is \$0; provided, however, that if and whenever the Net Revenues for any Fiscal Year are less than 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds, the Issuer will be required to (1) obtain a Credit Facility, as permitted in subsection (b) below, in the amount of the Required Reserve; or (2) commence making monthly deposits in the Reserve Fund in an amount equal to 1/60 of the full amount then required to be on deposit in the Reserve Fund and such monthly deposits shall be continued until such time as the Reserve Fund has been restored to the average annual principal and interest requirements and all Outstanding Bonds (excluding the Outstanding TWDB Bonds and the Bonds). The Reserve Fund shall be used to pay the principal of and interest on the Outstanding Bonds (excluding the Outstanding TWDB Bonds and the Bonds), and all Additional Bonds (excluding any Additional TWDB Bonds), at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose. Money in the Reserve Fund may, upon

authorization by the City Commission of the Issuer, be invested in direct obligations of, or obligations, the principal of and interest on which are guaranteed by the United States of America, or invested in direct obligations of the Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, Federal National Mortgage Association, Federal Home Loan Banks or Banks for Cooperatives, provided that each of the aforesaid obligations must mature, or be subject to redemption at the option of the holder thereof, within not more than ten years from the date of the making of such investment. Any obligation in which money in the Reserve Fund is so invested shall be kept and held in an official depository bank of the Issuer in escrow and in trust for the benefit of the holders of the Outstanding Bonds (excluding the Outstanding TWDB Bonds and the Bonds) and all Additional Bonds (excluding any Additional TWDB Bonds), and shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the Reserve Fund.

(b) The Issuer may replace or substitute a Credit Facility for cash or investments in the Reserve Fund.

Upon such replacement or substitution, cash or investments on deposit in the Reserve Fund which, taken together with the face amount of any existing Credit Facilities, are in excess of the Required Reserve may be withdrawn by the Issuer, at its option, and transferred to the Revenue Fund; provided that the face amount of any Credit Facility may be reduced at the option of the Issuer in lieu of such transfer.

(c) If the Issuer is required to make a withdrawal from the Reserve Fund for any of the purposes described in this Section, the Issuer shall promptly notify any applicable Credit Facility Provider of the necessity for a withdrawal from the Reserve Fund for any such purposes, and shall make such withdrawal FIRST from available moneys or investments then on deposit in the Reserve Fund, and NEXT from a drawing under any Credit Facility to the extent of such deficiency.

(d) In the event of a deficiency in the Reserve Fund, or in the event that on the date of termination or expiration of any Credit Facility there is not on deposit in the Reserve Fund sufficient amounts, all in an aggregate amount at least equal to the Required Reserve, then the Issuer shall satisfy the Required Reserve by depositing into the Reserve Fund in monthly installments of not less than 1/60 of the Required Reserve made on or before the 10th day of each month following such termination or expiration.

(e) In the event of the redemption or defeasance of any bonds payable from amounts on deposit in the Reserve Fund, any amounts on deposit in the Reserve Fund in excess of the Required Reserve may be withdrawn and transferred, at the option of the Issuer, to the Revenue Fund, as a result of (i) the redemption of such bonds, or (ii) funds for the payment of such bonds having been deposited irrevocably with the paying agent or place of payment therefor in the manner described in any ordinance authorizing the issuance of bonds, the result of such deposit being that such bonds no longer are deemed to be outstanding under the terms of any such ordinance.

(f) In the event there is a draw upon the Credit Facility, the Issuer shall reimburse the Credit Facility Provider for such draw, in accordance with the terms of any agreement pursuant to which the Credit Facility is issued, from Net Revenues, however, such reimbursement from Net Revenues

shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the Bonds, the Outstanding Bonds or Additional Bonds.

(g) Notwithstanding anything to the contrary contained herein, the requirement set forth in subsection (a) above to maintain the Required Reserve in the Reserve Fund shall be suspended for such time as the Net Revenues for each Fiscal Year are equal to at least 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds. In the event that the Net Revenues for any Fiscal Year are less than 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds, the Issuer will be required to (1) obtain a Credit Facility, as permitted in subsection (b) above, in the amount of the Required Reserve; or (2) commence making monthly deposits in the Reserve Fund, as provided in subsection (a) above, and to continue such monthly deposits until the earlier of (i) such time as the Reserve Fund contains the Required Reserve or (ii) the Net Revenues in each of two consecutive years have been equal to not less than 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds.

(h) The Issuer may create and establish a reserve fund pursuant to the provisions of any ordinance authorizing the issuance of Additional Bonds for the purpose of securing that particular issue or series of Additional Bonds or any specific group of issues or series of Additional Bonds and the amounts once deposited or credited to said reserve funds shall no longer constitute Net Revenues and shall be held solely for the benefit of the holders of the particular Additional Bonds for which such reserve fund was established. Each such reserve fund shall be designated in such manner as is necessary to identify the Additional Bonds it secures and to distinguish such reserve fund from the Reserve Fund and the reserve funds created for the benefit of other Additional Bonds.

Section 15. DEFICIENCIES IN FUNDS. If in any month the Issuer shall fail to deposit into any Fund, the existence of which is reaffirmed by this Ordinance, the full amounts required, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available and unallocated Net Revenues of the System for the following month or months, and such payments shall be in addition to the amounts otherwise required to be paid into said Funds during such month or months. To the extent necessary, the Issuer shall increase the rates and charges for services of the System to make up for any such deficiencies.

Section 16. EXCESS REVENUES. The Net Revenues of the System, in excess of those necessary to maintain the Funds as required in this Ordinance, or as hereafter may be required in connection with the issuance of Additional Bonds, may be used for any lawful purpose.

Section 17. SECURITY FOR FUNDS. All Funds, the existence of which are reaffirmed by this Ordinance, shall be secured in the manner and to the fullest extent permitted or required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Ordinance.

Section 18. ADDITIONAL BONDS. The Issuer reserves the right to issue additional parity revenue bonds, to be known as Additional Bonds, which when issued and delivered, shall be payable from and secured by a lien on and pledge of the Net Revenues of the System, in the same manner and to the same extent as the Outstanding Bonds, the Bonds, and all Additional Bonds

shall in all respects be on a parity and equal dignity. The Additional Bonds may be issued in one or more installments or series, provided, however, that no installment or series of Additional Bonds shall be issued unless:

(a) A certificate is executed by the Mayor and City Secretary or Deputy City Secretary of the Issuer to the effect that no default exists in connection with any of the covenants or requirements of the ordinance or ordinances authorizing the issuance of all Outstanding Bonds, Bonds and Additional Bonds then outstanding.

(b) A certificate is executed by the Mayor and City Secretary or Deputy City Secretary of the Issuer to the effect that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be on deposit therein.

(c) A certificate is executed by an independent certified public accountant, or independent firm of certified public accountants, acting by and through a certified public accountant, signs a written certificate to the effect that, in his or her opinion, during either the next preceding fiscal year, or any twelve consecutive calendar month period ending not more than ninety days prior to the passage of the ordinance authorizing the issuance of the proposed Additional Bonds is passed, the Net Revenues were at least 1.25 times an amount equal to the average annual principal and interest requirements on such Outstanding Bonds and such proposed Additional Bonds as are on parity of Lien with the Bonds or any Additional Bonds. It is specifically provided, however, that in calculating the amount of Net Revenues for the purpose of this subsection (c), if there has been any increase in the rates or charges for services of the System which is then in effect, but which was not in effect during all or any part of the entire period for which the Net Revenues are being calculated (hereinafter referred to as the "entire period"), then the certified public accountant, or in lieu of the certified public accountant, a firm of consulting engineers, shall determine and certify the amount of Net Revenues as being the total of (i) the actual Net Revenues for the entire period, plus (ii) a sum equal to the aggregate amount by which the actual billings to customers of the System during the entire period would have been increased if such increased rates or charges had been in effect during the entire period.

At such time that all of the Series 2015A Bonds, the Series 2015B Bonds, and the Series 2019 Bonds are either defeased or no longer outstanding, then sub-section (c-1) shall be added to this Section 18 as shown below in italicized language:

(c-1) Notwithstanding anything to the contrary contained herein, the requirement set forth in subsection (c) above to obtain a certificate executed by either the Director of Finance of, or the financial advisor to, the System, to the effect that, in his or her opinion, during either the next preceding fiscal year, or any twelve consecutive calendar month period ending not more than ninety days prior to the passage of the ordinance authorizing the issuance of the proposed Additional Bonds is passed, the Net Revenues were at least 1.25 times an amount equal to the average annual principal and interest requirements on such Outstanding Bonds and such proposed Additional Bonds as are on parity of Lien with the Bonds or any Additional Bonds. It is specifically provided, however, that in calculating the amount of Net Revenues for the purpose of this subsection (c-1), if there has been any increase in the rates or charges for services of the System which is then in effect, but which was not in effect during all or any part of the entire period for which the Net Revenues are being calculated (hereinafter referred to as the "entire period"),

then in lieu of the Director of Finance of, or the financial advisor to, the System, a firm of consulting engineers, shall determine and certify the amount of Net Revenues as being the total of (i) the actual Net Revenues for the entire period, plus (ii) a sum equal to the aggregate amount by which the actual billings to customers of the System during the entire period would have been increased if such increased rates or charges had been in effect during the entire period.

(d) The Additional Bonds are scheduled to mature only on November 1, and the interest thereon is scheduled to be paid only on November 1 and May 1.

