

**CERTIFICATE FOR ORDINANCE**

STATE OF TEXAS                    §  
COUNTY OF MCLENNAN         §  
CITY OF RIESEL                   §

We, the undersigned officers of the City of Riesel, Texas (the “City”) hereby certify as follows:

The City Council of the City convened in a regular meeting on May 11, 2021, at the regular meeting place thereof, within the City, and the roll was called of the duly constituted officers and members of the City Council, to wit:

Kevin Hogg, Mayor	Jeanne Lehrmann	)	
Marshall Shaw, Mayor Pro Tem	Bobby Dieterich	)	Members of
	Jeff Tanner	)	the Council
	Todd Ehlers	)	

and all of such persons were present, thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

**ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF RIESEL, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2021 AND MAKING CERTAIN FINDINGS RELATED THERETO**

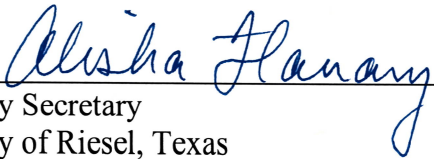
(the “Resolution”) was duly introduced for the consideration of the City Council and read in full. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, such motion, carrying with it the adoption of the Resolution, prevailed and carried by the following vote:


AYES:      5                      NAYS:      0                      ABSTENTIONS:      0  

That a true, full and correct copy of the Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the Resolution has been duly recorded in the City Council’s minutes of such meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the City Council’s minutes of such meeting pertaining to the adoption of the Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the City Council as indicated therein; that each of the officers and members of the City Council was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and subject of the aforesaid meeting, and that the Resolution would be introduced and considered for adoption at such meeting, and each of such officers and members consented, in advance, to the holding of such meeting for such purpose; that such meeting was open to the public as required by law; and that

public notice of the date, hour, place and subject of such meeting was given as required by the Open Meetings Law, Chapter 551, Texas Government Code.

SIGNED AND SEALED this May 11, 2021.

  
\_\_\_\_\_  
City Secretary  
City of Riesel, Texas

  
\_\_\_\_\_  
Mayor  
City of Riesel, Texas

(CITY SEAL)



ORDINANCE NO. 2021-01

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF RIESEL, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2021 AND MAKING CERTAIN FINDINGS RELATED THERETO.

WHEREAS, the City Council (the "City Council") of the City of Riesel, Texas (the "City"), deems it advisable to issue certificates of obligation in the amount and for the purposes hereinafter set forth; and

WHEREAS, the certificates of obligation (herein defined as the "Certificates") hereinafter authorized and designated are to be issued and delivered for cash pursuant to Subchapter C of Chapter 271, Local Government Code and Subchapter B, Chapter 1502, Government Code; and

WHEREAS, the City Council has heretofore passed a resolution authorizing and directing the City Secretary to give notice of intention to issue certificates of obligation, and said notice has been (i) published in a newspaper of general circulation in the City, once a week for two (2) consecutive weeks, the date of the first publication being at least forty-six (46) days before the date of this Ordinance and (ii) posted continuously on the City's website for at least forty-five (45) days before the date of this Ordinance; and

WHEREAS, no petition signed by at least five percent of the qualified electors of the City has been filed with the City Secretary protesting the issuance of the Certificates; and

WHEREAS, no bond proposition to authorize the issuance of bonds for the same purpose as any of the projects being financed with the proceeds of the Certificates was submitted to the voters of the City during the preceding three (3) years and failed to be approved; and

WHEREAS, the Texas Water Development Board ("TWDB") has agreed to purchase said Certificates; and

WHEREAS, it is considered to be to the best interest of the City that said Certificates be issued; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Ordinance has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Ordinance, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code;

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RIESEL, TEXAS:

Section 1: Authorization; Principal Amount; Purpose. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section. The Certificates of the City are hereby authorized to be issued and delivered in the aggregate principal amount of \$5,360,000 for paying all or a portion of the City's contractual obligations incurred in connection with (i) acquisition, purchase, construction, improvement,

renovation, expansion and equipping of property, buildings, structures, facilities and related infrastructure for the City's System (as defined herein), including one or more new water wells and related pump stations and (ii) related professional services, including legal, fiscal, engineering and design fees, and costs of issuance (collectively, the "Projects").

Section 2: Definitions.

(a) The term "Certificates" means the City of Riesel, Texas, Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021 authorized to be issued hereunder, and includes any certificates of obligation issued in exchange or replacement therefor.

(b) The term "DTC" means The Depository Trust Company of New York, New York, or any successor securities depository.

(c) The term "DTC Participant" means 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.

(d) The term "Escrow Agent" shall mean the bank or trust company identified in the Escrow Agreement referred to in Section 14 of this Ordinance and its successors in the capacities of escrow agent for the Certificates.

(e) The term "Gross Revenues" for any period means all revenue during such period in respect or on account of the operation or ownership of the System, excluding restricted gifts, and grants in aid of construction, but including earnings and income derived from the investment or deposit of money in any special fund or account created and established from Gross Revenues.

(f) The term "Maintenance and Operating Expenses" shall mean all current expenses of operating and maintaining the System as allowed by generally accepted accounting principles applicable to the City.

(g) The term "Net Revenues" for any period means the Gross Revenues of the System less Maintenance and Operating Expenses of the System.

(h) The term "Paying Agent/Registrar" shall mean the bank or trust company identified in the Paying Agent/Registrar Agreement referred to in Section 15 of this Ordinance and its successors in the capacities of paying agent and registrar for the Certificates.

(i) The term "Representation Letter" means the Blanket Letter of Representations between the City and DTC.

(j) The term "Series 1999 Certificates" means the City's Combination Tax and Revenue Certificates of Obligation, Series 1999.

(k) The term "Series 2009 Bonds" means the City's Utility System Revenue Bonds, Series 2009.



(l) The term “Series 2013 Certificates” means the City’s Combination Tax and Revenue Certificates of Obligation, Series 2013.

(m) The term “Surplus Net Revenues” means the Net Revenues of the System; provided, such Net Revenues may, at the option of the City, first be used to pay all other obligations of the City, whether now or hereafter issued, payable from Net Revenues.

(n) The term “System” means the entire water and wastewater system of the City, together with all additions thereto.

Section 3: Designation, Date, Denominations, Numbers, Maturities of Certificates; No Interest. Each Certificate issued pursuant to this Ordinance shall be designated: **“CITY OF RIESEL, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2021”** and initially there shall be issued, sold, and delivered hereunder fully registered certificates, without interest coupons, in the denomination of \$5,000 or any integral multiple thereof, dated June 1, 2021, numbered consecutively from R-1 upward (except the initial Certificate submitted to the Attorney General of the State of Texas which will be numbered T-1 (the “Initial Certificate”)), payable to the respective initial registered owners thereof (as designated in Section 13 hereof), or to the registered assignee or assignees of the Certificates or any portion or portions thereof (in each case, the “Registered Owner”), and the Certificates shall mature and be payable July 1 on the years and in the principal amounts set forth below:

<u>Year (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2023	\$185,000	0%
2024	\$185,000	0%
2025	\$185,000	0%
2026	\$185,000	0%
2027	\$185,000	0%
2028	\$185,000	0%
2029	\$185,000	0%
2030	\$185,000	0%
2031	\$185,000	0%
2032	\$185,000	0%
2033	\$185,000	0%
2034	\$185,000	0%
2035	\$185,000	0%
2036	\$185,000	0%
2037	\$185,000	0%
2038	\$185,000	0%
2039	\$185,000	0%
2040	\$185,000	0%
2041	\$185,000	0%
2042	\$185,000	0%
2043	\$185,000	0%
2044	\$185,000	0%

2045	\$185,000	0%
2046	\$185,000	0%
2047	\$185,000	0%
2048	\$185,000	0%
2049	\$185,000	0%
2050	\$180,000	0%
2051	\$185,000	0%

The Certificates shall not bear interest.

Section 4: Redemption.

(a) Limitation on Redemption. The Certificates shall be subject to redemption before their scheduled maturity only as provided in this Section 4.

(b) Mandatory Redemption. The Certificates shall not be subject to mandatory redemption prior to their scheduled maturity.

(c) Optional Redemption. The City reserves the right, at its option, to redeem prior to maturity Certificates maturing on or after July 1, 2031, in inverse order of maturity, in whole or in part, in principal installments of \$5,000 or any integral multiple thereof, on June 1, 2031, or any date thereafter, at a price equal to the principal amount of the Certificates or portions thereof called for redemption.

If less than all of the Certificates are to be redeemed pursuant to an optional redemption, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot, or by any other customary method that results in a random selection, the Certificates, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

The City, at least forty-five (45) days before the redemption date, unless a shorter period shall be satisfactory to the Paying Agent/Registrar, shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Certificates to be redeemed.

(d) Partial Redemption. A portion of a single Certificate of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Certificate is to be partially redeemed, the Paying Agent/Registrar shall treat each \$5,000 portion of the Certificate as though it were a single Certificate for purposes of selection for redemption.

Upon surrender of any Certificate for redemption in part, the Paying Agent/Registrar, in accordance with Section 5 of this Ordinance, shall authenticate and deliver and exchange Certificate or Certificates in an aggregate principal amount equal to the unredeemed portion of the Certificate so surrendered, such exchange being without charge.

The Paying Agent/Registrar shall promptly notify the City in writing of the principal amount to be redeemed of any Certificate as to which only a portion thereof is to be redeemed.

(e) Notice of Redemption to Owners. The Paying Agent/Registrar shall give notice of any redemption of Certificates by sending notice by United States mail, first class postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Registered Owner of each Certificate (or part thereof) to be redeemed, at the address shown on the Registration Books (as defined herein) at the close of business on the business day next preceding the date of mailing such notice.

The notice shall state the redemption date, the redemption price, the place at which the Certificates are to be surrendered for payment, and, if less than all the Certificates outstanding are to be redeemed, an identification of the Certificates or portions thereof to be redeemed.

The City reserves the right to give notice of its election or direction to redeem Certificates under Section 4(c) 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 City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate of the City 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 Registered Owners. Any Certificates subject to conditional redemption where redemption has been rescinded shall remain outstanding, and the rescission shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City 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 given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice.

(f) Payment Upon Redemption. Before or on each redemption date, the City shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Certificates to be redeemed on such date by setting aside and holding in trust such amounts as are received by the Paying Agent/Registrar from the City and shall use such funds solely for the purpose of paying the principal of the Certificates being redeemed.

Upon presentation and surrender of any Certificate called for redemption at the Designated Payment/Transfer Office of the Paying Agent/Registrar on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of such Certificate to the date of redemption from the money set aside for such purpose.

(g) Effect of Redemption. Notice of redemption having been given as provided in Section 4(e) of this Ordinance and subject to any conditions or rights reserved by the City under Section 4(e), the Certificates or portions thereof called for redemption shall become due and payable on the date fixed for redemption.

If the City shall fail to make provision for payment of all sums due on a redemption date, then any Certificate or portion thereof called for redemption shall remain outstanding until due provision is made for the payment of same by the City

Section 5: Characteristics Certificates.

(a) Registration, Transfer, Conversion and Exchange; Authentication. The City shall keep or cause to be kept with the Paying Agent/Registrar at its corporate trust office, books or records for the registration of the transfer, conversion and exchange of the Certificates (the "Registration Books"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided within three (3) days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Certificate to which payments with respect to the Certificates shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed. The City shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The City shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Certificate or Certificates. Registration of assignments, transfers, conversions and exchanges of Certificates shall be made in the manner provided and with the effect stated in the FORM OF CERTIFICATE set forth in Exhibit A. Each substitute Certificate shall bear a letter and/or number to distinguish it from each other Certificate. Any tax or governmental charges required to be paid with respect to any registration, exchange, or transfer of Certificates shall be paid by the person requesting such transfer.

New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer.

Except as provided in Section 5(c) hereof, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate, date and manually sign the Certificate, and no such Certificate shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Certificates and Certificates surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the City or any other body or

person so as to accomplish the foregoing conversion and exchange of any Certificate or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Certificates in the manner prescribed herein, and the Certificates shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength.

Pursuant to Section 1203.021 of the Texas Government Code, the duty of conversion and exchange of Certificates as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Certificate, the converted and exchanged Certificate shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Certificates which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Certificates. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of the Certificates, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Certificates, and of all conversions and exchanges of Certificates, and all replacements of Certificates, as provided in this Ordinance.

The principal of the Certificates shall be paid in lawful money of the United States of America. The principal of each Certificate shall be paid to the Registered Owner thereof on the due date (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Certificate at the Designated Payment/Transfer Office.

(e) If the date for the payment of the principal of the Certificates is not a business day, then the date for such payment shall be the next succeeding day that is a 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.

(c) In General. The Certificates (i) shall be issued in fully registered form, without interest coupons, with the principal of such Certificates to be payable only to the Registered Owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Certificates, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) shall be payable, and (viii) shall be administered and the Paying Agent/Registrar, and the City shall have certain duties and responsibilities with respect to the Certificates, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF CERTIFICATE set forth in Exhibit A to this Ordinance. The Initial Certificate is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Certificate issued in conversion of and exchange for any Certificate or Certificates issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF CERTIFICATE. The Mayor and City Secretary are authorized to sign the Certificates and to affix the City seal thereto.

(d) Substitute Paying Agent/Registrar. The City covenants with the Registered Owners of the Certificates that at all times while the Certificates are outstanding the City will provide a

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

(e) Book-Entry Only System. Notwithstanding any other provision hereof, upon initial issuance of the Certificates, the ownership of the Certificates shall be registered in the name of Cede & Co., as nominee of DTC. The definitive Certificates shall be initially issued in the form of a single separate fully registered certificate for each of the maturities thereof.