(e) The ordinance authorizing the issuance of such installment or series of Additional Bonds provides that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased by an additional amount not less than the average annual principal and interest requirements for said Additional Bonds; and that such additional amount shall be so accumulated within 61 months from the date of the Additional Bonds, by the deposit in the Reserve Fund of the necessary sums in equal monthly installments; provided, however, that the aggregate of all or any part of said required additional amount in cash immediately after the aggregate amount to be accumulated in the Reserve Fund shall never be required to exceed the average annual principal and interest requirements for all Outstanding Bonds, Bonds and Additional Bonds then outstanding, and for the installment or series of Additional Bonds the proposed to be issued.

(f) All calculations of average annual principal and interest requirements made pursuant to this Section are made as of and from the date of the Additional Bonds then proposed to be issued.

Section 19. MAINTENANCE AND OPERATION; INSURANCE. The Board of Utility Trustees of the Issuer shall have managing control of the System while any of the Bonds or Additional Bonds are outstanding, the Issuer covenants and agrees to cause the Board of Utility Trustees to maintain the System in good condition and operate the same in an efficient manner and at reasonable expense, and to maintain insurance on the System, for the benefit of the holder or holders of the Bonds and Additional Bonds, of a kind and in an amount which usually would be carried by private companies engaged in a similar type of business. Nothing in this Ordinance shall be construed as requiring the Issuer to expend any funds which are derived from sources other than the System, but nothing herein shall be construed as preventing the Issuer from doing so.

Section 20. ACCOUNTS AND FISCAL YEAR. The Issuer shall cause the Board of Utilities Trustees to keep proper books of records and accounts, separate from all other records and accounts of the Issuer in which complete and correct entries shall be made of all transactions relating to the System, and shall have said books audited once each fiscal year by a Certified Public Accountant. The Issuer agrees to operate the System and keep its books of records and accounts pertaining thereto on the basis of its current fiscal year; provided, however, that the City Commission of the Issuer may change such fiscal year by ordinance duly passed, if such change is deemed necessary by the City Commission of the Issuer.

Section 21. ACCOUNTING REPORTS. Within 90 days after the close of each fiscal year hereafter, the Issuer will furnish, without cost, to any holder of any Bonds, the Outstanding Bonds or Additional Bonds who may so request, a signed or certified copy of a report by a Certified Public Accountant, covering the next preceding fiscal year, showing the following information:

- (a) A detailed statement of all gross revenues of the System and all expenses of operation and maintenance thereof for said fiscal year.
- (b) A balance sheet as of the end of said fiscal year.
- (c) The accountant's comment regarding the manner in which the Issuer has complied with the requirements of this Ordinance and his recommendations, if any, for changes or improvements in the operation and maintenance of the System.
- (d) A list of insurance policies in force at the end of said fiscal year, showing, as to each policy, the risk covered, the amount of the policy, the name of the insurer, and the expiration date.
- (e) The number of properties connected with the System, and the gross revenues from each of said System for said fiscal year.
- (f) The number of unmetered customers of the Waterworks System at the end of said fiscal year.
- (g) The approximate number of gallons of water registered through the Issuer meters, and the number of gallons sold during said fiscal year.

Section 22. INSPECTION. Any holder or holders of any Bonds or Additional Bonds shall have the right at all reasonable times to inspect the System and all records, accounts, and data of the Issuer relating thereto.

Section 23. SPECIAL COVENANTS. The Issuer further covenants as follows:

- (a) That other than for the payment of the Bonds herein authorized, the revenues and income of the System have not in any manner been pledged to the payment of any debt or obligation of the Issuer or of the System.
- (b) That while any of the Bonds or Additional Bonds are outstanding, the Issuer will not sell or encumber the System or any substantial part thereof, and that, with the exception of the Additional Bonds expressly permitted by this Ordinance to be issued, it will not encumber the revenues and income of the System, unless such encumbrance is made junior and subordinate in all respects to the Bonds and Additional Bonds and all liens and pledges in connection therewith.
- (c) That no free service of the System shall be allowed and should the Issuer or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by the Issuer out of funds from sources other than the revenues and income of the System.
- (d) That to the extent it legally may, the Issuer further covenants and agrees that while any of the Bonds or Additional Bonds are outstanding, no franchise shall be granted for the installation or operation of any competing waterworks system or sewer system; and that the Issuer will prohibit the operation of any such competing system; and the operation of any competing system is hereby prohibited.

(e) That in addition to all of the rights and remedies provided by the laws of the State of Texas, the Issuer covenants and agrees that in the event of default in payment of principal or interest on any of the Bonds or Additional Bonds when due, or, in the event it fails to make the payments required to be made into the Interest and Sinking Fund or Reserve Fund or defaults in the observance of performance of any other of the contracts, covenants, conditions or obligations set forth in this Ordinance or in the Bonds or Additional Bonds, the following remedies shall be available:

(i) the Owners shall be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the Issuer and the officials thereof to observe and perform the contracts, covenants, obligations, or conditions prescribed in this Ordinance; and

(ii) any delay or omission to exercise any right or power accruing upon any default shall not impair any such right or power nor be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

The specific remedy herein provided shall be cumulative of all other existing remedies and the specification of such remedy shall not be deemed to be exclusive.

Section 24. BONDS ARE SPECIAL OBLIGATIONS. The Bonds and Additional Bonds shall be special obligations of the Issuer, payable solely from the pledged Net Revenues, and the holder or holders thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

Section 25. DEFEASANCE OF BONDS. The Bonds may be refunded, defeased or discharged in any manner permitted by applicable law.

Section 26. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED. The Mayor of the Issuer is hereby authorized to have control of the Initial Bond issued hereunder and all necessary records and proceedings pertaining to the Initial Bond pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Initial Bond said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall sign the Comptroller's Registration Certificate on the Initial Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Initial Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on or attached to the Initial Bond or on any Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the Owners of the Bonds. In addition, if bond insurance is obtained, the Bonds may bear an appropriate legend as provided by the insurer.

Section 27. PROVISIONS CONCERNING FEDERAL INCOME TAX MATTERS.

(a) General. The Issuer covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the Issuer covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the Issuer in connection with the Bonds.

(b) No Private Activity Bonds. The Issuer covenants that it will use the proceeds of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code. Furthermore, the Issuer will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Bonds to be a “private activity bond” unless it takes a remedial action permitted by section 1.141-12 of the Regulations.

(c) No Federal Guarantee. The Issuer covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

(d) No Hedge Bonds. The Issuer covenants not to take any action or omit to take action that, if taken or omitted, would cause the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code.

(e) No Arbitrage Bonds. The Issuer covenants that it will make such use of the proceeds of the Bonds (including investment income) and regulate the investment of such proceeds of the Bonds so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

(f) Required Rebate. The Issuer covenants that, if the Issuer does not qualify for an exception to the requirements of section 148(f) of the Code, the Issuer will comply with the requirement that certain amounts earned by the Issuer on the investment of the gross proceeds of the Bonds, be rebated to the United States.

(g) Information Reporting. The Issuer covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning the Bonds in accordance with section 149(e) of the Code.

(h) Record Retention. The Issuer covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Bonds and the use of the property financed, directly or indirectly, thereby until six years after the last Bond is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

(i) Registration. If the Bonds are “registration-required bonds” under section 149(a)(2) of the Code, the Bonds will be issued in registered form.

(j) Favorable Opinion of Bond Counsel. Notwithstanding the foregoing, the Issuer will not be required to comply with any of the federal tax covenants set forth above if the Issuer has

received an opinion of nationally recognized bond counsel that such noncompliance will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

(k) Continuing Compliance. Notwithstanding any other provision of this Ordinance, the Issuer's obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the excludability of interest on the Bonds from gross income for federal income tax purposes.

(l) Official Intent. For purposes of section 1.150-2(d) of the Regulations, to the extent that an official intent to reimburse has not previously been adopted by the Issuer, this Ordinance serves as the Issuer's official declaration of intent to use proceeds of the Bonds to reimburse itself from proceeds of the Bonds issued in the maximum amount for certain expenditures paid in connection with the projects set forth herein. Any such reimbursement will only be made (i) for an original expenditure paid no earlier than sixty (60) days prior to the date hereof and (ii) not later than eighteen (18) months after the later of (A) the date the original expenditure is paid or (B) the date on which the project to which such expenditure relates is placed in service or abandoned, but in to event more than three (3) years after the original expenditure is paid.

(m) Source Series Bonds. The Issuer covenants that neither the Issuer nor a related party thereto will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Bonds to be acquired from the Issuer by the TWDB.

(n) Advanced Refunding. The Issuer covenants to refrain from using the proceeds of the Bonds to pay debt service on another issue more than ninety (90) days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code.

Section 28. CONTINUING DISCLOSURE.

(a) Annual Reports. The Issuer shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the Issuer, financial information and operating data with respect to the Issuer of the general type included in the Private Placement Memorandum, being information described in APPENDIX B-OFFICIAL ACTION. The information will also include audited financial statements of the Issuer if audited financial statements of the Issuer are then available. If not provided as part such financial information and operating data, audited financial statements of the Issuer will be provided when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with generally accepted government accounting principles or such other accounting principles as the Issuer may be required to employ, from time to time, by State law or regulation, and (ii) audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the Issuer shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

(b) If the Issuer 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 Issuer otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) 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.

(d) Event Notices. (a)The Issuer shall provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) nonpayment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Owners, if material;
- (viii) bond calls, if material and tender offers;
- (ix) defeasance;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of the Issuer, which shall occur as described below;

Note to paragraph (xii): For the purposes of the event identified in paragraph xii of this section, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer 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 or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing

governing body and officials or officers 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 Issuer.

(xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Note to paragraphs (xv) and (xvi): For purposes of the events identified in paragraphs (xv) and (xvi) of this section and in the definition of Financial Obligation in Section 2, the City intends the words used in such paragraphs to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the “2018 Release”) and any further amendments or written guidance provided by the SEC or its staff with respect with respect to the amendments to the Rule effected by the 2018 Release.

(e) The Issuer shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with Section 28 of this Ordinance by the time required by such Section.

(f) Limitations, Disclaimers and Amendments. (a)The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Issuer in any event will give notice of any redemption calls and any defeasances that cause the Issuer to be no longer an “obligated person.”

(i) The provisions of this Section are for the sole benefit of the Owner 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 Issuer 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 Issuer’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 Issuer 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.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE REGISTERED OWNER 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.

(ii) No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under the Ordinance for purposes of any other provisions of this Ordinance.

(iii) Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

(iv) The provisions of this Section may be amended by the Issuer 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 Issuer, 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 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions 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 Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owner and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the Issuer if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the Issuer's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with Section 29 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

Section 29. SALE OF BONDS AND APPROVAL OF PRIVATE PLACEMENT MEMORANDUM; FURTHER PROCEDURES. (a) The Bonds are hereby initially sold and shall be delivered to *TWDB*, as the initial purchasers of the Bonds (the "*Purchasers*"), at a price of par at \$12,560,000 subject to the approval of the Attorney General and Bond Counsel. At the time the Bonds are delivered to the *TWDB*, the Issuer shall pay an origination fee to the *TWDB* equal to % (\$) of the Project costs, in accordance with the rules of the *TWDB*.

The Mayor or Mayor Pro Tem and other appropriate officers, agents and representatives of the Issuer are hereby authorized to do any and all things necessary or desirable to provide for the issuance and delivery of the Bonds. The Bonds shall initially be registered in the name of *Texas Water Development Board*. The pricing and terms of the sale of the Bonds are hereby found and determined to be the most advantageous reasonably obtainable by the Issuer.

(b) The Issuer hereby approves the form and content of the Private Placement Memorandum relating to the Bonds and any addenda, supplement, or amendment thereto, and approves the distribution of such Private Placement Memorandum to the TWDB in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof.

(c) The Mayor and Mayor Pro Tern, the City Manager and City Secretary and all other officers, employees and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Bonds, the sale of the Bonds and the Private Placement Memorandum. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 30. DEPOSIT OF SALE PROCEEDS INTO PROJECT FUND. Concurrently with the initial delivery of the Series 2026B Bonds, the Issuer shall deposit proceeds received by the Issuer from the sale of the Series 2026B Bonds (excluding accrued interest, if any, which shall be deposited into the Interest and Sinking Fund) which are not required to pay costs of issuance related to the Series 2026B Bonds into a project fund to be used to acquire, purchase, construct, improve, enlarge, or equip the System.

Section 31. TWDB PROVISIONS.

(a) TWDB Resolution. The Issuer agrees to comply with the applicable provisions of TWDB Resolution No. 25-115, which authorized the financial assistance evidenced by the Bonds.

(b) Escrow Agreement. To facilitate the delivery of and payment for the Bonds pending completion of review of plans and specifications, the City Commission hereby authorizes an Escrow Agreement to be entered into by and between the Issuer and the Escrow Agent, the terms and conditions of which are hereby approved, subject to such insertions, additions, and modifications as shall be necessary to comply with all applicable laws, regulations, and procedures and to carry out the intent and purposes of this Ordinance. The Mayor or Mayor Pro Tem and the City Secretary are authorized to execute and deliver such Escrow Agreement in multiple counterparts on behalf of the Issuer.

(c) Project Fund. There is hereby created and established a special fund of the Issuer, to be known as the "City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds,

Series 2026B (EDAP) Project Fund,” which shall be established at an official depository of the Issuer and kept separate and apart from other funds of the Issuer. The proceeds of the Bonds shall be deposited in the escrow account for the Bonds that is maintained by the Escrow Agent for the benefit of the Issuer and TWDB under and as more specifically provided in the Escrow Agreement. Upon release from the escrow account, such proceeds shall be deposited and held in the Project Fund until used for authorized purposes. The proceeds of the Bonds, as received, shall be deposited in the Project Fund. Money on deposit in the Project Fund and all interest, and income derived therefrom shall be used only for the purposes set forth in Section 1 of this Ordinance and to pay costs of issuance. Money on deposit in the Project Fund, may, at the option of the Issuer, be invested as permitted by State law including, particularly, the Public Funds Investment Act, Texas Government Code, Chapter 2256, and the Public Funds Collateral Act, Texas Government Code, Chapter 2257; provided that all such deposits and investments shall be made in such manner that the money required to be expended from the Project Fund will be available at the proper time or times. Bond proceeds deposited in the Project Fund shall be timely and expeditiously used, in accordance with the schedule for the Project approved by the TWDB, as may be amended from time to time. The Issuer will maintain project accounts in accordance with generally accepted government accounting standards, including standards related to the reporting of infrastructure assets.

(d) TWDB Rules. In compliance with the published rules and regulations of the TWDB, the Issuer covenants and agrees that upon final completion of the Project to be financed with the proceeds of the Bonds, and if all or any portion of the Bonds shall be held by or on account of the TWDB or the State, the proper officials of the Issuer shall render due and final accounting of the total cost of the Project and provide a copy of as-built plans for the Project to the TWDB. If, following completion of the Project, funds remain on hand in the Project Fund, or if the TWDB Executive Administrator (the “Executive Administrator”) disapproves construction of any portion of the Project as not being in accordance with the plans and specifications, the Issuer shall use any remaining funds for enhancements to the Project that are approved by the Executive Administrator, or, if no enhancements are authorized by the Executive Administrator, the Issuer shall submit to the TWDB a final accounting and describe the proposed disposition of the any unused funds. If any funds are determined to be surplus funds remaining after the completion of the Project and the completion of a final accounting, such surplus funds shall be used for purposes approved by the Executive Administrator. Unless otherwise stated in the loan commitment of the TWDB with respect to the purchase of the Bonds, in determining the amount of available funds for constructing the Project to be financed, the Issuer shall account for all monies in the Project Fund, including all loan funds extended by the TWDB, all other funds available from the Project as described in the Project engineer’s sufficiency of funds statement required for closing the TWDB’s loan and all interest, earned by the Issuer on money in the Project Fund. This requirement shall not be interpreted as prohibiting the TWDB from enforcing such other rights as it may have under law.

(e) Outlay Reports. The Issuer agrees to submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines.

(f) Environmental Indemnification. The Issuer shall not use proceeds from the sale of the Bonds for sampling, testing, removing or disposing of contaminated soils and/or media at the Project site. To the extent permitted by law, the Issuer agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property

of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Issuer, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project.

(g) Insurance. The Issuer covenants that the Project will be kept continually insured against such perils in an amount sufficient to protect the TWDB's interest in the Project, to the extent that insurance is customarily carried by cities operating similar facilities in similar locations; provided, however, that the Issuer shall not be required to maintain such insurance so long as builders risk insurance covering such facilities during the period of construction is in effect.

(h) Compliance with Rules and Statutes; Notice of Suit. The Issuer covenants that it will comply with TWDB's rules and relevant state statutes in connection with the sale of the Bonds to TWDB and the use of the proceeds in connection with the Project approved by TWDB. The Issuer will provide notice, in writing to the TWDB, of any lawsuit filed against the Issuer by the Attorney General of Texas under Section 1.10(f), Texas Penal Code.

(i) Compliance with Environmental Findings of Executive Administrator. The Issuer covenants that it will comply with the conditions specified in the final environmental finding of the Executive Administrator when issued, including the standing emergency discovery conditions for threatened and endangered species and cultural resources.

(j) Audited Financial Statements. The Issuer shall annually submit to the TWDB a copy of its audited financial statements, which shall be prepared by a certified public accountant in accordance with the accounting principles the Issuer may be required to employ from time to time pursuant to State law or regulation.

(k) Compliance with Davis-Bacon and Federal Disadvantaged Business Enterprises Program. Laborers and mechanics employed by contractors and subcontractors for the Project shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The Issuer, all contractors, and all sub-contractors shall ensure that all Project contracts mandate compliance with the Davis-Bacon Act. All contracts and subcontracts for the construction of the Project carried out in whole or in part with Bond proceeds shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB. The Issuer covenants to comply with all applicable State and federal procurement requirements, including the federal procurement requirements under the Disadvantaged Business Enterprises program.

(l) Federal Funding Accountability and Transparency Act. The Issuer shall provide the TWDB with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252. The Issuer shall obtain a Data Universal Numbering System (DUNS) Number and shall register with System for Award Management (SAM) and maintain current registration at all times during which the Bonds are outstanding.

(m) Use of Iron and Steel Products. The Issuer covenants that it will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the

United States, as required by Texas Government Code, Chapter 2252, Subchapter F, and Texas Water Code, Section 17.183.

(n) Maintenance of Project Fund. The Issuer covenants that it will maintain the Project Fund in accordance with generally accepted government accounting principles.

(o) Remedies. TWDB shall have all remedies available at law or in equity with respect to the Bonds, and any provision of the Bonds that restricts or limits TWDB's exercise of such remedies shall be of no force and effect.