With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the City 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 Certificates. Without limiting the immediately preceding sentence, the City 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 Certificates, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner, as shown on the Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner, as shown in the Registration Books of any amount with respect to principal of, premium, if any, or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Registration Books as the absolute owner of such Certificate for the purpose of payment of principal of, premium, if any, and interest on such Certificates, for the purpose of giving notices of redemption and other matters with respect to such Certificate, for the purpose of registering transfer with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Certificates only to or upon the order of the respective owners, as shown in the Registration Books 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 City's obligations with respect to payment of principal of, premium, if any, and interest on the Certificates to the extent of the sum or sums so paid. No person other than a

Registered Owner, as shown in the Registration Books, shall receive a certificate evidencing the obligation of the City 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., the word “Cede & Co.” in this Ordinance shall refer to such new nominee of DTC.

The Mayor, Mayor Pro-Tem and City Secretary are authorized and directed to execute and deliver any agreements, certificates, letters and other instruments (including but not limited to a representation letter) in such form as such official shall approve and deem appropriate to evidence the City’s obligations to DTC as securities depository in connection with the delivery of the Certificates and the City’s other public securities in book-entry only form.

(f) Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the City or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter of the City to DTC, or in the event DTC discontinues the services described herein, the City or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and 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 Certificates to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Certificates and transfer one or more separate Certificates to DTC Participants having Certificates credited to their DTC accounts. In such event, the Certificates shall no longer be restricted to being registered in the Registration Books 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 Registered Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificates 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 Certificates, and all notices with respect to such Certificates, shall be made and given, respectively, in the manner provided in the Representation Letter.

#### Section 6: Form of the Certificates.

(a) Form Generally. The form of the Certificates, including the form of Paying Agent/Registrar’s Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Certificates, (i) shall be generally in the form set forth in Exhibit A hereto, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance, and (ii) may have such letters, numbers or other marks of identification and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing the Certificates, as evidenced by their execution thereof. Any portion of the text of any Certificates may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the certificate.

The definitive Certificates and the Initial Certificate shall be printed, lithographed, engraved, typewritten, photocopied or otherwise reproduced in any other similar manner, all determined by the officers executing such Certificates as evidenced by their execution.

(b) CUSIP Registration. The City or TWDB may secure CUSIP numbers and may authorize the printing of such numbers on the face of the Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Certificates shall be of no significance or effect regarding the legality thereof, and neither the City nor the attorneys approving said Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Certificates.

(c) Legal Opinion. The approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Bond Counsel to the City (“Bond Counsel”), may be attached to or printed on the reverse side of each Certificate over the certification of the City Secretary of the City, which may be executed in facsimile.

Section 7: Interest and Sinking Fund, and Pledge of Taxes and Revenues.

(a) In order to secure and provide a source of payment for the Certificates, the City hereby pledges and grants to the Registered Owners of all Certificates an irrevocable lien on (i) ad valorem taxes levied and collected by the City, within the limitations imposed by law, for the payment of debt service on the Certificates (“Pledged Taxes”), and (ii) all Surplus Net Revenues derived from the System.

The City hereby covenants and agrees that all Pledged Taxes, and such Surplus Net Revenues, shall be deposited and paid into the special funds hereinafter established, and shall be applied in the manner hereinafter set forth, in order to provide for the payment of the principal of the Certificates and all expenses of paying same. The Certificates shall constitute obligations of the City that shall be payable from and shall be equally and ratably secured by an irrevocable lien on Pledged Taxes and Surplus Net Revenues, which Pledged Taxes and Surplus Net Revenues shall, in the manner herein provided, be set aside for and pledged to the payment of the Certificates in the Interest and Sinking Fund as hereinafter provided, and the Certificates shall be in all respects on a parity with and of equal dignity with one another.

(b) Chapter 1208, Government Code applies to the issuance of the Certificates and the pledge of the Surplus Net Revenues and Pledged Taxes granted by the City hereunder, and such pledge, therefore, is valid, effective, and perfected. If Texas law is amended at any time while the Certificates are Outstanding and unpaid such that the pledge of Surplus Net Revenues and Pledged Taxes granted by the City hereunder is to be subject to the filing requirements of Chapter 9, Texas Business and Commerce Code, then in order to preserve to the Registered Owner the perfection of the security interest in such pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business and Commerce Code and enable a filing to perfect the security interest in such pledge to occur.

(c) A special Interest and Sinking Fund (the “Interest and Sinking Fund”) is hereby created solely for the benefit of the Certificates, and the Interest and Sinking Fund shall be



established and maintained by the City at an official depository bank of the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City and shall be used only for paying the principal of the Certificates. All ad valorem taxes levied and collected for and on account of the Certificates shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Certificates are outstanding and unpaid, the governing body of the City shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to provide and maintain a sinking fund adequate to pay the principal of its Certificates as such principal matures (but never less than two percent (2%) of the original principal amount of the Certificates as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the City, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the City for each year while any of the Certificates are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of principal of the Certificates, as such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

(d) The Certificates are additionally secured by a pledge of the Surplus Net Revenues of the System. If such Surplus Net Revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any fiscal year, then the amount of taxes which otherwise would have been required to be levied pursuant to Section 7(c) may be reduced to the extent and by the amount of the Surplus Net Revenues then on deposit in the Interest and Sinking Fund or budgeted for deposit therein. In no event shall this paragraph, or any other section of this Ordinance, diminish the unconditional obligation of the City to deposit into the Interest and Sinking Fund the amount necessary to pay the principal of the Certificates, in full and as the same become due.

(e) Each month during each fiscal year of the City, for so long as any Certificates remain outstanding, the City shall transfer into the Interest and Sinking Fund from Net Revenues of the System, or from ad valorem taxes collected by the City, one twelfth (1/12th) of such amounts as will be sufficient to pay the greater of (i) two percent (2%) of the original principal amount of the Certificates or (ii) the principal scheduled to become due on the Certificates on the immediately next following annual principal payment date. The City shall not transfer any funds from Surplus Net Revenues to any fund other than the Interest and Sinking Fund (except to pay those obligations set forth in Section 8 clauses “first” through “third” below), until such time as an amount equal to the total annual debt service on the Certificates for the then current fiscal year has been deposited into the Interest and Sinking Fund.

(f) The Mayor and City Secretary of the City are hereby ordered to do any and all things necessary to accomplish the transfer of monies to the Interest and Sinking Fund of this issue in ample time to pay principal on the Certificates.

(g) Subject to Section 9 hereof, money in the Interest and Sinking Fund and the Construction Fund may, at the option of the City, be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of the United States of America or any of its agencies or in any other obligations permitted by law; provided that all such deposits and investments shall be made in such manner that the money

required to be expended from any Fund will be available at the proper time or times. Any obligation in which money is so invested shall be kept and held by the official depository bank of the City at which the Fund is maintained from which the investment was made. All such investments shall be promptly sold when necessary to prevent any default in connection with the Certificates.

(h) For each year the Certificates are outstanding, and prior to the time taxes are to be levied for such year, the City shall establish, adopt, and maintain an annual budget that provides for either the monthly deposit of sufficient Surplus Net Revenues and/or tax revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, or a combination thereof, into the Interest and Sinking Fund for the repayment of the Certificates.

Section 8: System Fund. The City hereby covenants and agrees that, while the Certificates remain outstanding, all revenues derived from the operation of the System shall be kept separate and apart from all other funds and moneys of the City, and such revenues shall be deposited from day to day as collected into a fund maintained at an official depository of the City known as the “City of Riesel Waterworks and Sewer System Fund” (hereinafter called the “System Fund”). All moneys deposited in the System Fund shall be pledged and appropriated to the extent required for the following purposes and in the order of priority shown, to wit:

First: To the payment of all necessary and reasonable Maintenance and Operating Expenses of the System as defined herein, or required by statute to be a first charge on and claim against the revenues thereof.

Second: To the payment of any other debt incurred by the City either previously or hereafter and secured by a lien on the Net Revenues of the System superior to the lien securing the Certificates, presently including the Series 1999 Certificates and the Series 2009 Bonds.

Third: To the payment of principal and interest, as applicable, on the Series 2013 Certificates and the Certificates as the same become due.

Reference is made to Section 10 below as to additional indebtedness, which may, at the option of the City, be issued on parity with, superior to, or subordinate to, the pledge securing the Certificates.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments or making adequate and sufficient provision for the payment thereof, may be appropriated and used for prepayment of any such indebtedness, or for improvements to the System.

Section 9: Security of Funds. All moneys on deposit in the Funds for which this Ordinance makes provision shall be secured in the manner and to the fullest extent required by the laws of Texas (including the Public Funds Investment Act, Chapter 2256 of the Texas Government Code; and the Public Funds Collateral Act, Chapter 2257 of the Texas Government Code) for the security of public funds and moneys on deposit in such Funds shall be used only for the purposes permitted by this Ordinance.

Section 10: Issuance of Additional Bonds or Other Obligations. The City hereby expressly reserves the right to hereafter issue additional obligations secured and payable superior to, on a parity with, or inferior to, the lien and pledge securing the Certificates insofar as the lien on and pledge of the Net Revenues or the Surplus Net Revenues is concerned.

Section 11: Damaged, Mutilated, Lost, Stolen, or Destroyed Certificates.

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

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

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

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

(e) Authority for Issuing Replacement Certificates. In accordance with Section 1201.061(a)(2), Texas Government Code, as amended and presently codified, this Section 11 of this Ordinance shall constitute authority for the issuance of any such replacement Certificate without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such Certificates is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such

Certificates in the form and manner and with the effect, as provided in Section 5(a) of this Ordinance for Certificates issued in conversion and exchange for other Certificates.

Section 12: Custody, Approval, and Registration of Certificates. The City Secretary of the City is hereby authorized to have control of the Certificates initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Certificates pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Certificates the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Certificates, and the seal of the Comptroller shall be impressed, or placed in facsimile, on such Certificate.

Section 13: Sale of Certificates. The Certificates are hereby sold and shall be delivered to TWDB (sometimes referred to herein as the "Purchaser"), at the price of par. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable.

Section 14: Proceeds of Sale. After payment of costs of issuance, the remaining proceeds of sale of the Certificates shall be deposited into the Construction Fund hereby established at an official depository of the City. Funds from the Construction Fund shall be used solely for the purposes set forth in this Ordinance at the direction of the Mayor, City Secretary or other authorized City official. Pending expenditure for authorized projects and purposes, such proceeds of sale may be invested authorized investments in accordance with the Public Funds Investment Act (V.T.C.A., Government Code, Chapter 2256), and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Interest and Sinking Fund as shall be determined by the City Council. Any amounts on deposit in excess of the amounts insured by the Federal Deposit Insurance Corporation shall be collateralized as provided in the Public Funds Collateral Act, V.T.C.A., Government Code, Chapter 2257.

Notwithstanding the above and foregoing, immediately following the delivery of the Certificates and prior to the deposit of the proceeds from the sale of such Certificates into the Construction Fund, such proceeds shall be held in trust and in escrow pursuant to the written escrow agreement described below pending written authorization to release said proceeds.

An "Escrow Agreement" by and between the City and the Escrow Agent, attached hereto as Exhibit C and incorporated herein by reference as a part of this Ordinance for all purposes, is hereby approved as to form and content, and the Mayor and the City Secretary of the City are hereby authorized and directed to execute such Escrow Agreement in substantially the same form and content herein approved.

Section 15: Approval of Paying Agent/Registrar Agreement. The Paying Agent/Registrar Agreement submitted to this City Council is hereby approved. The Mayor is hereby authorized to amend, complete or modify such agreement as necessary and is further authorized to execute such agreement and the City Secretary is hereby authorized to attest such agreement.

Section 16: Records and Accounts – Annual Audit. The City further covenants and agrees that so long as any of the Certificates remain outstanding, it will keep and maintain accurate and complete records and accounts pertaining to the operations of the City in which complete and correct entries shall be made of all transactions relating thereto, as provided by Section 1502.068, Texas Government Code, or other applicable law. The Registered Owners of the Certificates or any duly authorized agent or agents of such Owners shall have the right to inspect the Project and all properties comprising the same. The City further agrees that following the close of each fiscal year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants.

Section 17: Continuing Disclosure Undertaking.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

“EMMA” means the Electronic Municipal Market Access System available on the internet at <http://emma.msrb.org>.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

(b) Annual Reports.

(i) The City shall provide annually to the MSRB, (1) within six (6) months after the end of each fiscal year of the City, financial information and operating data with respect to the City of the general type described in Exhibit B hereto, including financial statements of the City if audited financial statements of the City are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit B, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the City commissions an audit of such financial 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 twelve (12) months after any such fiscal year end, then the City 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.

(ii) If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

(iii) 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.

(iv) An authorized officer of the City is authorized to establish and implement written procedures to ensure compliance with the reporting requirements imposed by this Section. Such procedures may be modified and amended by the authorized officer from time to time to the extent the modification or amendment of such procedures are deemed necessary, useful or appropriate.

(c) Event Notices. The City shall notify the MSRB, in a timely manner (not in excess of ten (10) business days after the occurrence of an event), of any of the following events with respect to the Certificates:

(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 Certificates, or other material events affecting the tax status of the Certificates;

(vii) modifications to rights of Owners, if material;

(viii) redemption calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Certificates, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the City;

(xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

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

(xv) incurrence of a Financial Obligation of the City, 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 City, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States 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 City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, and (b) the City intends the words used in the immediately preceding paragraphs (xv) and (xvi) and the definition of Financial Obligation in this Ordinance to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 17(b) of this Ordinance by the time required by such Section.

(d) Identifying Information. All documents provided to the MSRB pursuant to this Section 17 shall be provided in an electronic format and be accompanied by identifying information as prescribed by the MSRB.

(e) Limitations, Disclaimers and Amendments.

(i) The City shall be obligated to observe and perform the covenants specified in this Section 17 for so long as, but only for so long as, the City remains an “obligated person” with respect to the Certificates within the meaning of the Rule, except that the City in any event will give notice of any Certificate calls and any defeasances that cause the City to be no longer an “obligated person.”

(ii) The provisions of this Section 17 are for the sole benefit of the Registered Owners and beneficial owners of the Certificates, and nothing in this Section 17, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section 17 and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section 17 or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY CERTIFICATE 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 17, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the City in observing or performing its obligations under this Section 17 shall constitute a breach of or default under the Ordinance for purposes of any other provisions of this Ordinance.

(v) Nothing in this Section 17 is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

(vi) The provisions of this Section 17 may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (i) the provisions of this Section 17, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates 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 (ii) either (A) the Registered 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 Certificates consent to such amendment or (B) an entity or individual person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Registered Owners and beneficial owners of the Certificates. If the City so amends the provisions of this Section 17, it shall include with any amended financial information or operating data next provided in accordance with Section 17(b) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in type of financial information or operating data so provided.



Section 18: Amendments. The City may amend this Ordinance without the consent of or notice to any Registered Owners in any manner not detrimental to the interests of the Registered Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of the Registered Owners of a majority in aggregate principal amount of the Certificates then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the Registered Owners of all of the Certificates affected, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of any Certificate is due and payable, reduce the principal amount thereof, or change the rate of interest thereon, change the place or places at or the coin or currency in which any Certificate or interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required for consent to any amendment, addition, or waiver.

Section 19: Further Assurances. The Mayor, City Secretary and other City officials are hereby authorized to execute and deliver such further agreements and documents as are necessary to carry out the intents and purposes of this Ordinance.

Section 20: Ordinance to Constitute a Contract. This Ordinance, including Exhibit A, hereto shall constitute a contract between the City and the Registered Owners of the Certificates.

Section 21: Events of Default. The following shall constitute an Event of Default hereunder:

(a) The failure by the City to make payment of principal of the Certificates as the same become due.

(b) Default by the City in the observance or performance of any of the other covenants, conditions or obligations of the City hereunder, the failure to perform which materially adversely affects the rights of the Registered Owners, including but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any owner to the City.

Upon and following any event of default, any Registered Owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring that the City comply with its obligations under this Ordinance. The rights of the Registered Owners hereunder do not include the right to compel acceleration of the maturity of the Certificates but only to require payment of the Certificates as the same are then due as.

Section 22: Compliance with the Texas Water Development Board's Rules and Regulations. The City will comply with all of the requirements contained in the resolution or resolutions adopted by the TWDB with respect to the issuance of the Certificates. In addition, in compliance with the TWDB's Drinking Water State Revolving Fund Loan Program Rules, the City agrees and covenants:

(a) Unused Funds. Any unused funds (those funds unspent after the original approved project is completed) shall be used for enhancements to the original project that are explicitly approved by the Executive Administrator of the TWDB, or if no enhancements are authorized by

the Executive Administrator, the City shall submit a final accounting and disposition of any unused funds.

(b) Surplus Proceeds. Any proceeds of the Certificates determined to be surplus funds remaining after completion of the project and completion of a final accounting shall be used in a manner as approved by the Executive Administrator of the TWDB.

(c) TWDB Remedies. The TWDB may exercise all remedies available to it in law or equity, and any provision of the Certificates that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.

(d) Investment of Proceeds. Proceeds from the sale of the Certificates shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257.

(e) Environmental Indemnification. The City shall 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 City, its contractors, consultants, agents, officials and employees as a result of activities relating to the project, to the extent permitted by law.

(f) Compliance with Environmental Finding. The City shall comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources.

(g) Insurance. So long as any Certificates are outstanding, the City agrees to carry and maintain liability and property damage insurance of the kind and in the amounts customarily carried by municipal corporations in Texas on such kind of properties, which amount shall not be less than an amount sufficient to protect the TWDB's interest in the project; provided, however, the City, in lieu of and/or in combination with carrying such insurance, may self-insure against all perils and risks by establishing self-insurance reserves.

(h) Compliance with Davis-Bacon. All laborers and mechanics employed by contractors and subcontractors for projects be paid wages at rates not less than those prevailing on projects of a similar character in the City in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations and all project contracts shall 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 proceeds of the Certificates shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB.

(i) Federal Funding Accountability and Transparency Act. The City 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. The City shall obtain a Data Universal Numbering System Number (DUNS) and shall register with the System for Award Management (SAM), and maintain such registration while the Certificates are outstanding.

(j) Timely Use of Proceeds. All funds deposited to the credit of the Construction Fund will be used in a timely and expeditious manner, as required by federal statute and Environmental Protection Agency regulations, and the City will adhere to the project schedule approved by the Executive Administrator.

(k) American Iron and Steel Requirement. The City 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 the 2014 Federal Appropriations Act and related State Revolving Fund Policy Guidelines.

(l) Payment of Debt Service. Notwithstanding Section 5(b) hereof, payments of debt service of the Certificates will be made to the TWDB via wire transfer at no cost to the TWDB.

Section 23: Benefits of Ordinance. Nothing in this Ordinance; expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Registered Owners, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, and this Ordinance and all its provisions is intended to be and shall be for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Registered Owners.

Section 24: No Recourse Against City Officials. No recourse shall be had for the payment of principal of any Certificates or for any claim based thereon or on this Ordinance against any official of the City or any person executing the Certificates.

Section 25: Inconsistent Provisions. All ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

Section 26: Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 27: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

Section 28: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

Section 29: Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

Section 30: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time,

place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, Texas Government Code, as amended.

Section 31: Effective Date. This Ordinance shall take effect and be in full force immediately from and after its adoption on the date hereof.

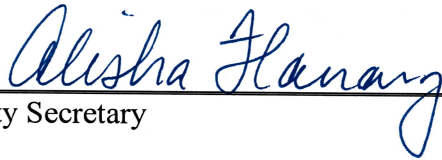
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PASSED AND ADOPTED this May 11, 2021.

CITY OF RIESEL, TEXAS

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Secretary

(City Seal)



EXHIBIT A

FORM OF CERTIFICATE

(a) Form of Definitive Certificate.

REGISTERED  
NO.R-\_\_

REGISTERED  
\$\_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TEXAS

CITY OF RIESEL, TEXAS  
COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION  
TAXABLE SERIES 2021

Certificate Date:	Interest Rate:	Maturity Date:	CUSIP Number:
June 1, 2021	0.00%	July 1, 20__	

Registered Owner:\_\_\_\_\_

Principal Amount:\_\_\_\_\_DOLLARS

ON THE MATURITY DATE specified above, or the date of redemption prior to maturity THE CITY OF RIESEL, TEXAS, (the "City"), being a municipal corporation and a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the principal amount set forth above.

THE PRINCIPAL OF this Certificate is payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate at maturity or upon the date fixed for its redemption prior to maturity, at The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar"), at their office for payment in Houston, Texas (the "Designated Payment/Transfer Office"). All capitalized terms used herein but not defined shall have the meaning assigned to them in the Ordinance (defined below).

THE CITY COVENANTS with the Registered Owner of this Certificate that on or before each principal payment date for this Certificate it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance authorizing this Certificate, the amounts required to provide for the payment, in immediately available funds, of all principal of the Certificates, when due.

IF THE DATE for the payment of the principal of this Certificate shall be a Saturday, Sunday, legal holiday or day on which banking institutions in the city where the Paying

Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized to close and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

THIS CERTIFICATE is one of a series of Certificates dated June 1, 2021, authorized in accordance with the Constitution and laws of the State of Texas and an ordinance of the City (the "Ordinance") in the principal amount of \$5,360,000 for the purpose of evidencing the indebtedness of the City to finance the acquisition, purchase, construction, improvement, renovation, expansion and equipping of property, buildings, structures, facilities and related infrastructure for the City's water and wastewater system (the "System"), including one or more new water wells and related pump stations; and (ii) related professional services, including legal, fiscal, engineering and design fees, and costs of issuance.

THE CITY RESERVES THE RIGHT, at its option, to redeem prior to maturity Certificates maturing on or after July 1, 2031, in inverse order of maturity, in whole or in part, in principal installments of \$5,000 or any integral multiple thereof, on June 1, 2031, or any date thereafter, at a price equal to the principal amount of the Certificates or portions thereof called for redemption. If less than all of the Certificates are to be redeemed, the City 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 Certificates, or portion thereof, within such maturity and in such principal amounts, for redemption.

NOTICE OF SUCH REDEMPTION or redemptions shall be given by first class mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Registered Owner of each of the Certificates to be redeemed in whole or in part. Subject to the right of the City to give a conditional notice of redemption with respect to an optional redemption, as described below, notice having been so given, the Certificates or portions thereof designated for redemption shall become due and payable on the redemption date specified in such.

IN THE ORDINANCE, the City reserves the right in the case of an optional redemption to give notice of its election or direction to redeem Certificates 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 City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate of the City 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 owners. Any Certificates subject to conditional redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City 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.

ALL CERTIFICATES OF THIS SERIES are issuable solely as fully registered Certificates, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Ordinance, this Certificate, or any unredeemed portion hereof, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Certificates, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Certificate to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Certificate must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Certificate or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Certificate may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Certificate or portion thereof will be paid by the City. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing on the close of business on any Record Date and ending with the opening of business on the next following principal payment date or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within forty-five (45) days prior to its redemption date; provided, however, such limitation of transfer shall not be applicable to an exchange by the Registered Owner of the unredeemed balance of the Certificate.

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

IT IS HEREBY certified, recited, and covenanted that this Certificate has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Certificate have been performed, existed and been done in accordance with law; that this Certificate is a general obligation of the City, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the principal of this Certificate, as such principal comes due, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limit prescribed by law, and that this Certificate is additionally secured by and payable from a pledge of the Surplus Net Revenues derived from the System.



THE CITY has reserved the right to issue additional obligations payable and secured by Net Revenues of the System, either on a parity with, subordinate to, or having a priority lien over, the pledge of such Net Revenues securing the Certificates.

AS TO THE PLEDGE OF SUCH NET REVENUES, THE PLEDGE SECURING THIS CERTIFICATE IS SUBORDINATE TO THE PLEDGE(S) SECURING THE CITY'S COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 1999, AND THE CITY'S UTILITY SYSTEM REVENUE BONDS, SERIES 2009.

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

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

CITY OF RIESEL, TEXAS

\_\_\_\_\_  
Mayor

COUNTERSIGNED:

\_\_\_\_\_  
City Secretary

(CITY SEAL)

\*\*\*\*\*

(b) Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Certificate only.

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER           §  
OF PUBLIC ACCOUNTS                 §     REGISTER NO. \_\_\_\_\_  
THE STATE OF TEXAS                 §

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

WITNESS my signature and seal of office this \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

(SEAL)

\*\*\*\*\*

(c) Form of Certificate of Paying Agent/Registrar to appear on Definitive Certificates only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Certificate has been duly issued and registered under the provisions of the within mentioned Ordinance; the certificate or certificates of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated offices of the Paying Agent/Registrar located in Houston, Texas, is the "Designated Payment/Transfer Office" for this Certificate.

The Bank of New York Mellon Trust Company,  
N.A., as Paying Agent/Registrar

Registration Date:

\_\_\_\_\_

By \_\_\_\_\_  
Authorized Signature

\*\*\*\*\*



THE CITY OF RIESEL, TEXAS, (the “City”), being a municipal corporation and a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the “Registered Owner”) on July 1 in each of the years, in the principal amounts and bearing interest at the per annum rates in accordance with the following schedule:

Year (July 1)	Principal Amount	Interest Rate
2023	\$185,000	0%
2024	\$185,000	0%
2025	\$185,000	0%
2026	\$185,000	0%
2027	\$185,000	0%
2028	\$185,000	0%
2029	\$185,000	0%
2030	\$185,000	0%
2031	\$185,000	0%
2032	\$185,000	0%
2033	\$185,000	0%
2034	\$185,000	0%
2035	\$185,000	0%
2036	\$185,000	0%
2037	\$185,000	0%
2038	\$185,000	0%
2039	\$185,000	0%
2040	\$185,000	0%
2041	\$185,000	0%
2042	\$185,000	0%
2043	\$185,000	0%
2044	\$185,000	0%
2045	\$185,000	0%
2046	\$185,000	0%
2047	\$185,000	0%
2048	\$185,000	0%
2049	\$185,000	0%
2050	\$180,000	0%
2051	\$185,000	0%

EXHIBIT B

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 17 of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified below:

1. The financial statements of the City for the most recently concluded fiscal year.

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements.

EXHIBIT C  
ESCROW AGREEMENT

(See Tab 7)

# **ESCROW AGREEMENT**

THIS ESCROW AGREEMENT (Agreement), dated as of May 11, 2021, made by and between the City of Riesel, Texas, a political subdivision of the State of Texas in McLennan County, Texas (City), acting by and through the City Council of the City and The Bank of New York Mellon Trust Company, N.A., as Escrow Agent, together with any successor in such capacity;

WITNISSETH:

WHEREAS, pursuant to an Ordinance adopted on May 11, 2021 (Ordinance), the City authorized the issuance of \$5,360,000 City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021, dated June 1, 2021 (Obligations) to obtain financial assistance from the Texas Water Development Board (TWDB) for the purpose of funding water system improvements (Project); and

WHEREAS, the TWDB determined that the City qualifies for principal forgiveness and agreed to provide additional financial assistance in the amount of \$500,000 that will be forgiven (Principal Forgiveness Amount); 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 and the principal forgiveness is the deposit of the proceeds of the Obligations and Principal Forgiveness Amount (collectively, the Proceeds) in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB (Executive Administrator) or another designated 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 and the Principal Forgiveness Amount, 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 L1001186 and LF1001210 shall be deposited to the credit of special escrow accounts or escrow subaccounts (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 “City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021, Texas Water Development Board L1001186 Escrow Account” (Obligations Escrow Account) and the “City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021, Texas Water Development Board LF1001210 Escrow Account” (Principal Forgiveness Escrow Account) 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 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 (PFIA). It is the City’s responsibility to direct the Escrow Agent to invest all Proceeds 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. 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, 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 the TWDB 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 Account, and investments of the Escrow Account 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 company or sells or transfers substantially all of its assets or corporate trust business, then the successor company shall be the successor Escrow Agent without the necessity of further action as long as the successor company 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, the City and the TWDB are as follows:

The Bank of New York Mellon Trust Company, N.A.  
601 Travis Street, Floor 16  
Houston, Texas 77002  
(512) 236-6518  
saul.e.ramirez@bnymellon.com

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

City Secretary  
City of Riesel, Texas  
104 N. Highway 6  
Riesel, Texas 76682

**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, 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: INDEMNIFICATION.** To the extent permitted by law, the City agrees to indemnify the Escrow Agent, its directors, officers and employees, and hold them harmless against any loss, liability or expense incurred without negligence or willful misconduct on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the

cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

**SECTION 20: RIGHTS AND PROTECTIONS.** No provisions of this Agreement shall require the Escrow Agent 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. The Escrow Agent 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. The Escrow Agent may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. The Escrow agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instruments, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

**SECTION 21: FAX/E-MAIL.** The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions (Instructions) given by any officer named on Exhibit B hereto (each, an Authorized Officers) and delivered using Electronic Means, as defined herein. The City shall provide to the Escrow Agent an incumbency certificate listing substitute or additional Authorized Officers who are authorized to provide such Instructions and containing specimen signatures of such Authorized Officers whenever a person is to be added or deleted from the listing. "Electronic Means" shall mean the following communications methods: email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder.