(p) TWDB Reserve Fund. (i) Upon the issuance of the Bonds, the Bonds shall be additionally secured by the TWDB Reserve Fund. The Bonds shall not be additionally secured by any funds on deposit, if any, in the Reserve Fund created in Section 11(c) and described in Section 14 of this Ordinance, and TWDB shall not be entitled to demand payment of principal of or interest on the Bonds from any such funds on deposit, if any, in such Reserve Fund. There is currently on deposit in the Reserve Fund \$0. There is currently on deposit in the TWDB Reserve Fund \$_____. To accommodate and maintain a reserve as additional security for the payment of the Bonds equal to the average annual principal and interest requirements of the Bonds (the "TWDB Required Reserve Amount"), the Issuer will be required on or before the 10th day of each month, commencing with the month immediately following the issuance of the Bonds, to begin making deposits into the TWDB Reserve Fund in an amount equal to 1/60th of the full amount of the TWDB Required Reserve Amount. The TWDB Reserve Fund shall be used to pay the principal of and interest on the Bonds, at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose. Money in the TWDB Reserve Fund may, upon authorization by the City Commission of the Issuer, be invested in direct obligations of, or obligations, the principal of and interest on which are guaranteed by the United States of America, or invested in direct obligations of the Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, Federal National Mortgage Association, Federal Home Loan Banks or Banks for Cooperatives, provided that each of the aforesaid obligations must mature, or be subject to redemption at the option of the holder thereof, within not more than ten years from the date of the making of such investment. Any obligation in which money in the TWDB Reserve Fund is so invested shall be kept and held in an official depository bank of the Issuer in escrow and in trust for the benefit of the holders of the Bonds and all Additional TWDB Bonds and shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the TWDB Reserve Fund.

(ii) If the Issuer is required to make a withdrawal from the TWDB Reserve Fund for any of the purposes described in this Section, the Issuer shall be required to begin making monthly deposits to the TWDB Reserve Fund in the amounts and at the times described below to the extent of such deficiency in the TWDB Required Reserve Amount.

(iii) In the event of a deficiency in the TWDB Reserve Fund, then the Issuer shall satisfy the TWDB Required Reserve Amount by depositing into the TWDB Reserve Fund in monthly installments of not less than 1/60th of the TWDB Required Reserve Amount made on or before the 10th day of each following month.

(iv) In the event of the redemption or defeasance of any Bonds, any amounts on deposit in the TWDB Reserve Fund in excess of the TWDB Required Reserve Amount may be withdrawn and transferred, at the option of the Issuer, to the Revenue Fund, as a result of (i) the redemption of any Bonds, or (ii) funds for the payment of any Bonds having been deposited irrevocably with the paying agent or place of payment therefor in the manner described in any ordinance authorizing the issuance of Bonds, the result of such deposit being that such Bonds no longer are deemed to be outstanding under the terms of any such ordinance.

(q) Additional TWDB Bonds. The Issuer reserves the right to issue additional parity revenue bonds, to be known as Additional TWDB Bonds, which when issued and delivered, shall be payable from and secured by a lien on and pledge of the Net Revenues of the System, in the same manner and to the same extent as the Outstanding Bonds, the Bonds and all Additional Bonds, and all Additional TWDB Bonds shall in all respects be on a parity and equal dignity. The Additional TWDB Bonds may be issued in one or more installments or series, provided, however, that no installment or series of Additional TWDB Bonds shall be issued unless:

(i) A certificate is executed by the Mayor and City Secretary or Deputy City Secretary of the Issuer to the effect that no default exists in connection with any of the covenants or requirements of the ordinance or ordinances authorizing the issuance of all Outstanding Bonds, Bonds, Additional Bonds, and Additional TWDB Bonds then outstanding.

(ii) A certificate is executed by the Mayor and City Secretary or Deputy City Secretary of the Issuer to the effect that the Interest and Sinking Fund, the Reserve Fund, and the TWDB Reserve Fund each contains the amount then required to be on deposit therein.

(iii) In addition to the certificate required by section 18(c) of this Ordinance, a certificate is executed by an independent certified public accountant, or independent firm of certified public accountants, acting by and through a certified public accountant, signs a written certificate to the effect that, in his or her opinion, during either the next preceding fiscal year, or any twelve consecutive calendar month period ending not more than ninety days prior to the passage of the ordinance authorizing the issuance of the proposed Additional TWDB Bonds is passed, the Net Revenues were at least 1.25 times an amount equal to the average annual principal and interest requirements on such Outstanding TWDB Bonds and such proposed Additional TWDB Bonds as are on parity of Lien with the Bonds or any Additional TWDB Bonds. It is specifically provided, however, that in calculating the amount of Net Revenues for the purpose of this subsection (iii), if there has been any increase in the rates or charges for services of the System which is then in effect, but which was not in effect during all or any part of the entire period for which the Net Revenues are being calculated (hereinafter referred to as the "entire period"), then the certified public accountant, or in lieu of the certified public accountant, a firm of consulting engineers, shall determine and certify the amount of Net Revenues as being the total of (i) the actual Net Revenues for the entire period, plus (ii) a sum equal to the aggregate amount by which the actual billings to customers of the System during the entire period would have been increased if such increased rates or charges had been in effect during the entire period.

(iv) The Additional TWDB Bonds are scheduled to mature only on November 1, and the interest thereon is scheduled to be paid only on November 1 and May 1.

(v) The ordinance authorizing the issuance of such installment or series of Additional TWDB Bonds provides that the aggregate amount to be accumulated and maintained in the TWDB Reserve Fund shall be increased by an additional amount not less than the average annual principal and interest requirements for said Additional TWDB Bonds; and that such additional amount shall be so accumulated within 61 months from the date of the Additional TWDB Bonds, by the deposit in the TWDB Reserve Fund of the necessary sums in equal monthly installments; provided, however, that the aggregate of all or any part of said required additional amount in cash immediately after the aggregate amount to be accumulated in the TWDB Reserve Fund shall never be required to exceed the average annual principal and interest requirements for all Outstanding TWDB Bonds and Additional TWDB Bonds then outstanding, and for the installment or series of Additional TWDB Bonds the proposed to be issued.

(vi) All calculations of average annual principal and interest requirements made pursuant to this Section are made as of and from the date of the Additional TWDB then proposed to be issued.

(r) Compliance with Section 16.356, Texas Water Code. The Issuer will comply with Texas Water Code, Section 16.356, and the Issuer's annual financial statement prepared under Texas Local Government Code, Section 103.001, shall include a specific report on compliance with this condition.

(s) Compliance with Section 366.035, Texas Health and Safety Code. Before the release of funds provided for construction, the Issuer must provide the TWDB with evidence satisfactory to the Executive Administrator that the Issuer has received and will maintain a designation as an authorized agent of the Texas Commission on Environmental Quality, in compliance with Texas Health and Safety, Section 366.035.

(t) Enforcement of Authority under Section 17.934(a)(2), Texas Water Code. The Issuer shall adequately enforce the authority granted to the Issuer by Texas Water Code, Section 17.934(a)(2), to require and ensure that all property owners capable of receiving service from the system constructed with the financial assistance funds actually are connected to the sewer system constructed by these funds within a reasonable period of time not to exceed 90 days from the date the Issuer notifies the property owner that service is available; provided, the TWDB may extend this time upon written request by the Issuer for good cause shown.

Section 32. AMENDMENTS. The Issuer hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of any Owner, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the Owners, (ii) grant additional rights or security for the benefit of the Owners, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the Owners, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this

Ordinance as shall not be materially inconsistent with the provisions of this Ordinance and that shall not, in the opinion of nationally-recognized bond counsel, materially adversely affect the interests of the Owners.

(b) Except as provided in paragraph (a) above, a majority of the Owners of Bonds then outstanding that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of 100% of the Owners in aggregate principal amount of the then outstanding Bonds, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Bonds so as to:

- (i) Make any change in the maturity of any of the outstanding Bonds;
- (ii) Reduce the rate of interest borne by any of the outstanding Bonds;
- (iii) Reduce the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds;
- (iv) Modify the terms of payment of principal or of interest or redemption premium on outstanding Bonds or any of them or impose any condition with respect to such payment; or
- (v) Change the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Ordinance under this Section, the Issuer shall send by U.S. mail to each Owner of the affected Bonds a copy of the proposed amendment.

(d) Whenever at any time within one year from the date of mailing of such notice the Issuer shall receive an instrument or instruments executed by the Owners of at least a majority in aggregate principal amount of all of the Bonds then outstanding that are required for the amendment (or 100% if such amendment is made in accordance with paragraph (b)), which instrument or instruments shall refer to the proposed amendment and which shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

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

(f) Any consent given by the Owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the consent and shall be conclusive and binding upon all future Owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of said consent by the Owner who gave such consent, or by a successor in title, by filing notice with the Issuer, but such revocation shall not be

effective if the Owners the required amount of the affected Bonds, then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

(g) For the purposes of establishing ownership of the Bonds, the Issuer shall rely solely upon the registration of the ownership of such Bonds on the Registration Books kept by the Paying Agent/Registrar.

Section 33. INCORPORATION OF RECITALS. The Issuer hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the Issuer hereby incorporates such recitals as a part of this Ordinance.

PASSED, APPROVED AND EFFECTIVE THIS _____, 2026.

CITY OF HARLINGEN, TEXAS

Mayor

ATTEST

City Secretary

(CITY SEAL)

Signature Page to Ordinance

PAYING AGENT/REGISTRAR AGREEMENT
between

CITY OF HARLINGEN, TEXAS

and

BOKF, NA

Pertaining to

City of Harlingen, Texas
Waterworks and Sewer System Revenue Bonds,
Series 2026B (EDAP)

_____, 2026

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PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT (the or this "Agreement"), dated as of _____, 2026, is by and between CITY OF HARLINGEN, TEXAS (the "Issuer") and BOKF, NA (the "Bank"), a national banking association duly organized and existing under the laws of the United States of America.