If the City elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance, upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees, to the extent permitted by law,; (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and

risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

**SECTION 22: ANTI-BOYCOTT VERIFICATION.** 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, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Escrow Agent understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

**SECTION 23: IRAN, SUDAN AND FOREIGN TERRORIST ORGANIZATIONS.** The Escrow Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and any other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

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

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Escrow Agent and each of its parent company, wholly- or majority-owned subsidiaries, and any 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 Escrow Agent understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

**SECTION 24: 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.

*(Signature pages follow)*

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

CITY OF RIESEL, TEXAS

By:   
\_\_\_\_\_  
Mayor

[SIGNATURE PAGE TO ESCROW AGREEMENT]

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Escrow Agent

By:   
Title: Vice President

[SIGNATURE PAGE TO ESCROW AGREEMENT]

**EXHIBIT A**  
Fee Schedule



## Fee Schedule

Subject to the Terms and Disclosures below, upon appointment of The Bank of New York Mellon Trust Company, N.A. (“BNYM” or “us” or “affiliates” or “subsidiaries”) in the roles as outlined within this Fee Schedule (this “Fee Schedule”), City of Riesel, TX (“Client”) shall be responsible for the payment of the fees, expenses and charges as set forth herein. Fees are payable or accrue at the time of the execution of the governing documents (the “Transaction Documents”) in connection with the closing of the transaction (the “Transaction”) which is the subject of this Fee Schedule.

## General Fees

### Acceptance Fee

**Waived**

The Transaction Acceptance Fee is payable at the time of the execution of the governing documents in connection with the closing of the transaction which is the subject of this Agreement (the “**Transaction**”), and compensates BNYM for the following: review of all supporting documents, initial establishment of the required accounts and Know Your Client checks.

### Annual Paying Agent Fee

**\$750 per series**

An annual charge covering the normal paying agent duties related to account administration and bondholder services. Our pricing is based on the assumption that the bonds are DTC-eligible/book-entry only. If the bonds are certificated or physical, an additional \$1000 per year will be added to the Annual Paying Agent Administrative fee. This fee is payable annually, in advance.

### Annual Escrow Agent Fee

**\$750 per account**

The Annual Escrow Agent fee of \$750.00 per account is payable at closing and includes the review and execution of the Escrow Agreement and all documents submitted in support thereof, account set-up and covers the normal administrative functions of the escrow agent. Based on the information provided, we do not anticipate hiring counsel but reserve the right to do so if required.

## Activity Fees

### OTHER SERVICES/ACTIVITY CHARGES WILL BE CHARGED, IF APPLICABLE

Audit Confirmation	\$50 per audit
Trustee Reports/Statement	Included
Disbursements (check or wire)	\$25 per check or wire
Requisitions (check or wire)	\$25 per check or wire
Investment Transaction Fee	\$125 per occurrence
Reconciliation of not in bank assets, per account per month	\$75
Other	\$250 per SLGS Subscription (if applicable)

## Extraordinary Services/Miscellaneous Fees

The charges may be hourly or fixed for performing extraordinary or other services not contemplated at the time of the execution of the Transaction Documents or not specifically covered elsewhere in this schedule will be commensurate with the service to be provided and may be charged in BNY Mellon’s sole discretion. If it is contemplated that BNY Mellon hold/and or value collateral, additional acceptance, administration and counsel review fees will be applicable to the agreement governing such services. If the bonds are converted to certificated form, additional annual fees will be charged for any applicable tender agent and/or registrar/paying agent services. Additional information will be provided at such time. If all outstanding bonds of a series are defeased or redeemed, or BNY Mellon is removed as paying agent prior to the maturity of the bonds, a termination fee may be assessed at that time.


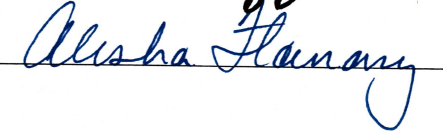
Miscellaneous fees and expenses may include, but are not necessarily limited to supplemental agreements, tender processing, the preparation and distribution of sinking fund redemption notices, optional redemptions, failed remarketing processing, preparation

### PRIVATE AND CONFIDENTIAL

The information contained within this Fee Schedule is the proprietary information of The Bank of New York Mellon and is confidential. Except as otherwise provided by law, this document, either in whole or in part, must not be reproduced or disclosed to others or used for purposes other than that for which it has been supplied without the prior written permission of The Bank of New York Mellon. Client shall not use BNY Mellon’s name or trademarks without its prior written permission.

**Exhibit B**

**Authorized Officers**

<u>Name</u>	<u>Signature</u>	<u>Office</u>
Kevin Hogg		Mayor
Alisha Flanary		City Secretary

**CITY OF RIESEL, TEXAS**

**\$5,360,000**

**Combination Tax and Revenue  
Certificates of Obligation, Taxable Series 2021**

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**TRANSCRIPT OF PROCEEDINGS**

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**June 17, 2021**

**Orrick, Herrington & Sutcliffe LLP  
300 West 6<sup>th</sup> Street, Suite 1850  
Austin, Texas 78701  
(512) 582-6950**

**TRANSCRIPT OF PROCEEDINGS**  
**Relating to**  
**\$5,360,000**  
**CITY OF RIESEL, TEXAS**  
**COMBINATION TAX AND REVENUE**  
**CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2021**

**JUNE 17, 2021**

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<b><u>Tab No.</u></b>	<b><u>Description of Document</u></b>
1.	Certified Resolution Authorizing Publication of Notice of Intention to Issue Certificates of Obligation
2.	Affidavit of Publication of Notice of Intention to Issue Certificates of Obligation
3.	Affidavit of Posting Notice of Intention to Issue Certificates of Obligation
4.	Certified Ordinance Authorizing Issuance of Certificates of Obligations
5.	Private Placement Memorandum
6.	Paying Agent/Registrar Agreement
7.	Escrow Agreement
8.	Certified Resolution for Application to Texas Water Development Board
9.	Resolution of Texas Water Development Board
10.	General Certificate
11.	Signature Identification and No-Litigation Certificate
12.	Attorney General's Approving Opinion and Comptroller's Registration Certificate
13.	Opinion of Bond Counsel
14.	DTC Blanket Letter of Representations
15.	Paying Agent/Registrar's Receipt

16. Specimen Certificate
17. Documents Related to Principal Forgiveness Agreement
18. USDA Consent
19. Affirmation Letter of TWDB Resolution Special Condition
20. Instruction Letter to Attorney General
21. Reimbursement Resolution
22. Closing Memorandum

AFFIDAVIT OF PUBLICATION

STATE OF TEXAS

§

COUNTY OF MCLENNAN

§

§

BEFORE ME, the undersigned authority, on this day personally appeared Mrs. Roger Jones, of Riesel Rustler, a newspaper published in the County of McLennan, Texas, who, being by me duly sworn, upon oath deposes and says:

That said newspaper is of general circulation in the City of Riesel, Texas, and that the attached "NOTICE OF INTENTION TO ISSUE CITY OF RIESEL, TEXAS, CERTIFICATES OF OBLIGATION", hereto attached, was published in said newspaper in its issues of

Feb. 19, 2021;

Feb. 26, 2021;

and that said newspaper complies with the provisions of Section 2051.044, Texas Government Code, in that:

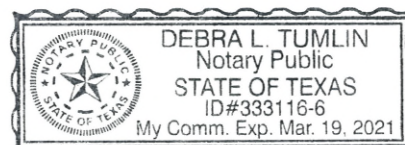
- (1) it devotes not less than twenty-five percent (25%) of its total column lineage to items of general interest,
- (2) it is published not less frequently than once each week,
- (3) it is entered as a second-class postal matter in the county in which it is published, and
- (4) it has been published regularly and continuously for not less than twelve (12) months prior to the date on which the City published the attached notice in said newspaper.

By: Mrs. Roger Jones  
Title: Publisher

SUBSCRIBED AND SWORN TO before me this the 2nd day of March, 2021.

Debra L. Tumlin  
Notary Public, State of Texas

My commission expires: March 19, 2021





## LEGAL NOTICE

NOTICE OF INTENTION TO ISSUE  
CITY OF RIESEL, TEXAS,  
CERTIFICATES OF OBLIGATION

TAKE NOTICE that the City Council of the City of Riesel, Texas, shall convene at 6:30 p.m. on Tuesday, April 13, 2021, at its regular meeting place in the City Hall, 104 N. Hwy 6, Riesel, Texas and, during such meeting, the City Council will consider the passage of an ordinance authorizing the issuance of not to exceed \$5,360,000 total principal amount of certificates of obligation, in one or more series (collectively, the "Certificates"), bearing interest at any rate or rates not to exceed the maximum interest rate authorized by law, as shall be determined within the discretion of the City Council at the time of issuance of the Certificates, and maturing over a period of not to exceed forty (40) years from their date of issuance, for the purpose of paying contractual obligations to be incurred for (i) acquisition, purchase, construction, improvement, renovation, expansion and equipping of property, buildings, structures, facilities and related infrastructure for the City's water and wastewater system, including one or more new water wells and related pump stations; and (ii) related professional services, including legal, fiscal, engineering and design fees, and costs of issuance, and such Certificates are to be payable from ad valorem taxes and surplus net revenues of the City's water and wastewater system. The estimated combined principal and interest required to pay the Certificates on time and in full is \$5,360,000. Such estimate is provided for illustrative purposes only and is based on an assumed interest rate of 0.00%. As of the date of this notice, the aggregate principal amount of outstanding public securities of the City secured by and payable from ad valorem taxes (excluding public securities secured by an ad valorem tax but designated by the City as self-supporting) is \$508,000, and based on the City's expectations, as of the date of this notice the combined principal and interest required to pay all of the outstanding public securities of the City secured by and payable from ad valorem taxes (excluding public securities secured by an ad valorem tax but designated by the City as self-supporting) on time and in full is \$712,978. The Certificates are to be issued, and this notice is given, under and pursuant to the provisions of Subchapter C of Chapter 271, Texas Local Government Code, as amended.

Alisha Flanary  
City Secretary  
City of Riesel, Texas

2x 2-26

## USDA Announces Quality Loss Assistance Now Available for Eligible Producers Affected by 2018, 2019 Natural Disasters

Signup begins Jan. 6, 2021

**WASHINGTON, Jan. 5, 2021**

– The U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) today announced that signup for the Quality Loss Adjustment (QLA) Program will begin Wednesday, Jan. 6, 2021. Funded by the Further Consolidated Appropriations Act of 2020, this new program provides assistance to producers who suffered eligible crop quality losses due to natural disasters occurring in 2018 and 2019. The deadline to apply for QLA is Friday, March 5, 2021.

"Farmers and livestock producers nationwide experienced crop quality losses due to natural disasters in 2018 and 2019," said Bill Northey, USDA Under Secretary for Farm Production and Conservation. "We have worked diligently over the past couple of years to roll out meaningful disaster assistance programs to help alleviate the substantial financial loss experienced by so many agricultural producers and are pleased to offer quality loss assistance as added relief. Many of the eligible producers have already received compensation for quantity losses."

### Eligible Crops

Eligible crops include those for which federal crop insurance or Noninsured Crop Disaster Assistance Program (NAP) coverage is available, except for grazed crops and value loss crops, such as honey, maple sap, aquaculture, floriculture, mushrooms, ginseng root, ornamental nursery, Christmas trees, and turfgrass sod.

Additionally, crops that were sold or fed to livestock or that are in storage may be eligible; however, crops that were destroyed before harvest are not eligible. Crop quality losses occurring after harvest, due to deterioration in storage, or that could have been mitigated, are also not eligible.

Assistance is based on a producer's harvested affected production of an eligible crop, which must have had at least a 5% quality loss reflected through a quality discount;

documentation to establish that the crop was directly affected by a qualifying disaster event.

To determine QLA eligibility and payments, FSA considers the total quality loss caused by all qualifying natural disasters in cases where a crop was impacted by multiple events.

### Applying for QLA

When applying, producers are asked to provide verifiable documentation to support claims of quality loss or nutrient loss in the case of forage crops. For crops that have been sold, grading must have been completed within 30 days of harvest, and for forage crops, a laboratory analysis must have been completed within 30 days of harvest.

Some acceptable forms of documentation include sales receipts from buyers, settlement sheets, truck or warehouse scale tickets, written sales contracts, similar records that represent actual and specific quality loss information, and forage tests for nutritional values.

### Payments Calculations and Limitations

QLA payments are based on formulas for the type of crop (forage or non-forage) and loss documentation submitted. Based on this documentation FSA is calculating payments based on the producer's own individual loss or based on the county average loss. More information on payments can be found on [farmers.gov/quality-loss](https://farmers.gov/quality-loss).

FSA will issue payments once the application period ends. If the total amount of calculated QLA payments exceeds available program funding, payments will be prorated.