WHEREAS, the Issuer has duly authorized and provided for the issuance of its City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2026B (EDAP) (the "Obligations"), dated _____, 2026, to be issued as registered securities without coupons; and

WHEREAS, all things necessary to make the Obligations the valid obligations of the Issuer, in accordance with their terms, will be taken upon the issuance and delivery thereof; and

WHEREAS, the Issuer is desirous that the Bank act as the Paying Agent of the Issuer in paying the principal, redemption premium, if any, and interest on the Obligations, in accordance with the terms thereof, and that the Bank act as Registrar for the Obligations; and

WHEREAS, the Issuer has duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement the valid agreement of the Issuer, in accordance with its terms, have been done;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE I

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01 Appointment. (a) The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Obligations in paying to the Owners of the Obligations the principal, redemption premium, if any, and interest on all or any of the Obligations.

(b) The Issuer hereby appoints the Bank as Registrar with respect to the Obligations.

(c) The Bank hereby accepts its appointment, and agrees to act as, the Paying Agent and Registrar.

Section 1.02 Compensation. (a) As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A hereto for the first year of this Agreement, or such part thereof, as this Agreement shall be in effect, and thereafter while this Agreement is in effect, the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for municipalities, which shall be supplied to the Issuer on or before ninety (90) days prior to the close of the Fiscal Year of the Issuer, and shall be effective upon the first day of the following Fiscal Year.

(b) In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Bank in accordance

with any of the provisions hereof, including the reasonable compensation and the expenses and disbursements of its agents and counsel.

(c) The Bank agrees and represents that the total value of this Agreement due to the Bank pursuant to this Agreement shall not exceed the dollar limitation set forth in Section 2271.002(a)(2) of the Texas Government Code, Section 2276.002(a)(2) of the Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session and recodified in House Bill 4595 in the 88th Texas Legislature, Regular Session) and Section 2274.002(a)(2) of the Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session).

ARTICLE II

DEFINITIONS

Section 2.01 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms have the following meanings when used in this Agreement:

“Bank” means BOKF, NA.

“Bank Office” means the Bank’s office at 5956 Sherry Lane, Suite 900, Dallas, Texas 75225. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

“Obligation” or “Obligations” means any or all of the Issuer’s City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2025B (WLAF), dated _____, 2025.

“Financial Advisor” means Hilltop Securities Inc., its successors and assigns.

“Fiscal Year” means the 12-month period ending September 30th of each year.

“Issuer” means the City of Harlingen, Texas.

“Issuer Request” and “Issuer Ordinance” means a written request or order signed in the name of the Issuer by the Mayor of the Issuer, or any other authorized representative of the Issuer and delivered to the Bank.

“Legal Holiday” means a day on which the Bank is required or authorized by applicable law to be closed.

“Obligation Ordinance” means the ordinance of the City Commission of the Issuer authorizing the issuance and delivery of the Obligations.

“Owner” means the Person in whose name an Obligation is registered in the Register.

“Paying Agent” means the Bank when it is performing the functions associated with the terms in this Agreement.

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

“Predecessor Obligations” of any particular Obligation means every previous Obligation evidencing all or a portion of the same obligation as that evidenced by such particular Obligation (and, for the purposes of this definition, any Obligation registered and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Obligation shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Obligation).

“Record Date” means the fifteenth calendar day of the month next preceding an interest payment date established by the Obligation Ordinance.

“Register” means a register in which the Issuer shall provide for the registration and transfer of Obligations.

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

“Stated Maturity” means the date or dates specified in the Obligation Ordinance as the fixed date on which the principal of the Obligations is due and payable or the date fixed in accordance with the terms of the Obligation Ordinance for redemption of the Obligations, or any portion thereof, prior to the fixed maturity date.

ARTICLE III

PAYING AGENT

Section 3.01 Duties of Paying Agent. (a) The Bank, as Paying Agent and on behalf of the Issuer, shall pay to the Owner, at the Stated Maturity and upon the surrender of the Obligation or Obligations so maturing at the Bank Office, the principal amount of the Obligation or Obligations then maturing, and redemption premium, if any, provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds, no later than 10:00 a.m. Central Time on the applicable payment date, to make such payment.

(b) The Bank, as Paying Agent and on behalf of the Issuer, shall pay interest when due on the Obligations to each Owner of the Obligations (or their Predecessor Obligations) as shown in the Register at the close of business on the Record Date, provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds, no later than 10:00 a.m. Central Time on the applicable payment date, to make such payments; such payments shall be made by computing the amount of interest to be paid each Owner, preparing the checks, and mailing the

checks on each interest payment date addressed to each Owner's address as it appears in the Register on the Record Date.

Section 3.02 Payment Dates. The Issuer hereby instructs the Bank to pay the principal of, redemption premium, if any, and interest on the Obligations at the dates specified in the Obligation Ordinance.

ARTICLE IV

REGISTRAR

Section 4.01 Transfer and Exchange. (a) The Issuer shall keep the Register at the Bank Office, and subject to such reasonable written regulations as the Issuer may prescribe, which regulations shall be furnished to the Bank herewith or subsequent hereto by Issuer Ordinance, the Issuer shall provide for the registration and transfer of the Obligations. The Bank is hereby appointed "Registrar" for the purpose of registering and transferring the Obligations as herein provided. The Bank agrees to maintain the Register while it is Registrar. The Bank agrees to at all times maintain a copy of the Register at its office located in the State of Texas.

(b) The Bank as Registrar hereby agrees that at any time while any Obligation is outstanding, the Owner may deliver such Obligation to the Registrar for transfer or exchange, accompanied by instructions from the Owner, or the duly authorized designee of the Owner, designating the persons, the maturities, and the principal amounts to and in which such Obligation is to be transferred and the addresses of such persons; the Registrar shall thereupon, within not more than three (3) business days, register and deliver such Obligation or Obligations as provided in such instructions. The provisions of the Obligation Ordinance shall control the procedures for transfer or exchange set forth herein to the extent such procedures are in conflict with the provisions of the Obligation Ordinance.

(c) Every Obligation surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed in a manner satisfactory to the Bank, duly executed by the Owner thereof or his attorney duly authorized in writing.

(d) The Bank may request any supporting documentation it feels necessary to effect a re-registration.

Section 4.02 The Obligations. The Issuer shall provide an adequate inventory of unregistered Obligations to facilitate transfers. The Bank covenants that it will maintain the unregistered Obligations in safekeeping and will use reasonable care in maintaining such unregistered Obligations in safekeeping, which shall be not less than the care it maintains for debt securities of other governments or corporations for which it serves as registrar, or which it maintains for its own securities.

Section 4.03 Form of Register. (a) The Bank as Registrar will maintain the records of the Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Register in any form other than a form which the Bank has currently available and currently utilizes at the time.

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

Section 4.04 List of Owners. (a) The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the cost, if any, of reproduction, a copy of the information contained in the Register. The Issuer may also inspect the information in the Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

(b) The Bank will not release or disclose the content of the Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a subpoena or court order or as otherwise required by law. Upon receipt of a subpoena or court order the Bank will notify the Issuer so that the Issuer may contest the subpoena or court order.

Section 4.05 Cancellation of Obligations. All Obligations surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly cancelled by it and, if surrendered to the Issuer, shall be delivered to the Bank and, if not already cancelled, shall be promptly cancelled by the Bank. The Issuer may at any time deliver to the Bank for cancellation any Obligations previously certified or registered and delivered which the Issuer may have acquired in any manner whatsoever, and all Obligations so delivered shall be promptly cancelled by the Bank. All cancelled Obligations held by the Bank shall be disposed of pursuant to the Securities Exchange Act of 1934.

Section 4.06 Mutilated, Destroyed, Lost, or Stolen Obligations. (a) Subject to the provisions of this Section 4.06, the Issuer hereby instructs the Bank to deliver fully registered Obligations in exchange for or in lieu of mutilated, destroyed, lost, or stolen Obligations as long as the same does not result in an overissuance.

(b) If (i) any mutilated Obligation is surrendered to the Bank, or the Issuer and the Bank receives evidence to their satisfaction of the destruction, loss, or theft of any Obligation, and (ii) there is delivered to the Issuer and the Bank such security or indemnity as may be required by the Bank to save and hold each of them harmless, then in the absence of notice to the Issuer or the Bank that such Obligation has been acquired by a bona fide purchaser, the Issuer shall execute, and upon its request the Bank shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Obligation, a new Obligation of the same stated maturity and of like tenor and principal amount bearing a number not contemporaneously outstanding.

(c) Every new Obligation issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Obligation shall constitute a replacement of the prior obligation of the Issuer, whether or not the mutilated, destroyed, lost, or stolen Obligation shall be at any time enforceable by anyone, and shall be entitled to all the benefits of the Obligation Ordinance equally and ratably with all other outstanding Obligations.

(d) Upon the satisfaction of the Bank and the Issuer that a Obligation has been mutilated, destroyed, lost, or stolen, and upon receipt by the Bank and the Issuer of such

indemnity or security as they may require, the Bank shall cancel the Obligation number on the Obligation registered with a notation in the Register that said Obligation has been mutilated, destroyed, lost, or stolen; and a new Obligation shall be issued of the same series and of like tenor and principal amount bearing a number, according to the Register, not contemporaneously outstanding.

(e) The Bank may charge the Owner the Bank's fees and expenses in connection with issuing a new Obligation in lieu of or exchange for a mutilated, destroyed, lost, or stolen Obligation.

(f) The Issuer hereby accepts the Bank's current blanket bond for lost, stolen, or destroyed Obligations and any future substitute blanket bond for lost, stolen, or destroyed Obligations that the Bank may arrange, and agrees that the coverage under any such blanket bond is acceptable to it and meets the Issuer's requirements as to security or indemnity. The Bank need not notify the Issuer of any changes in the security or other company giving such bond or the terms of any such bond, provided that the amount of such bond is not reduced below the amount of the bond on the date of execution of this Agreement. The blanket bond then utilized by the Bank for lost, stolen, or destroyed Obligations by the Bank is available for inspection by the Issuer on request.

Section 4.07 Transaction Information to Issuer. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Obligations it has paid pursuant to Section 3.01, Obligations it has delivered upon the transfer or exchange of any Obligations pursuant to Section 4.01, and Obligations it has delivered in exchange for or in lieu of mutilated, destroyed, lost or stolen Obligations pursuant to Section 4.06 of this Agreement.

ARTICLE V

THE BANK

Section 5.01 Duties of Bank. The Bank undertakes to perform the duties set forth herein and in accordance with the Obligation Ordinance and agrees to use reasonable care in the performance thereof. The Bank hereby agrees to use the funds deposited with it for payment of the principal of, redemption premium, if any, and interest on the Obligations, to pay the Obligations as the same shall become due and further agrees to establish and maintain all accounts and funds as may be required for the Bank to function as Paying Agent. The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Obligations in the manner described in the closing memorandum prepared by the Issuer's Financial Advisor or other agent on behalf of the Issuer. The Bank may act on a facsimile or email transmission of the closing memorandum acknowledged by the Issuer's Financial Advisor or the Issuer as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.02 Reliance on Documents, Etc. (a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

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

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

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

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

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

Section 5.03 Recitals of Issuer. (a) The recitals contained herein and in the Obligations shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

(b) The Bank shall in no event be liable to the Issuer, any Owner or Owners, or any other Person for any amount due on any Obligation except as otherwise expressly provided herein with respect to the liability of the Bank for its duties under this Agreement.

Section 5.04 May Hold Obligations. The Bank, in its individual or any other capacity, may become the Owner or pledgee of Obligations and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05 Money Held by Bank. (a) Money held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained.

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

(c) Subject to the provisions of Title 6, Texas Property Code, any money deposited with the Bank for the payment of the principal, redemption premium, if any, or interest on any Obligation and remaining unclaimed for three years after final maturity of the Obligation has become due and payable will be paid by the Bank to the Issuer, and the Owner of such Obligation shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease.

(d) The Bank will comply with the reporting requirements of Chapter 74 of the Texas Property Code.

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

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank, its officers, directors, employees, and agents for, and hold them harmless against, any loss, liability, or expense incurred without negligence or bad faith on their part arising out of or in connection with its acceptance or administration of the Bank's duties hereunder, and under Article V of the Obligation Ordinance, including the cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demands or controversy over its persons as well as funds on deposit in a court of competent jurisdiction within the State of Texas; waive personal service of any process; and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction within the State of Texas to determine the rights of any person claiming any interest herein.

Section 5.08 Depository Trust Company. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", promulgated from time to time by The Depository Trust Company, which establishes requirements for securities to be eligible for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.01 Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

Section 6.02 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03 Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown below:

- (a) if to the Issuer: City of Harlingen, Texas
134 East Van Buren
Harlingen, Texas 78550
Attention: Director of Finance

- (b) if to the Bank: BOKF, NA
5956 Sherry Lane, Suite 900
Dallas, Texas 75225
Attention: Corporate Trust Department

Section 6.04 Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05 Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06 Separability. If any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07 Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.08 Entire Agreement. This Agreement and the Obligation Ordinance constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar, and if any conflict exists between this Agreement and the Obligation Ordinance, the Obligation Ordinance shall govern.

Section 6.09 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10 Termination. (a) This Agreement will terminate on the date of final payment of principal, redemption premium, if any, and interest of the Obligations.

(b) This Agreement may be earlier terminated upon sixty (60) days written notice by either party; provided, that (i) no termination shall be effective until a successor has been appointed by the Issuer and has accepted the duties imposed by this Agreement and (ii) notice has been given to the Holders of the Obligations of the appointment of a successor paying agent/registrar. If the sixty (60) day notice period expires and no successor has been appointed, the Bank, at the expense of the Issuer, has the right to petition a court of competent jurisdiction for the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Obligations.

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

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

Section 6.11 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

Section 6.12 Sanctioned Countries. (a) The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153, Government Code, or Section 2270.0201, Government Code. The foregoing representation excludes the Bank and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Bank understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

(a) Notwithstanding anything contained herein, the representations and covenants contained in this Section 6.13 shall survive termination of the Agreement until the statute of limitations has run..

Section 6.13 Form 1295 Exemption. The Bank represents that it is a wholly owned subsidiary of BOK, Financial Corporation, a publicly traded business entity, and therefore this Agreement is exempt from Section 2252.908, Texas Government Code, as amended.

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

CITY OF HARLINGEN, TEXAS

By: _____
Mayor, City of Harlingen, Texas

ATTEST:

City Secretary, City of Harlingen, Texas

BOKF, NA, as Paying Agent/Registrar

By: _____
Title: _____

ANNEX "A"

SCHEDULE OF FEES FOR SERVICE AS PAYING AGENT/REGISTRAR

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement"), made by and between the CITY OF HARLINGEN, TEXAS (the "City"), a political subdivision of the State of Texas in Cameron County, Texas, and BOKF, NA, as Escrow Agent (the "Escrow Agent"), together with any successor in such capacity;

WITNESSETH:

WHEREAS, pursuant to an ordinance (the "Ordinance") adopted on _____, 2026, the City authorized the issuance of \$12,560,000 City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2026B (EDAP) (the "Bonds") to obtain financial assistance from the Texas Water Development Board (the "TWDB") for the purpose of funding the costs of acquiring, purchasing, constructing, improving, enlarging, or equipping the System and to pay the costs of professional services related thereto (the "Project"); and

WHEREAS, pursuant to a resolution adopted on _____, 2026, the City authorized the execution of a Grant Agreement (the "Grant Agreement") with the TWDB to obtain financial assistance in the amount of \$12,556,404,000 from the Economically Distressed Area Program for the purpose of funding the Project; and

WHEREAS, pursuant to the Grant Agreement, the City will accept certain contractual obligations (the "Contractual Obligations," and together with the Bonds, the "Obligations") to obtain financial assistance from the TWDB for the purpose of funding the Project; and

WHEREAS, the Escrow Agent is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code, Chapter 404, Subchapter D, and is otherwise qualified and empowered to enter into this Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

WHEREAS, a condition of the Obligations is the deposit of the proceeds of the Obligations (the "Proceeds") in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB (the "Executive Administrator") or another designated TWDB representative; provided, however, the Proceeds can be transferred to different investments so long as all parties hereto consent to such transfer.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and in consideration of the amount of fees to be paid by the City to the Escrow Agent, as set forth on **EXHIBIT A**, the receipt of which is hereby acknowledged, and in order to secure the delivery of the Obligations, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives and successors, as follows:

SECTION 1: ESCROW ACCOUNTS. Upon the delivery of the Obligations described above, the Proceeds identified under TWDB Commitment Numbers [_____] and [_____] shall be deposited to the credit of special escrow accounts or subaccounts (the "Escrow Accounts") maintained at the Escrow Agent on behalf of the City and the TWDB and shall not be commingled

with any other accounts or with any other proceeds or funds. The Proceeds received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the City, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement.

The Escrow Accounts shall be entitled (a) “[_____] Harlingen EDAP Esc Acct” and (b) “[_____] Harlingen EDAP Esc Acct” and shall not be subject to warrants, drafts or checks drawn by the City but shall be disbursed or withdrawn to pay the costs of the Project for which the Obligations were issued or other purposes in accordance with the Ordinance or the Principal Forgiveness Agreement and solely upon written authorization from the Executive Administrator or his/her designated representative. The Escrow Agent shall provide to the City and to the TWDB the Escrow Accounts bank statements upon request.

SECTION 2: COLLATERAL. All cash deposited to the credit of such Escrow Accounts and any accrued interest in excess of the amounts insured by the FDIC and remaining uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Texas Government Code, Chapter 2257.

SECTION 3: INVESTMENTS. While the Proceeds are held in escrow, the Escrow Agent shall only invest escrowed Proceeds in investments that are authorized by the Public Funds Investment Act, Texas Government Code, Chapter 2256 (the “PFIA”). It is the City’s responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the PFIA but also with its own written investment policy.

SECTION 4: DISBURSEMENTS. The Escrow Agent shall not honor any disbursement from the Escrow Accounts, or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator or his/her designated representative. However, no written approval and consent by the Executive Administrator shall be required if the disbursement involves transferring Proceeds from one investment to another within the Escrow Accounts provided that all such investments are consistent with the PFIA requirements.

SECTION 5: UNEXPENDED FUNDS. Any Proceeds remaining unexpended in the Escrow Accounts after completion of the Project and after the final accounting has been submitted to and approved by the TWDB shall be disposed of pursuant to the provisions of the Ordinance or the Principal Forgiveness Agreement. The City shall deliver a copy of such TWDB approval of the final accounting to the Escrow Agent together with instructions concerning the disbursement of unexpended Proceeds hereunder. The Escrow Agent shall have no obligation to ensure that such unexpended Proceeds are used as required by the provisions of the Ordinance or the Principal Forgiveness Agreement, that being the sole obligation of the City.

SECTION 6: CERTIFICATIONS. The Escrow Agent shall be authorized to accept and rely upon the certifications and documents furnished to the Escrow Agent by the City and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

SECTION 7: LIABILITY OF ESCROW AGENT. To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or default or failure in the performance of any obligation imposed upon it hereunder. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Obligations or any recitation contained in the Obligations.