For each crop year, 2018, 2019 and 2020, the maximum amount that a person or legal entity may receive, directly or indirectly, is \$125,000. Payments made to a joint operation (including a general partnership or joint venture) will not exceed \$125,000, multiplied by the number of persons and legal entities that comprise the ownership of the joint operation. A person or legal entity is ineligible for QLA payment



## LEGAL NOTICE

NOTICE OF INTENTION TO ISSUE  
CITY OF RIESEL, TEXAS,  
CERTIFICATES OF OBLIGATION

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Alisha Flanary  
City Secretary  
City of Riesel, Texas

2x 2-26

## Nancy Nail Memorial Library



New this week at NNML:

### THE TIDE BETWEEN US

by Olive Collins

1821: After the landlord of Lugdale Estate in Kerry is assassinated, young Art O'Neill's innocent father is hanged and Art is deported to the cane fields of Jamaica as an indentured servant. On Mangrove Plantation he gradually acclimatizes to the exotic country and unfamiliar customs of the African slaves, and achieves a kind of contentment. When the new heirs to the plantation arrive from Ireland they resurrect the ghosts of brutal injustices against Art. He bides his time and hides his abhorrence from his owners. During those years he prospers, he sees his coloured children freed after emancipation, he owns land and his family thrive. Eventually he is promised seven gold coins when he finishes his service, but he doubts his master will part with the coins. One hundred years later in Ireland, a skeleton is discovered beneath a fallen tree on the grounds of Lugdale Estate. By its side is a gold coin minted in 1870. Yseult, the owner of the estate, watches as events unfold, fearful of the long-buried truths that may emerge about her family's past and its links to the slave trade. As the skeleton gives up its secrets, Yseult realises she too can no longer hide.

### THE WEAVER'S LEGACY

by Olive Collins

1865: Goldie O'Neill was nine years of age when she trekked across the unclaimed American West with her family to form their own Irish catholic Colony. Their new community had dreams of self-governance and prosperity far removed from the anti-Irish sentiment and prejudice of the ruling classes. They soon learned about the extremes of the American West and the ongoing Indian war. A year after their arrival, Goldie blames herself for her sister's disappearance. She forms an unlikely friendship with a Lakota Indian boy who promises to help with her life-long quest to find her sister. In the intervening years, as their

To her parents' despair, the doctors are unable to stop Marjorie's descent into madness. As their stable home devolves into a house of horrors, they reluctantly turn to a local Catholic priest for help. Father Wanderly suggests an exorcism; he believes the vulnerable teenager is the victim of demonic possession. He also contacts a production company that is eager to document the Barretts' plight. With John, Marjorie's father, out of work for more than a year and the medical bills looming, the family agrees to be filmed, and soon find themselves the unwitting stars of *The Possession*, a hit reality television show. When events in the Barrett household explode in tragedy, the show and the shocking incidents it captures become the stuff of urban legend.

Fifteen years later, a bestselling writer interviews Marjorie's younger sister, Merry. As she recalls those long ago events that took place when she was just eight years old, long-buried secrets and painful memories that clash with what was broadcast on television begin to surface – and a mind-bending tale of psychological horror is unleashed, raising vexing questions about memory and reality, science and religion, and the very nature of evil.

### COYOTE ALIBI

by J & D Burges

No-nonsense rookie paralegal Naomi Manymules pauses on a lakeside cliff top to enjoy a moonlit moment and hears someone swimming far below. When something loudly shatters the quiet – firecrackers, maybe? – she heads for home. The next day she learns that a lifelong friend is now a prime murder suspect, because her sleazy, abusive husband has turned up naked and dead in a boat on the lake. When her friend can offer only a coyote as her alibi, the police aren't inclined to look much further. Undaunted, Naomi and her new boss, Grant Carson, launch an investigation of their own. With wicked humor and a big helping of snark, they navigate through a col-



**PRIVATE PLACEMENT MEMORANDUM DATED MAY 11, 2021**

**NEW ISSUE BOOK-ENTRY-ONLY**

*On the date of initial delivery of the Obligations (defined below), Bond Counsel (identified on page i herein) to the Issuer will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF BOND COUNSEL.*

**\$5,360,000**

**CITY OF RIESEL, TEXAS  
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION,  
TAXABLE SERIES 2021 (the “Obligations”)**

**Dated:** June 1, 2021

**Due:** July 1

Interest Payment Date:	The Obligations shall not bear interest
Redemption:	The Obligations are subject to redemption prior to maturity as provided herein. See “THE OBLIGATIONS - Redemption Provisions” herein.
Authorized Denominations:	The Obligations are being issued as fully registered certificates in denominations of <b>\$5,000</b> , or any integral multiple thereof.
Paying Agent/Registrar/Registrar:	The paying agent (“Paying Agent/Registrar/Registrar”) for the Obligations is The Bank of New York Mellon Trust Company, N.A.
Book-Entry-Only System	Upon initial issuance, the ownership of the Obligations will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) to which principal and redemption premium, if any, the Obligations will be made. The purchasers of the Obligations will not receive physical delivery of bond certificates. Principal of, and premium if any, on the Obligations will be payable at the designated office of the Paying Agent/Registrar in Houston, Texas as the same become due and payable.
Issuer:	City of Riesel, Texas.
Official Action:	Ordinance Authorizing the Issuance of City of Riesel, Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021 and Making Certain Findings Related Thereto, dated May 11, 2021.
Purpose:	See “APPENDIX B - OFFICIAL ACTION.”
Security for the Obligations:	See APPENDIX B - OFFICIAL ACTION.”
Ratings:	See “OTHER INFORMATION - Ratings”
Delivery Date:	June 17, 2021

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**See “APPENDIX A - MATURITY SCHEDULE” for Principal Amounts, Maturities and Initial CUSIP Numbers**

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**CITY OF RIESEL, TEXAS**

**CITY COUNCIL**

Kevin Hogg	Mayor
Marshall Shaw	Mayor Pro Tem
Jeanne Lehrmann	Councilmember
Bobby Dieterich	Councilmember
Jeff Tanner	Councilmember
Todd Ehlers	Councilmember

**SELECTED ADMINISTRATIVE STAFF**

Alisha Flanary	City Secretary
----------------	----------------

**CONSULTANTS**

Orrick, Herrington & Sutcliffe LLP, Bond Counsel

U.S. Capital Advisors LLC, Financial Advisor

The Bank of New York Mellon Trust Company, N.A., Paying Agent/Registrar

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**Private Placement Memorandum  
relating to**

**\$5,360,000**

**CITY OF RIESEL, TEXAS  
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION,  
TAXABLE SERIES 2021 (the “Obligations”)**

**INTRODUCTION**

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the “Obligations” pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See “APPENDIX B – “FORM OF OFFICIAL ACTION” attached hereto.

APPENDIX A contains the maturity schedule for the Obligations. APPENDIX B contains the Official Action and a description of the purpose for the proceeds of the Obligations. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Obligations. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

**THE OBLIGATIONS**

**General Description**

The Obligations are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described therein. The Obligations are being issued as fully registered certificates in denominations of \$5,000, or any integral multiple thereof. The Obligations will be dated as of the stated date of issue and will mature on the dates referenced thereon, and as set forth in “APPENDIX A - MATURITY SCHEDULE.”

The Obligations will not bear interest. Principal of and the redemption price with respect to the Obligations will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

**Purpose**

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

**Authority for Issuance**

The Obligations are issued pursuant to Local Government Code, Subchapter C, Chapter 271, as amended and Texas Government Code, Chapter 1502, as amended, and the Official Action adopted by the Issuer.

**Security for the Obligations**

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

**Redemption Provisions**

On June 1, 2031, or on any date thereafter, the Obligations maturing on and after July 1, 2031 may be redeemed prior to their scheduled maturities, in inverse order of maturity, upon the written direction of the Issuer, with funds provided by the Issuer, at a price equal to the principal amount of the Obligations or portions therefore called for redemption, as a whole, or in part, and if less than all of a maturity is to be redeemed the Issuer will determine by lot the Obligations, or portions thereof within such maturity to be redeemed (provided that a portion of an Obligation may be redeemed only in Authorized Denominations).

## **Notice of Redemption; Selection of Obligations to Be Redeemed**

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

The Paying Agent/Registrar, so long as a Book-Entry-Only System is used for the Obligations, will send any notice of redemption of the Obligations, notice of proposed amendment to the Order or other notices with respect to the Obligations only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Obligations called for redemption or any other action premised on any such notice. Redemption of portions of the Obligations by the Issuer will reduce the outstanding principal amount of such Obligations held by DTC.

### **Book-Entry-Only System**

*The information in this caption concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book entry system has been obtained from DTC and the Issuer makes no representation or warranty nor takes any responsibility for the accuracy or completeness of such information.*

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Obligations and deposited with DTC. See APPENDIX B - “FORM OF OFFICIAL ACTION.”

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearance Corporation, and Fixed Income Clearance Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: “AAA.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the “SEC”). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

## **TAX MATTERS**

### **Opinion**

Bond Counsel will deliver its opinion on the date of delivery of the Obligations substantially in the form as attached in “APPENDIX C - FORM OF OPINION OF BOND COUNSEL.”

## **OTHER INFORMATION**

### **Forward Looking Statements**

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer’s expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Obligations have placed reliance on forward-looking statements. All

forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

## **Ratings**

**No application has been made to any ratings agency or municipal bond insurance company for qualification of the Obligations for ratings or municipal bond insurance, respectively, nor is it anticipated the Issuer would have received an investment grade rating had one been applied for.**

## **LITIGATION**

### **General**

On the Delivery Date of the Obligations to the initial purchasers thereof, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Obligations or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Obligations.

### **The Issuer**

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Obligations, the security for, or the validity of, the Obligations or the financial condition of the Issuer.

## **CONTINUING DISCLOSURE OF INFORMATION**

In the Official Action, the Issuer has made an agreement for the benefit of the holders and beneficial owners of the Obligations. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of certain events, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. SEE "APPENDIX B - FORM OF OFFICIAL ACTION."

### **Compliance with Prior Undertakings**

The Issuer has not previously entered into any continuing disclosure agreement in accordance with SEC Rule 15c2-12.

## **MISCELLANEOUS**

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Obligations.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein to the Texas Water Development Board on the Delivery Date and may not be reproduced or used, as a whole or in part, for any other purpose.

## **ADDITIONAL INFORMATION**

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Obligations and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.

**APPENDIX A**  
**MATURITY SCHEDULE**

Maturity	Principal Amount	Interest Rate	CUSIP Number
7/1/2023	\$185,000	0.00%	766508AA3
7/1/2024	185,000	0.00%	766508AB1
7/1/2025	185,000	0.00%	766508AC9
7/1/2026	185,000	0.00%	766508AD7
7/1/2027	185,000	0.00%	766508AE5
7/1/2028	185,000	0.00%	766508AF2
7/1/2029	185,000	0.00%	766508AG0
7/1/2030	185,000	0.00%	766508AH8
7/1/2031	185,000	0.00%	766508AJ4
7/1/2032	185,000	0.00%	766508AK1
7/1/2033	185,000	0.00%	766508AL9
7/1/2034	185,000	0.00%	766508AM7
7/1/2035	185,000	0.00%	766508AN5
7/1/2036	185,000	0.00%	766508AP0
7/1/2037	185,000	0.00%	766508AQ8
7/1/2038	185,000	0.00%	766508AR6
7/1/2039	185,000	0.00%	766508AS4
7/1/2040	185,000	0.00%	766508AT2
7/1/2041	185,000	0.00%	766508AU9
7/1/2042	185,000	0.00%	766508AV7
7/1/2043	185,000	0.00%	766508AW5
7/1/2044	185,000	0.00%	766508AX3
7/1/2045	185,000	0.00%	766508AY1
7/1/2046	185,000	0.00%	766508AZ8
7/1/2047	185,000	0.00%	766508BA2
7/1/2048	185,000	0.00%	766508BB0
7/1/2049	185,000	0.00%	766508BC8
7/1/2050	180,000	0.00%	766508BD6
7/1/2051	185,000	0.00%	766508BE4



**APPENDIX B**  
**FORM OF OFFICIAL ACTION**

ORDINANCE NO. 2021-01

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF RIESEL, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2021 AND MAKING CERTAIN FINDINGS RELATED THERETO.

WHEREAS, the City Council (the “City Council”) of the City of Riesel, Texas (the “City”), deems it advisable to issue certificates of obligation in the amount and for the purposes hereinafter set forth; and

WHEREAS, the certificates of obligation (herein defined as the “Certificates”) hereinafter authorized and designated are to be issued and delivered for cash pursuant to Subchapter C of Chapter 271, Local Government Code and Subchapter B, Chapter 1502, Government Code; and

WHEREAS, the City Council has heretofore passed a resolution authorizing and directing the City Secretary to give notice of intention to issue certificates of obligation, and said notice has been (i) published in a newspaper of general circulation in the City, once a week for two (2) consecutive weeks, the date of the first publication being at least forty-six (46) days before the date of this Ordinance and (ii) posted continuously on the City’s website for at least forty-five (45) days before the date of this Ordinance; and

WHEREAS, no petition signed by at least five percent of the qualified electors of the City has been filed with the City Secretary protesting the issuance of the Certificates; and

WHEREAS, no bond proposition to authorize the issuance of bonds for the same purpose as any of the projects being financed with the proceeds of the Certificates was submitted to the voters of the City during the preceding three (3) years and failed to be approved; and

WHEREAS, the Texas Water Development Board (“TWDB”) has agreed to purchase said Certificates; and

WHEREAS, it is considered to be to the best interest of the City that said Certificates be issued; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Ordinance has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Ordinance, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code;

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RIESEL, TEXAS:

Section 1: Authorization; Principal Amount; Purpose. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section. The Certificates of the City are hereby authorized to be issued and delivered in the aggregate principal amount of \$5,360,000 for paying all or a portion of the City’s contractual obligations incurred in connection with (i) acquisition, purchase, construction, improvement,

renovation, expansion and equipping of property, buildings, structures, facilities and related infrastructure for the City's System (as defined herein), including one or more new water wells and related pump stations and (ii) related professional services, including legal, fiscal, engineering and design fees, and costs of issuance (collectively, the "Projects").

Section 2: Definitions.

(a) The term "Certificates" means the City of Riesel, Texas, Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021 authorized to be issued hereunder, and includes any certificates of obligation issued in exchange or replacement therefor.

(b) The term "DTC" means The Depository Trust Company of New York, New York, or any successor securities depository.

(c) The term "DTC Participant" means 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.

(d) The term "Escrow Agent" shall mean the bank or trust company identified in the Escrow Agreement referred to in Section 14 of this Ordinance and its successors in the capacities of escrow agent for the Certificates.

(e) The term "Gross Revenues" for any period means all revenue during such period in respect or on account of the operation or ownership of the System, excluding restricted gifts, and grants in aid of construction, but including earnings and income derived from the investment or deposit of money in any special fund or account created and established from Gross Revenues.

(f) The term "Maintenance and Operating Expenses" shall mean all current expenses of operating and maintaining the System as allowed by generally accepted accounting principles applicable to the City.

(g) The term "Net Revenues" for any period means the Gross Revenues of the System less Maintenance and Operating Expenses of the System.

(h) The term "Paying Agent/Registrar" shall mean the bank or trust company identified in the Paying Agent/Registrar Agreement referred to in Section 15 of this Ordinance and its successors in the capacities of paying agent and registrar for the Certificates.

(i) The term "Representation Letter" means the Blanket Letter of Representations between the City and DTC.

(j) The term "Series 1999 Certificates" means the City's Combination Tax and Revenue Certificates of Obligation, Series 1999.

(k) The term "Series 2009 Bonds" means the City's Utility System Revenue Bonds, Series 2009.

(l) The term “Series 2013 Certificates” means the City’s Combination Tax and Revenue Certificates of Obligation, Series 2013.

(m) The term “Surplus Net Revenues” means the Net Revenues of the System; provided, such Net Revenues may, at the option of the City, first be used to pay all other obligations of the City, whether now or hereafter issued, payable from Net Revenues.

(n) The term “System” means the entire water and wastewater system of the City, together with all additions thereto.

Section 3: Designation, Date, Denominations, Numbers, Maturities of Certificates; No Interest. Each Certificate issued pursuant to this Ordinance shall be designated: **“CITY OF RIESEL, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2021”** and initially there shall be issued, sold, and delivered hereunder fully registered certificates, without interest coupons, in the denomination of \$5,000 or any integral multiple thereof, dated June 1, 2021, numbered consecutively from R-1 upward (except the initial Certificate submitted to the Attorney General of the State of Texas which will be numbered T-1 (the “Initial Certificate”)), payable to the respective initial registered owners thereof (as designated in Section 13 hereof), or to the registered assignee or assignees of the Certificates or any portion or portions thereof (in each case, the “Registered Owner”), and the Certificates shall mature and be payable July 1 on the years and in the principal amounts set forth below:

<u>Year (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2023	\$185,000	0%
2024	\$185,000	0%
2025	\$185,000	0%
2026	\$185,000	0%
2027	\$185,000	0%
2028	\$185,000	0%
2029	\$185,000	0%
2030	\$185,000	0%
2031	\$185,000	0%
2032	\$185,000	0%
2033	\$185,000	0%
2034	\$185,000	0%
2035	\$185,000	0%
2036	\$185,000	0%
2037	\$185,000	0%
2038	\$185,000	0%
2039	\$185,000	0%
2040	\$185,000	0%
2041	\$185,000	0%
2042	\$185,000	0%
2043	\$185,000	0%
2044	\$185,000	0%

2045	\$185,000	0%
2046	\$185,000	0%
2047	\$185,000	0%
2048	\$185,000	0%
2049	\$185,000	0%
2050	\$180,000	0%
2051	\$185,000	0%

The Certificates shall not bear interest.

Section 4: Redemption.

(a) Limitation on Redemption. The Certificates shall be subject to redemption before their scheduled maturity only as provided in this Section 4.

(b) Mandatory Redemption. The Certificates shall not be subject to mandatory redemption prior to their scheduled maturity.

(c) Optional Redemption. The City reserves the right, at its option, to redeem prior to maturity Certificates maturing on or after July 1, 2031, in inverse order of maturity, in whole or in part, in principal installments of \$5,000 or any integral multiple thereof, on June 1, 2031, or any date thereafter, at a price equal to the principal amount of the Certificates or portions thereof called for redemption.

If less than all of the Certificates are to be redeemed pursuant to an optional redemption, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot, or by any other customary method that results in a random selection, the Certificates, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

The City, at least forty-five (45) days before the redemption date, unless a shorter period shall be satisfactory to the Paying Agent/Registrar, shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Certificates to be redeemed.

(d) Partial Redemption. A portion of a single Certificate of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Certificate is to be partially redeemed, the Paying Agent/Registrar shall treat each \$5,000 portion of the Certificate as though it were a single Certificate for purposes of selection for redemption.

Upon surrender of any Certificate for redemption in part, the Paying Agent/Registrar, in accordance with Section 5 of this Ordinance, shall authenticate and deliver and exchange Certificate or Certificates in an aggregate principal amount equal to the unredeemed portion of the Certificate so surrendered, such exchange being without charge.

The Paying Agent/Registrar shall promptly notify the City in writing of the principal amount to be redeemed of any Certificate as to which only a portion thereof is to be redeemed.

(e) Notice of Redemption to Owners. The Paying Agent/Registrar shall give notice of any redemption of Certificates by sending notice by United States mail, first class postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Registered Owner of each Certificate (or part thereof) to be redeemed, at the address shown on the Registration Books (as defined herein) at the close of business on the business day next preceding the date of mailing such notice.

The notice shall state the redemption date, the redemption price, the place at which the Certificates are to be surrendered for payment, and, if less than all the Certificates outstanding are to be redeemed, an identification of the Certificates or portions thereof to be redeemed.

The City reserves the right to give notice of its election or direction to redeem Certificates under Section 4(c) 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 City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate of the City 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 Registered Owners. Any Certificates subject to conditional redemption where redemption has been rescinded shall remain outstanding, and the rescission shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City 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 given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice.

(f) Payment Upon Redemption. Before or on each redemption date, the City shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Certificates to be redeemed on such date by setting aside and holding in trust such amounts as are received by the Paying Agent/Registrar from the City and shall use such funds solely for the purpose of paying the principal of the Certificates being redeemed.

Upon presentation and surrender of any Certificate called for redemption at the Designated Payment/Transfer Office of the Paying Agent/Registrar on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of such Certificate to the date of redemption from the money set aside for such purpose.

(g) Effect of Redemption. Notice of redemption having been given as provided in Section 4(e) of this Ordinance and subject to any conditions or rights reserved by the City under Section 4(e), the Certificates or portions thereof called for redemption shall become due and payable on the date fixed for redemption.

If the City shall fail to make provision for payment of all sums due on a redemption date, then any Certificate or portion thereof called for redemption shall remain outstanding until due provision is made for the payment of same by the City

Section 5: Characteristics Certificates.

(a) Registration, Transfer, Conversion and Exchange; Authentication. The City shall keep or cause to be kept with the Paying Agent/Registrar at its corporate trust office, books or records for the registration of the transfer, conversion and exchange of the Certificates (the "Registration Books"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided within three (3) days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Certificate to which payments with respect to the Certificates shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed. The City shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The City shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Certificate or Certificates. Registration of assignments, transfers, conversions and exchanges of Certificates shall be made in the manner provided and with the effect stated in the FORM OF CERTIFICATE set forth in Exhibit A. Each substitute Certificate shall bear a letter and/or number to distinguish it from each other Certificate. Any tax or governmental charges required to be paid with respect to any registration, exchange, or transfer of Certificates shall be paid by the person requesting such transfer.

New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer.

Except as provided in Section 5(c) hereof, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate, date and manually sign the Certificate, and no such Certificate shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Certificates and Certificates surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the City or any other body or

person so as to accomplish the foregoing conversion and exchange of any Certificate or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Certificates in the manner prescribed herein, and the Certificates shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength.

Pursuant to Section 1203.021 of the Texas Government Code, the duty of conversion and exchange of Certificates as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Certificate, the converted and exchanged Certificate shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Certificates which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Certificates. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of the Certificates, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Certificates, and of all conversions and exchanges of Certificates, and all replacements of Certificates, as provided in this Ordinance.

The principal of the Certificates shall be paid in lawful money of the United States of America. The principal of each Certificate shall be paid to the Registered Owner thereof on the due date (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Certificate at the Designated Payment/Transfer Office.

(e) If the date for the payment of the principal of the Certificates is not a business day, then the date for such payment shall be the next succeeding day that is a 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.

(c) In General. The Certificates (i) shall be issued in fully registered form, without interest coupons, with the principal of such Certificates to be payable only to the Registered Owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Certificates, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) shall be payable, and (viii) shall be administered and the Paying Agent/Registrar, and the City shall have certain duties and responsibilities with respect to the Certificates, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF CERTIFICATE set forth in Exhibit A to this Ordinance. The Initial Certificate is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Certificate issued in conversion of and exchange for any Certificate or Certificates issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF CERTIFICATE. The Mayor and City Secretary are authorized to sign the Certificates and to affix the City seal thereto.

(d) Substitute Paying Agent/Registrar. The City covenants with the Registered Owners of the Certificates that at all times while the Certificates are outstanding the City will provide a



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

(e) Book-Entry Only System. Notwithstanding any other provision hereof, upon initial issuance of the Certificates, the ownership of the Certificates shall be registered in the name of Cede & Co., as nominee of DTC. The definitive Certificates shall be initially issued in the form of a single separate fully registered certificate for each of the maturities thereof.

With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the City 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 Certificates. Without limiting the immediately preceding sentence, the City 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 Certificates, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner, as shown on the Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner, as shown in the Registration Books of any amount with respect to principal of, premium, if any, or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Registration Books as the absolute owner of such Certificate for the purpose of payment of principal of, premium, if any, and interest on such Certificates, for the purpose of giving notices of redemption and other matters with respect to such Certificate, for the purpose of registering transfer with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Certificates only to or upon the order of the respective owners, as shown in the Registration Books 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 City's obligations with respect to payment of principal of, premium, if any, and interest on the Certificates to the extent of the sum or sums so paid. No person other than a

Registered Owner, as shown in the Registration Books, shall receive a certificate evidencing the obligation of the City 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., the word “Cede & Co.” in this Ordinance shall refer to such new nominee of DTC.

The Mayor, Mayor Pro-Tem and City Secretary are authorized and directed to execute and deliver any agreements, certificates, letters and other instruments (including but not limited to a representation letter) in such form as such official shall approve and deem appropriate to evidence the City’s obligations to DTC as securities depository in connection with the delivery of the Certificates and the City’s other public securities in book-entry only form.

(f) Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the City or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter of the City to DTC, or in the event DTC discontinues the services described herein, the City or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and 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 Certificates to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Certificates and transfer one or more separate Certificates to DTC Participants having Certificates credited to their DTC accounts. In such event, the Certificates shall no longer be restricted to being registered in the Registration Books 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 Registered Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificates 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 Certificates, and all notices with respect to such Certificates, shall be made and given, respectively, in the manner provided in the Representation Letter.

#### Section 6: Form of the Certificates.

(a) Form Generally. The form of the Certificates, including the form of Paying Agent/Registrar’s Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Certificates, (i) shall be generally in the form set forth in Exhibit A hereto, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance, and (ii) may have such letters, numbers or other marks of identification and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing the Certificates, as evidenced by their execution thereof. Any portion of the text of any Certificates may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the certificate.

The definitive Certificates and the Initial Certificate shall be printed, lithographed, engraved, typewritten, photocopied or otherwise reproduced in any other similar manner, all determined by the officers executing such Certificates as evidenced by their execution.

(b) CUSIP Registration. The City or TWDB may secure CUSIP numbers and may authorize the printing of such numbers on the face of the Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Certificates shall be of no significance or effect regarding the legality thereof, and neither the City nor the attorneys approving said Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Certificates.

(c) Legal Opinion. The approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Bond Counsel to the City (“Bond Counsel”), may be attached to or printed on the reverse side of each Certificate over the certification of the City Secretary of the City, which may be executed in facsimile.

Section 7: Interest and Sinking Fund, and Pledge of Taxes and Revenues.

(a) In order to secure and provide a source of payment for the Certificates, the City hereby pledges and grants to the Registered Owners of all Certificates an irrevocable lien on (i) ad valorem taxes levied and collected by the City, within the limitations imposed by law, for the payment of debt service on the Certificates (“Pledged Taxes”), and (ii) all Surplus Net Revenues derived from the System.

The City hereby covenants and agrees that all Pledged Taxes, and such Surplus Net Revenues, shall be deposited and paid into the special funds hereinafter established, and shall be applied in the manner hereinafter set forth, in order to provide for the payment of the principal of the Certificates and all expenses of paying same. The Certificates shall constitute obligations of the City that shall be payable from and shall be equally and ratably secured by an irrevocable lien on Pledged Taxes and Surplus Net Revenues, which Pledged Taxes and Surplus Net Revenues shall, in the manner herein provided, be set aside for and pledged to the payment of the Certificates in the Interest and Sinking Fund as hereinafter provided, and the Certificates shall be in all respects on a parity with and of equal dignity with one another.

(b) Chapter 1208, Government Code applies to the issuance of the Certificates and the pledge of the Surplus Net Revenues and Pledged Taxes granted by the City hereunder, and such pledge, therefore, is valid, effective, and perfected. If Texas law is amended at any time while the Certificates are Outstanding and unpaid such that the pledge of Surplus Net Revenues and Pledged Taxes granted by the City hereunder is to be subject to the filing requirements of Chapter 9, Texas Business and Commerce Code, then in order to preserve to the Registered Owner the perfection of the security interest in such pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business and Commerce Code and enable a filing to perfect the security interest in such pledge to occur.