SECTION 8: RECORDS. The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Accounts, and investments of the Escrow Accounts and all proceeds thereof. The records shall be available for inspection and copying at reasonable hours and under reasonable conditions by the City and the TWDB.

SECTION 9: MERGER/CONSOLIDATION. In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code, Chapter 404, Subchapter D. The Escrow Agent must provide the TWDB with written notification within 30 days of acceptance of the merger, consolidation, or transfer. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within five business days following such merger, consolidation or exchange.

SECTION 10: AMENDMENTS. This Agreement may be amended from time to time as necessary with the written consent of the City and the TWDB, but no such amendments shall increase the liabilities or responsibilities or diminish the rights of the Escrow Agent without its consent.

SECTION 11: TERMINATION. In the event that this Agreement is terminated by either the City or by the Escrow Agent, the Escrow Agent must report said termination in writing to the TWDB within five business days of such termination. The City is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the City and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this Agreement; and (d) the City must forward a copy of the executed escrow agreement with the successor escrow agent within five business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent. If the City has not appointed a successor escrow agent within thirty (30) days of the notice of termination, the Escrow Agent may petition any court of competent jurisdiction in Texas for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the City. Whether appointed by the City or a court, the successor escrow agent and escrow agreement must be approved by the TWDB for the appointment to be effective. The Escrow Agent is responsible for performance

under this Agreement until a successor has been approved by the TWDB and has signed an acceptable escrow agreement.

SECTION 12: EXPIRATION. This Agreement shall expire upon final transfer of the funds in the Escrow Accounts to the City.

SECTION 13: POINT OF CONTACT. The points of contact for the Escrow Agent and the TWDB are as follows:

BOKF, NA
5956 Sherry Lane, Suite 900
Dallas, Texas 75225
Attention: Tony Hongnoi
Ph: (972) 892-9968
Fax: (214) 256-7517
E-Mail: THongnoi@bankoftexas.com

Executive Administrator
Texas Water Development Board
1700 North Congress Avenue
Austin, Texas 78701

SECTION 14: CHOICE OF LAW. This Agreement shall be governed exclusively by the applicable laws of the State of Texas. Venue for disputes shall be in the District Court of Travis County, Texas.

SECTION 15: ASSIGNABILITY. This Agreement shall not be assignable by the parties hereto, in whole or in part, without the consent of the TWDB, and any attempted assignment shall be void and of no force and effect.

SECTION 16: ENTIRE AGREEMENT. This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the City and supersedes any other agreements, whether oral or written, between the parties regarding the Proceeds or the Escrow Accounts. No modification or amendment of this Agreement shall be valid unless the same is in writing and is signed by the City and consented to by the Escrow Agent and the TWDB.

SECTION 17: VALIDITY OF PROVISIONS. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 18: COMPENSATION FOR ESCROW SERVICES. The Escrow Agent shall be entitled to compensation for its services as stated in **EXHIBIT A**, which compensation shall be paid by the City but may not be paid directly from the Escrow Accounts.

SECTION 19: VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS. The Escrow Agent makes the following representation and verifications pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Underwriter within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations.

A. NOT A SANCTIONED COMPANY. The Escrow Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Escrow Agent and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

B. NO BOYCOTT OF ISRAEL. The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

C. NO DISCRIMINATION AGAINST FIREARM ENTITIES. The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

D. NO BOYCOTT OF ENERGY COMPANIES. The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

SECTION 20: FORM 1295 EXEMPTION. The Escrow Agent represents that it is a wholly owned subsidiary of BOK, Financial Corporation, a publicly traded business entity, and therefore this Agreement is exempt from Section 2252.908, Texas Government Code, as amended.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective upon signature of both parties.

[Signature Page Follows]

CITY OF HARLINGEN, TEXAS

By: _____
Mayor

Date: _____

Address: 118 East Tyler Avenue
Harlingen, Texas 78550

(City Seal)

BOKF, NA
as Escrow Agent

By: _____

Title: _____

Date: _____

Address: 5956 Sherry Lane, Suite 900
Dallas, Texas 75225

Signature Page to Escrow Agreement

Error! Unknown document property name.

EXHIBIT A
Fee Schedule

GENERAL CERTIFICATE

We, the undersigned, Mayor and City Secretary, respectively, of the City of Harlingen, Texas (the "City") and the Interim General Manager of the System and Chairman of the Harlingen Waterworks System Utility Board of Trustees (the "Board"), do hereby certify as follows:

I. General

1.1 This certificate relates to the issue of City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series 2026 (WLAF) (the "Series 2026 Bonds"), City of Harlingen, Texas, Waterworks and Sewer System Revenue Bonds, Series 2026A (WLAF) (the "Series 2026A Bonds") and City of Harlingen, Texas, Waterworks and Sewer System Revenue Bonds, Series 2026B (EDAP) (the "Series 2026B Bonds" and together with the Series 2026 Bonds and the Series 2026A Bonds, the "Bonds") dated _____, 2026. Capitalized terms used herein and not otherwise defined shall have the meaning assigned thereto in the respective ordinances passed and adopted on _____, 2026 (collectively the "Ordinance") authorizing the issuance of the Bonds.

1.2 The City is a duly incorporated Home Rule City operating under the Constitution and laws of the State of Texas and the duly adopted Home Rule Charter of the City, which has not been amended since the last issuance of obligations by the City designated as City of Harlingen, Texas, Waterworks and Sewer System Revenue Bonds, Taxable Series 2025 (LSL).

1.3 A true and correct statement of the revenues and expenses of the System is attached hereto as Exhibit B. A true and correct statement of the rates charged for services of the System are attached hereto as Exhibit C.

1.4 A true and correct copy of the debt service schedule pertaining to the Bonds and the Outstanding Bonds is attached hereto as Exhibit D.

1.5 The duly qualified and acting members and officers of the City Commission and certain other officers of the City are as follows:

Norma Sepulveda	Mayor
Ford Kinsley	Commissioner District 1
Daniel N. Lopez	Commissioner District 2
Michael Mezmar	Commissioner District 3
Frank Morales	Commissioner District 4
Rene Perez	Commissioner District 5
Gabriel Gonzalez	City Manager
Mayra Herrera	City Secretary

1.6 The duly qualified and acting members and officers of the Board of Trustees and certain other officers of the System are as follows:

Michael Garza	Chairman
Michael Murphy	Vice-Chairman
Scott Allex	Trustee
Wayne Lowry	Trustee
Jessica Gonzalez	Trustee
Steven Ritter	Trustee
Roel “Roy” Rodriguez	Interim General Manager
Ron De La Garza	Finance Director

1.7 Each of the special funds created and maintained for the benefit of the Bonds and the Outstanding Bonds contains the amount of money required to be on deposit therein.

1.8 The “weighted average maturity” of the Series 2026 Bonds as calculated by the City’s financial advisor is _____ years, and such weighted average maturity is not greater than 120 percent of the reasonably expected weighted average economic life of the improvements and personal property financed by the Bonds. Such weighted average estimated economic life is determined in accordance with the following assumptions: (i) the weighted average was determined by taking into account the respective costs of each of the assets financed by the Bonds; (ii) the reasonably expected economic life of an asset was determined as of the later of the Closing Date of the Bonds or the date on which such asset is expected to be placed in service (i.e., available for use for the intended purposes of such asset); and (iii) the economic lives used in making this determination are not greater than the reasonably expected economic useful lives of the projects financed by the Bonds allowing for normal wear and tear and assuming prudent and customary maintenance

1.9 The “weighted average maturity” of the Series 2026A Bonds as calculated by the City’s financial advisor is _____ years, and such weighted average maturity is not greater than 120 percent of the reasonably expected weighted average economic life of the improvements and personal property financed by the Bonds. Such weighted average estimated economic life is determined in accordance with the following assumptions: (i) the weighted average was determined by taking into account the respective costs of each of the assets financed by the Bonds; (ii) the reasonably expected economic life of an asset was determined as of the later of the Closing Date of the Bonds or the date on which such asset is expected to be placed in service (i.e., available for use for the intended purposes of such asset); and (iii) the economic lives used in making this determination are not greater than the reasonably expected economic useful lives of the projects financed by the Bonds allowing for normal wear and tear and assuming prudent and customary maintenance.

1.10 The “weighted average maturity” of the Series 2026B Bonds as calculated by the City’s financial advisor is _____ years, and such weighted average maturity is not greater than 120 percent of the reasonably expected weighted average economic life of the improvements and personal property financed by the Bonds. Such weighted average estimated economic life is determined in accordance with the following assumptions: (i) the weighted average was determined by taking into account the respective costs of each of the assets financed by the Bonds; (ii) the reasonably expected economic life of an asset was determined as of the later of the Closing Date of the Bonds or the date on which such asset is expected to be placed in service (i.e., available for use for the intended purposes of such asset); and (iii) the economic

lives used in making this determination are not greater than the reasonably expected economic useful lives of the projects financed by the Bonds allowing for normal wear and tear and assuming prudent and customary maintenance.

1.11 Save and except for the pledge of the Net Revenues to the payment of the Bonds and the Outstanding Bonds, there are no other outstanding obligations of the City payable from or secured by a first lien on and pledge of the Net Revenues.

1.12 The City is not in default in the payment of principal or interest on any of its outstanding obligations or as to any covenant, condition or obligation prescribed by the ordinance authorizing the issuance of the Outstanding Bonds.