(c) A special Interest and Sinking Fund (the “Interest and Sinking Fund”) is hereby created solely for the benefit of the Certificates, and the Interest and Sinking Fund shall be

established and maintained by the City at an official depository bank of the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City and shall be used only for paying the principal of the Certificates. All ad valorem taxes levied and collected for and on account of the Certificates shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Certificates are outstanding and unpaid, the governing body of the City shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to provide and maintain a sinking fund adequate to pay the principal of its Certificates as such principal matures (but never less than two percent (2%) of the original principal amount of the Certificates as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the City, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the City for each year while any of the Certificates are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of principal of the Certificates, as such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

(d) The Certificates are additionally secured by a pledge of the Surplus Net Revenues of the System. If such Surplus Net Revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any fiscal year, then the amount of taxes which otherwise would have been required to be levied pursuant to Section 7(c) may be reduced to the extent and by the amount of the Surplus Net Revenues then on deposit in the Interest and Sinking Fund or budgeted for deposit therein. In no event shall this paragraph, or any other section of this Ordinance, diminish the unconditional obligation of the City to deposit into the Interest and Sinking Fund the amount necessary to pay the principal of the Certificates, in full and as the same become due.

(e) Each month during each fiscal year of the City, for so long as any Certificates remain outstanding, the City shall transfer into the Interest and Sinking Fund from Net Revenues of the System, or from ad valorem taxes collected by the City, one twelfth (1/12th) of such amounts as will be sufficient to pay the greater of (i) two percent (2%) of the original principal amount of the Certificates or (ii) the principal scheduled to become due on the Certificates on the immediately next following annual principal payment date. The City shall not transfer any funds from Surplus Net Revenues to any fund other than the Interest and Sinking Fund (except to pay those obligations set forth in Section 8 clauses "first" through "third" below), until such time as an amount equal to the total annual debt service on the Certificates for the then current fiscal year has been deposited into the Interest and Sinking Fund.

(f) The Mayor and City Secretary of the City are hereby ordered to do any and all things necessary to accomplish the transfer of monies to the Interest and Sinking Fund of this issue in ample time to pay principal on the Certificates.

(g) Subject to Section 9 hereof, money in the Interest and Sinking Fund and the Construction Fund may, at the option of the City, be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of the United States of America or any of its agencies or in any other obligations permitted by law; provided that all such deposits and investments shall be made in such manner that the money

required to be expended from any Fund will be available at the proper time or times. Any obligation in which money is so invested shall be kept and held by the official depository bank of the City at which the Fund is maintained from which the investment was made. All such investments shall be promptly sold when necessary to prevent any default in connection with the Certificates.

(h) For each year the Certificates are outstanding, and prior to the time taxes are to be levied for such year, the City shall establish, adopt, and maintain an annual budget that provides for either the monthly deposit of sufficient Surplus Net Revenues and/or tax revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, or a combination thereof, into the Interest and Sinking Fund for the repayment of the Certificates.

Section 8: System Fund. The City hereby covenants and agrees that, while the Certificates remain outstanding, all revenues derived from the operation of the System shall be kept separate and apart from all other funds and moneys of the City, and such revenues shall be deposited from day to day as collected into a fund maintained at an official depository of the City known as the “City of Riesel Waterworks and Sewer System Fund” (hereinafter called the “System Fund”). All moneys deposited in the System Fund shall be pledged and appropriated to the extent required for the following purposes and in the order of priority shown, to wit:

First: To the payment of all necessary and reasonable Maintenance and Operating Expenses of the System as defined herein, or required by statute to be a first charge on and claim against the revenues thereof.

Second: To the payment of any other debt incurred by the City either previously or hereafter and secured by a lien on the Net Revenues of the System superior to the lien securing the Certificates, presently including the Series 1999 Certificates and the Series 2009 Bonds.

Third: To the payment of principal and interest, as applicable, on the Series 2013 Certificates and the Certificates as the same become due.

Reference is made to Section 10 below as to additional indebtedness, which may, at the option of the City, be issued on parity with, superior to, or subordinate to, the pledge securing the Certificates.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments or making adequate and sufficient provision for the payment thereof, may be appropriated and used for prepayment of any such indebtedness, or for improvements to the System.

Section 9: Security of Funds. All moneys on deposit in the Funds for which this Ordinance makes provision shall be secured in the manner and to the fullest extent required by the laws of Texas (including the Public Funds Investment Act, Chapter 2256 of the Texas Government Code; and the Public Funds Collateral Act, Chapter 2257 of the Texas Government Code) for the security of public funds and moneys on deposit in such Funds shall be used only for the purposes permitted by this Ordinance.

Section 10: Issuance of Additional Bonds or Other Obligations. The City hereby expressly reserves the right to hereafter issue additional obligations secured and payable superior to, on a parity with, or inferior to, the lien and pledge securing the Certificates insofar as the lien on and pledge of the Net Revenues or the Surplus Net Revenues is concerned.

Section 11: Damaged, Mutilated, Lost, Stolen, or Destroyed Certificates.

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

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

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

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

(e) Authority for Issuing Replacement Certificates. In accordance with Section 1201.061(a)(2), Texas Government Code, as amended and presently codified, this Section 11 of this Ordinance shall constitute authority for the issuance of any such replacement Certificate without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such Certificates is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such

Certificates in the form and manner and with the effect, as provided in Section 5(a) of this Ordinance for Certificates issued in conversion and exchange for other Certificates.

Section 12: Custody, Approval, and Registration of Certificates. The City Secretary of the City is hereby authorized to have control of the Certificates initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Certificates pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Certificates the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Certificates, and the seal of the Comptroller shall be impressed, or placed in facsimile, on such Certificate.

Section 13: Sale of Certificates. The Certificates are hereby sold and shall be delivered to TWDB (sometimes referred to herein as the "Purchaser"), at the price of par. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable.

Section 14: Proceeds of Sale. After payment of costs of issuance, the remaining proceeds of sale of the Certificates shall be deposited into the Construction Fund hereby established at an official depository of the City. Funds from the Construction Fund shall be used solely for the purposes set forth in this Ordinance at the direction of the Mayor, City Secretary or other authorized City official. Pending expenditure for authorized projects and purposes, such proceeds of sale may be invested authorized investments in accordance with the Public Funds Investment Act (V.T.C.A., Government Code, Chapter 2256), and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Interest and Sinking Fund as shall be determined by the City Council. Any amounts on deposit in excess of the amounts insured by the Federal Deposit Insurance Corporation shall be collateralized as provided in the Public Funds Collateral Act, V.T.C.A., Government Code, Chapter 2257.

Notwithstanding the above and foregoing, immediately following the delivery of the Certificates and prior to the deposit of the proceeds from the sale of such Certificates into the Construction Fund, such proceeds shall be held in trust and in escrow pursuant to the written escrow agreement described below pending written authorization to release said proceeds.

An "Escrow Agreement" by and between the City and the Escrow Agent, attached hereto as Exhibit C and incorporated herein by reference as a part of this Ordinance for all purposes, is hereby approved as to form and content, and the Mayor and the City Secretary of the City are hereby authorized and directed to execute such Escrow Agreement in substantially the same form and content herein approved.

Section 15: Approval of Paying Agent/Registrar Agreement. The Paying Agent/Registrar Agreement submitted to this City Council is hereby approved. The Mayor is hereby authorized to amend, complete or modify such agreement as necessary and is further authorized to execute such agreement and the City Secretary is hereby authorized to attest such agreement.

Section 16: Records and Accounts – Annual Audit. The City further covenants and agrees that so long as any of the Certificates remain outstanding, it will keep and maintain accurate and complete records and accounts pertaining to the operations of the City in which complete and correct entries shall be made of all transactions relating thereto, as provided by Section 1502.068, Texas Government Code, or other applicable law. The Registered Owners of the Certificates or any duly authorized agent or agents of such Owners shall have the right to inspect the Project and all properties comprising the same. The City further agrees that following the close of each fiscal year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants.

Section 17: Continuing Disclosure Undertaking.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

“EMMA” means the Electronic Municipal Market Access System available on the internet at <http://emma.msrb.org>.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

(b) Annual Reports.

(i) The City shall provide annually to the MSRB, (1) within six (6) months after the end of each fiscal year of the City, financial information and operating data with respect to the City of the general type described in Exhibit B hereto, including financial statements of the City if audited financial statements of the City are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit B, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the City commissions an audit of such financial 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 twelve (12) months after any such fiscal year end, then the City 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.



(ii) If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

(iii) 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.

(iv) An authorized officer of the City is authorized to establish and implement written procedures to ensure compliance with the reporting requirements imposed by this Section. Such procedures may be modified and amended by the authorized officer from time to time to the extent the modification or amendment of such procedures are deemed necessary, useful or appropriate.

(c) Event Notices. The City shall notify the MSRB, in a timely manner (not in excess of ten (10) business days after the occurrence of an event), of any of the following events with respect to the Certificates:

(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 Certificates, or other material events affecting the tax status of the Certificates;

(vii) modifications to rights of Owners, if material;

(viii) redemption calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Certificates, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the City;

(xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

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

(xv) incurrence of a Financial Obligation of the City, 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 City, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States 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 City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, and (b) the City intends the words used in the immediately preceding paragraphs (xv) and (xvi) and the definition of Financial Obligation in this Ordinance to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 17(b) of this Ordinance by the time required by such Section.

(d) Identifying Information. All documents provided to the MSRB pursuant to this Section 17 shall be provided in an electronic format and be accompanied by identifying information as prescribed by the MSRB.

(e) Limitations, Disclaimers and Amendments.

(i) The City shall be obligated to observe and perform the covenants specified in this Section 17 for so long as, but only for so long as, the City remains an “obligated person” with respect to the Certificates within the meaning of the Rule, except that the City in any event will give notice of any Certificate calls and any defeasances that cause the City to be no longer an “obligated person.”

(ii) The provisions of this Section 17 are for the sole benefit of the Registered Owners and beneficial owners of the Certificates, and nothing in this Section 17, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section 17 and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section 17 or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY CERTIFICATE 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 17, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the City in observing or performing its obligations under this Section 17 shall constitute a breach of or default under the Ordinance for purposes of any other provisions of this Ordinance.

(v) Nothing in this Section 17 is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

(vi) The provisions of this Section 17 may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (i) the provisions of this Section 17, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates 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 (ii) either (A) the Registered 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 Certificates consent to such amendment or (B) an entity or individual person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Registered Owners and beneficial owners of the Certificates. If the City so amends the provisions of this Section 17, it shall include with any amended financial information or operating data next provided in accordance with Section 17(b) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in type of financial information or operating data so provided.

Section 18: Amendments. The City may amend this Ordinance without the consent of or notice to any Registered Owners in any manner not detrimental to the interests of the Registered Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of the Registered Owners of a majority in aggregate principal amount of the Certificates then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the Registered Owners of all of the Certificates affected, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of any Certificate is due and payable, reduce the principal amount thereof, or change the rate of interest thereon, change the place or places at or the coin or currency in which any Certificate or interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required for consent to any amendment, addition, or waiver.

Section 19: Further Assurances. The Mayor, City Secretary and other City officials are hereby authorized to execute and deliver such further agreements and documents as are necessary to carry out the intents and purposes of this Ordinance.

Section 20: Ordinance to Constitute a Contract. This Ordinance, including Exhibit A, hereto shall constitute a contract between the City and the Registered Owners of the Certificates.

Section 21: Events of Default. The following shall constitute an Event of Default hereunder:

(a) The failure by the City to make payment of principal of the Certificates as the same become due.

(b) Default by the City in the observance or performance of any of the other covenants, conditions or obligations of the City hereunder, the failure to perform which materially adversely affects the rights of the Registered Owners, including but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any owner to the City.

Upon and following any event of default, any Registered Owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring that the City comply with its obligations under this Ordinance. The rights of the Registered Owners hereunder do not include the right to compel acceleration of the maturity of the Certificates but only to require payment of the Certificates as the same are then due as.

Section 22: Compliance with the Texas Water Development Board's Rules and Regulations. The City will comply with all of the requirements contained in the resolution or resolutions adopted by the TWDB with respect to the issuance of the Certificates. In addition, in compliance with the TWDB's Drinking Water State Revolving Fund Loan Program Rules, the City agrees and covenants:

(a) Unused Funds. Any unused funds (those funds unspent after the original approved project is completed) shall be used for enhancements to the original project that are explicitly approved by the Executive Administrator of the TWDB, or if no enhancements are authorized by

the Executive Administrator, the City shall submit a final accounting and disposition of any unused funds.

(b) Surplus Proceeds. Any proceeds of the Certificates determined to be surplus funds remaining after completion of the project and completion of a final accounting shall be used in a manner as approved by the Executive Administrator of the TWDB.

(c) TWDB Remedies. The TWDB may exercise all remedies available to it in law or equity, and any provision of the Certificates that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.

(d) Investment of Proceeds. Proceeds from the sale of the Certificates shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257.

(e) Environmental Indemnification. The City shall 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 City, its contractors, consultants, agents, officials and employees as a result of activities relating to the project, to the extent permitted by law.

(f) Compliance with Environmental Finding. The City shall comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources.

(g) Insurance. So long as any Certificates are outstanding, the City agrees to carry and maintain liability and property damage insurance of the kind and in the amounts customarily carried by municipal corporations in Texas on such kind of properties, which amount shall not be less than an amount sufficient to protect the TWDB's interest in the project; provided, however, the City, in lieu of and/or in combination with carrying such insurance, may self-insure against all perils and risks by establishing self-insurance reserves.

(h) Compliance with Davis-Bacon. All laborers and mechanics employed by contractors and subcontractors for projects be paid wages at rates not less than those prevailing on projects of a similar character in the City in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations and all project contracts shall 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 proceeds of the Certificates shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB.

(i) Federal Funding Accountability and Transparency Act. The City 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. The City shall obtain a Data Universal Numbering System Number (DUNS) and shall register with the System for Award Management (SAM), and maintain such registration while the Certificates are outstanding.