1.13 Neither the corporate existence nor boundaries of the City, nor the title of its present officers to their respective offices is being contested, and no authority or proceedings for the issuance of the Bonds have been repealed, revoked, or rescinded.

1.14 With respect to the contracts contained within this transcript of proceedings, all required disclosure filings and acknowledgments required by Section 2252.908, Texas Government Code, and the rules of the Texas Ethics Commission related to said provisions have been made.

1.15 All requirements of the TWDB Resolutions No. 25-125, 25-126 and 25-___ have been or will be met by closing.

II. Signature Identification and No-Litigation

2.1 We officially executed and signed the Bonds, including the Initial Bonds, by manual signature or by causing facsimiles of our manual signatures to be imprinted or lithographed on each of the Bonds, and we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed each of the Bonds; at the time we so executed and signed the Bonds we were, and at the time of executing this certificate we are, the duly chosen, qualified, and acting officers indicated therein and authorized to execute the same; and we have caused the official seal of the City to be impressed on each of the Bonds, and said seal on the Bonds has been duly adopted as, and is hereby declared to be, the official seal of the City.

2.2 The Bonds, including the Initial Bonds, are substantially in the form, and have been duly executed and signed in the manner prescribed in the Ordinance.

2.3 No litigation is pending or, to the knowledge of either of us, threatened in any court: (i) to restrain or enjoin the issuance or delivery of the Bonds, or the collection or application of the revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (ii) contesting or affecting in any way the creation, organization, existence or powers of the City or the authority of the City Council to adopt the Ordinance and to authorize the execution and delivery of the Bonds; (iii) contesting or affecting in any way the validity or authorization of the Bonds or the Ordinance; or (iv) contesting in any way the accuracy, completeness or fairness of the Private Placement Memorandum.

III. Private Placement Memorandum

3.1 The description and statements of or pertaining to the City contained in the Private Placement Memorandum[s] prepared in connection with the Bonds, and any addenda, supplement or amendment thereto, on the date of the Private Placement Memorandum[s], on the date of the sale of the Bonds, and on the date hereof, were and are true and correct in all material respects.

3.2 Insofar as the City and its affairs, including the financial affairs are concerned, the Private Placement Memorandum[s] did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

3.3 Insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Private Placement Memorandum[s] are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect.

3.4 There has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

[Execution Page Follows]

EXECUTED AND DELIVERED this _____.

Manual Signatures

Official Titles

Mayor, City of Harlingen, Texas

City Secretary, City of Harlingen, Texas

City Manager, City of Harlingen, Texas

STATE OF TEXAS

§

COUNTY OF CAMERON

§

§

BEFORE ME, the undersigned authority, on this day personally appeared Norma Sepulveda, Mayra Herrera and Gabriel Gonzalez, Mayor, City Secretary and City Manager of the City of Harlingen, Texas, known to me to be the person who signed in my presence the above Certificate and acknowledged to me that he executed the above and foregoing Certificate for the purposes therein stated.

Given under my hand and seal of office, this _____.

Notary Public in and for the State
of Texas

EXECUTED AND DELIVERED this _____.

Manual Signatures

Official Titles

Chairman, Utility Board of Trustees

Interim General Manager of the System

Director of Finance and Revenue of the System

STATE OF TEXAS §
 §
COUNTY OF CAMERON §

BEFORE ME, the undersigned authority, on this day personally appeared Michael Garza, Roel "Roy" Rodriguez and Ron De La Garza, Chairman of the Utility Board of Trustees, Interim General Manager and Finance Director of the System, known to me to be the person who signed in my presence the above Certificate and acknowledged to me that he executed the above and foregoing Certificate for the purposes therein stated.

Given under my hand and seal of office, this _____.

Notary Public in and for the State
of Texas

Exhibit A

REVENUES AND EXPENSES

Exhibit A

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Exhibit B

SYSTEM RATES

City of Harlingen, Texas Waterworks System

MONTHLY WATER RATES (Effective May 1, 2024)

Base Rate: Residential and Commercial

Meter Size	Inside City Limits	Outside City Limits
3/4"	\$ 9.91	\$ 14.87
1"	13.16	19.74
1 1/2"	19.85	29.77
2"	43.35	65.02
3"	65.92	98.88
4"	192.55	288.83
6"	378.39	567.59
8"	746.45	1,119.68

Lifeline Discount** \$ (2.50)

Commodity Charge

(per each 1,000 gallons of water usage)

0 - 3000	\$ 1.30	\$ 1.95
3001 - 10000	\$ 1.80	\$ 2.70
10001 - 20000	\$ 2.55	\$ 3.83
20001 - Above	\$ 3.05	\$ 4.58

Commercial Volume Rate Per 1,000 Gal

Volume Charge \$ 1.83

Fuel Cost Adjustment

(per each 1,000 gallons of water usage)

All meters \$ - \$ -

Monthly Fire Suppression Charge

Meter Size	
4"	\$ 5.00
6"	7.00
8"	9.00
10"	11.00
12"	13.00

**For customers determined to be eligible by Housing Authority criteria

City of Harlingen, Texas Waterworks System

MONTHLY SEWER RATES (Effective May 1, 2024)

Base Rate: Residential and Commercial

Meter Size	Inside City Limits	Outside City Limits
3/4"	\$ 7.73	\$ 20.50
1"	11.80	20.50
1 1/2"	26.76	40.14
2"	32.21	48.32
3"	66.21	99.32
4"	168.25	252.38
6"	345.10	517.65
8"	549.16	823.74
Lifeline Discount**	\$ (2.50)	
Commodity Charge		
All meters	\$ 4.06	\$ 6.09
Fuel Cost Adjustment		
All meters	\$ -	\$ -

Per each 1,000 gallons of water usage - single-family residential customers are limited to the average of water usage in the months of December, January, and February of each year.

**For customers determined to be eligible by Housing Authority criteria

Exhibit C

DEBT SERVICE SCHEDULE

Exhibit C

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BRACEWELL

[closing date]

\$ _____
CITY OF HARLINGEN, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE BONDS,
SERIES 2026B (EDAP)

We have acted as bond counsel for the City of Harlingen, Texas (the "Issuer"), in connection with an issue of bonds described as follows:

CITY OF HARLINGEN, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2026B (EDAP), dated _____, 2026 (the "Bonds").

The Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the ordinance adopted by the City Commission of the Issuer authorizing their issuance (the "Ordinance").

We have acted as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of certified proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds which contains certified copies of certain proceedings of the Issuer, customary certificates of officers, agents and representatives of the Issuer and other public officials and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. Moreover, we have examined executed Bonds No. T-1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Ordinance, including, but not limited to, covenants relating to the tax exempt status of the Bonds.

Based on such examination and in reliance on such representations and, certifications and subject to the assumptions, qualifications and limitations set forth herein, it is our opinion that:

Bracewell LLP

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300 Convent Street, Suite 1500, San Antonio, Texas 78205-3723
bracewell.com

BRACEWELL

[closing date]

Page 2

- A. The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective, and that therefore the Bonds constitute valid and legally binding obligations of the Issuer;
- B. The Bonds are payable from and secured by a first lien on and pledge of the Net Revenues of the Issuer's waterworks and sewer system, as defined and described in the Ordinance, together with the current Outstanding Bonds; and
- C. Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, the Bonds are not "private activity bonds" and, as such, any interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

We express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the information submitted to us or the representative of the Issuer and other parties are determined to be inaccurate or incomplete or the Issuer fails to comply with the federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

Bracewell LLP

**AGENDA ITEM
EXECUTIVE SUMMARY**

Meeting Date: **January 21, 2026**

Agenda Item:

Consideration of possible action to approve an Agreement Execution Resolution authorizing the agreement with the Texas Water Development Board (TWDB) and the City of Harlingen, Texas for funding in the amount of \$12,556,404 in reference to Series 2026B (EDAP)

Prepared By (Print Name): Ronald De La Garza, M.B.A.

Title: Finance and Revenue Director

Signature:



Brief Summary:

On August 21, 2025, TWDB approved funding of HWWS construction of wastewater system improvements. On January 21, 2026, HWWS Board of Trustees adopted a resolution for issuance of the Bonds Series 2026B (EDAP) and pursuant to TWDB procedures, it is necessary for the City Commission to approve the agreement execution resolution for the additional grant funds of \$12,556,404.

Funding (if applicable):

Are funds specifically designated in the current budget for the full amount Yes No*

*If no, specify source of funding and amount requested:

Finance Director's approval:

Yes No N/A

Staff Recommendation:

Staff recommends approving the ordinance authorizing the issuance of the bonds.

City Manager's approval:

Yes No N/A

Comments:

City Attorney's approval:

Yes No N/A

Agreement Execution Resolution For Series 2026B (EDAP)

A RESOLUTION by the City Commission of the City of Harlingen, Texas (the "City") authorizing the City's Mayor, Norma Sepulveda, as the Designated Representative of the City, to execute an agreement with the Texas Water Development Board for funding in the amount of \$12,556,404.

WHEREAS, the Texas Water Development Board made a commitment to provide financial assistance in the form of a grant in the amount of \$12,556,404 to the City to finance a project upon execution of a grant agreement; therefore

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF HARLINGEN, TEXAS:

SECTION 1. Approval of Agreement. The agreement setting out the terms and conditions of the financial assistance between the Texas Water Development Board and the City is approved and the City's Designated Representative is authorized to execute the agreement on behalf of the City.

SECTION 2. Effective Date. This Resolution shall become effectively immediately after its adoption.

PASSED AND APPROVED, this the ____ day of _____ 2026.

CITY OF HARLINGEN, TEXAS

Mayor

ATTEST

City Secretary

(CITY SEAL)