(j) Timely Use of Proceeds. All funds deposited to the credit of the Construction Fund will be used in a timely and expeditious manner, as required by federal statute and Environmental Protection Agency regulations, and the City will adhere to the project schedule approved by the Executive Administrator.

(k) American Iron and Steel Requirement. The City 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 the 2014 Federal Appropriations Act and related State Revolving Fund Policy Guidelines.

(l) Payment of Debt Service. Notwithstanding Section 5(b) hereof, payments of debt service of the Certificates will be made to the TWDB via wire transfer at no cost to the TWDB.

Section 23: Benefits of Ordinance. Nothing in this Ordinance; expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Registered Owners, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, and this Ordinance and all its provisions is intended to be and shall be for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Registered Owners.

Section 24: No Recourse Against City Officials. No recourse shall be had for the payment of principal of any Certificates or for any claim based thereon or on this Ordinance against any official of the City or any person executing the Certificates.

Section 25: Inconsistent Provisions. All ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

Section 26: Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 27: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

Section 28: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

Section 29: Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

Section 30: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time,

place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, Texas Government Code, as amended.

Section 31: Effective Date. This Ordinance shall take effect and be in full force immediately from and after its adoption on the date hereof.

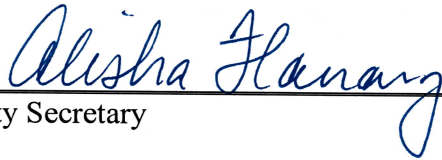
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PASSED AND ADOPTED this May 11, 2021.

CITY OF RIESEL, TEXAS

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Secretary

(City Seal)





EXHIBIT A

FORM OF CERTIFICATE

(a) Form of Definitive Certificate.

REGISTERED  
NO.R-\_\_

REGISTERED  
\$\_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TEXAS

CITY OF RIESEL, TEXAS  
COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION  
TAXABLE SERIES 2021

Certificate Date:	Interest Rate:	Maturity Date:	CUSIP Number:
June 1, 2021	0.00%	July 1, 20__	

Registered Owner:\_\_\_\_\_

Principal Amount:\_\_\_\_\_DOLLARS

ON THE MATURITY DATE specified above, or the date of redemption prior to maturity THE CITY OF RIESEL, TEXAS, (the "City"), being a municipal corporation and a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the principal amount set forth above.

THE PRINCIPAL OF this Certificate is payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate at maturity or upon the date fixed for its redemption prior to maturity, at The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar"), at their office for payment in Houston, Texas (the "Designated Payment/Transfer Office"). All capitalized terms used herein but not defined shall have the meaning assigned to them in the Ordinance (defined below).

THE CITY COVENANTS with the Registered Owner of this Certificate that on or before each principal payment date for this Certificate it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance authorizing this Certificate, the amounts required to provide for the payment, in immediately available funds, of all principal of the Certificates, when due.

IF THE DATE for the payment of the principal of this Certificate shall be a Saturday, Sunday, legal holiday or day on which banking institutions in the city where the Paying

Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized to close and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

THIS CERTIFICATE is one of a series of Certificates dated June 1, 2021, authorized in accordance with the Constitution and laws of the State of Texas and an ordinance of the City (the "Ordinance") in the principal amount of \$5,360,000 for the purpose of evidencing the indebtedness of the City to finance the acquisition, purchase, construction, improvement, renovation, expansion and equipping of property, buildings, structures, facilities and related infrastructure for the City's water and wastewater system (the "System"), including one or more new water wells and related pump stations; and (ii) related professional services, including legal, fiscal, engineering and design fees, and costs of issuance.

THE CITY RESERVES THE RIGHT, at its option, to redeem prior to maturity Certificates maturing on or after July 1, 2031, in inverse order of maturity, in whole or in part, in principal installments of \$5,000 or any integral multiple thereof, on June 1, 2031, or any date thereafter, at a price equal to the principal amount of the Certificates or portions thereof called for redemption. If less than all of the Certificates are to be redeemed, the City 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 Certificates, or portion thereof, within such maturity and in such principal amounts, for redemption.

NOTICE OF SUCH REDEMPTION or redemptions shall be given by first class mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Registered Owner of each of the Certificates to be redeemed in whole or in part. Subject to the right of the City to give a conditional notice of redemption with respect to an optional redemption, as described below, notice having been so given, the Certificates or portions thereof designated for redemption shall become due and payable on the redemption date specified in such.

IN THE ORDINANCE, the City reserves the right in the case of an optional redemption to give notice of its election or direction to redeem Certificates 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 City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate of the City 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 owners. Any Certificates subject to conditional redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City 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.

ALL CERTIFICATES OF THIS SERIES are issuable solely as fully registered Certificates, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Ordinance, this Certificate, or any unredeemed portion hereof, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Certificates, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Certificate to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Certificate must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Certificate or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Certificate may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Certificate or portion thereof will be paid by the City. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing on the close of business on any Record Date and ending with the opening of business on the next following principal payment date or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within forty-five (45) days prior to its redemption date; provided, however, such limitation of transfer shall not be applicable to an exchange by the Registered Owner of the unredeemed balance of the Certificate.

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

IT IS HEREBY certified, recited, and covenanted that this Certificate has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Certificate have been performed, existed and been done in accordance with law; that this Certificate is a general obligation of the City, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the principal of this Certificate, as such principal comes due, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limit prescribed by law, and that this Certificate is additionally secured by and payable from a pledge of the Surplus Net Revenues derived from the System.

THE CITY has reserved the right to issue additional obligations payable and secured by Net Revenues of the System, either on a parity with, subordinate to, or having a priority lien over, the pledge of such Net Revenues securing the Certificates.

AS TO THE PLEDGE OF SUCH NET REVENUES, THE PLEDGE SECURING THIS CERTIFICATE IS SUBORDINATE TO THE PLEDGE(S) SECURING THE CITY'S COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 1999, AND THE CITY'S UTILITY SYSTEM REVENUE BONDS, SERIES 2009.

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

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

CITY OF RIESEL, TEXAS

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Mayor

COUNTERSIGNED:

---

City Secretary

(CITY SEAL)

\*\*\*\*\*

(b) Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Certificate only.

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER           §  
OF PUBLIC ACCOUNTS                   §     REGISTER NO. \_\_\_\_\_  
THE STATE OF TEXAS                   §

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

WITNESS my signature and seal of office this \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

(SEAL)

\*\*\*\*\*

(c) Form of Certificate of Paying Agent/Registrar to appear on Definitive Certificates only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Certificate has been duly issued and registered under the provisions of the within mentioned Ordinance; the certificate or certificates of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated offices of the Paying Agent/Registrar located in Houston, Texas, is the “Designated Payment/Transfer Office” for this Certificate.

The Bank of New York Mellon Trust Company,  
N.A., as Paying Agent/Registrar

Registration Date:

\_\_\_\_\_

By \_\_\_\_\_  
Authorized Signature

\*\*\*\*\*



THE CITY OF RIESEL, TEXAS, (the “City”), being a municipal corporation and a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the “Registered Owner”) on July 1 in each of the years, in the principal amounts and bearing interest at the per annum rates in accordance with the following schedule:

Year (July 1)	Principal Amount	Interest Rate
2023	\$185,000	0%
2024	\$185,000	0%
2025	\$185,000	0%
2026	\$185,000	0%
2027	\$185,000	0%
2028	\$185,000	0%
2029	\$185,000	0%
2030	\$185,000	0%
2031	\$185,000	0%
2032	\$185,000	0%
2033	\$185,000	0%
2034	\$185,000	0%
2035	\$185,000	0%
2036	\$185,000	0%
2037	\$185,000	0%
2038	\$185,000	0%
2039	\$185,000	0%
2040	\$185,000	0%
2041	\$185,000	0%
2042	\$185,000	0%
2043	\$185,000	0%
2044	\$185,000	0%
2045	\$185,000	0%
2046	\$185,000	0%
2047	\$185,000	0%
2048	\$185,000	0%
2049	\$185,000	0%
2050	\$180,000	0%
2051	\$185,000	0%



EXHIBIT B

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 17 of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified below:

1. The financial statements of the City for the most recently concluded fiscal year.

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements.

EXHIBIT C  
ESCROW AGREEMENT

# **ESCROW AGREEMENT**

THIS ESCROW AGREEMENT (Agreement), dated as of May 11, 2021, made by and between the City of Riesel, Texas, a political subdivision of the State of Texas in McLennan County, Texas (City), acting by and through the City Council of the City and The Bank of New York Mellon Trust Company, N.A., as Escrow Agent, together with any successor in such capacity;

WITNISSETH:

WHEREAS, pursuant to an Ordinance adopted on May 11, 2021 (Ordinance), the City authorized the issuance of \$5,360,000 City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021, dated June 1, 2021 (Obligations) to obtain financial assistance from the Texas Water Development Board (TWDB) for the purpose of funding water system improvements (Project); and

WHEREAS, the TWDB determined that the City qualifies for principal forgiveness and agreed to provide additional financial assistance in the amount of \$500,000 that will be forgiven (Principal Forgiveness Amount); 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 and the principal forgiveness is the deposit of the proceeds of the Obligations and Principal Forgiveness Amount (collectively, the Proceeds) in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB (Executive Administrator) or another designated 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 and the Principal Forgiveness Amount, 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 L1001186 and LF1001210 shall be deposited to the credit of special escrow accounts or escrow subaccounts (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 “City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021, Texas Water Development Board L1001186 Escrow Account” (Obligations Escrow Account) and the “City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021, Texas Water Development Board LF1001210 Escrow Account” (Principal Forgiveness Escrow Account) 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 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 (PFIA). It is the City’s responsibility to direct the Escrow Agent to invest all Proceeds 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. 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, 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 the TWDB 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 Account, and investments of the Escrow Account 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 company or sells or transfers substantially all of its assets or corporate trust business, then the successor company shall be the successor Escrow Agent without the necessity of further action as long as the successor company 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, the City and the TWDB are as follows:

The Bank of New York Mellon Trust Company, N.A.  
601 Travis Street, Floor 16  
Houston, Texas 77002  
(512) 236-6518  
saul.e.ramirez@bnymellon.com

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

City Secretary  
City of Riesel, Texas  
104 N. Highway 6  
Riesel, Texas 76682

**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, 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: INDEMNIFICATION.** To the extent permitted by law, the City agrees to indemnify the Escrow Agent, its directors, officers and employees, and hold them harmless against any loss, liability or expense incurred without negligence or willful misconduct on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the

cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

**SECTION 20: RIGHTS AND PROTECTIONS.** No provisions of this Agreement shall require the Escrow Agent 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. The Escrow Agent 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. The Escrow Agent may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. The Escrow agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instruments, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

**SECTION 21: FAX/E-MAIL.** The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions (Instructions) given by any officer named on Exhibit B hereto (each, an Authorized Officers) and delivered using Electronic Means, as defined herein. The City shall provide to the Escrow Agent an incumbency certificate listing substitute or additional Authorized Officers who are authorized to provide such Instructions and containing specimen signatures of such Authorized Officers whenever a person is to be added or deleted from the listing. "Electronic Means" shall mean the following communications methods: email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder.

If the City elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance, upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees, to the extent permitted by law,; (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and

risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

**SECTION 22: ANTI-BOYCOTT VERIFICATION.** 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, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Escrow Agent understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

**SECTION 23: IRAN, SUDAN AND FOREIGN TERRORIST ORGANIZATIONS.** The Escrow Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and any other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

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

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Escrow Agent and each of its parent company, wholly- or majority-owned subsidiaries, and any 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 Escrow Agent understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

**SECTION 24: 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.

*(Signature pages follow)*



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

CITY OF RIESEL, TEXAS

By: \_\_\_\_\_  
Mayor

[SIGNATURE PAGE TO ESCROW AGREEMENT]

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Escrow Agent

By: \_\_\_\_\_

Title: \_\_\_\_\_

[SIGNATURE PAGE TO ESCROW AGREEMENT]

**EXHIBIT A**  
Fee Schedule

**Exhibit B**

**Authorized Officers**

Name

Signature

Office

Kevin Hogg

\_\_\_\_\_

Mayor

Alisha Flanary

\_\_\_\_\_

City Secretary

**APPENDIX C**  
**FORM OF OPINION OF BOND COUNSEL**



Orrick, Herrington & Sutcliffe LLP  
300 West 6th Street  
Suite 1850  
Austin, Texas 78701  
orrick.com

June 17, 2021

WE HAVE ACTED as Bond Counsel for the City of Riesel, Texas (the “City”), in connection with an issue of certificates of obligations (the “Certificates”) described as follows:

CITY OF RIESEL, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2021, dated June 1, 2021, in the aggregate principal amount of \$5,360,000 maturing on July 1 in each year from 2023 through and including 2051. The Certificates are issuable in fully registered form only, in denominations of \$5,000 or integral multiples thereof, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Certificates and in the ordinance (the “Ordinance”) adopted by the City Council of the City authorizing their issuance.

WE HAVE ACTED as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas. In such capacity we have examined the Constitution and laws of the State of Texas; and a transcript of certain certified proceedings pertaining to the issuance of the Certificates, as described in the Ordinance. The transcript contains certified copies of certain proceedings of the City; certain certifications and representations and other material facts within the knowledge and control of the City, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Certificates. We have also examined executed Certificate No. R-1 of this issue.

THE OPINIONS EXPRESSED HEREIN are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Certificates on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Certificates on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Certificates has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed

compliance with all covenants and agreements contained in the Ordinance. We call attention to the fact that the rights and obligations under the Certificates and the Ordinance and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against issuers in the State of Texas. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Finally, our services did not include financial or other non-legal advice.

BASED ON SUCH EXAMINATION, it is our opinion as follows:

- (1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently in effect; the Certificates constitute valid and legally binding obligations of the City enforceable in accordance with the terms and conditions thereof; and
- (2) The Certificates are payable from, and secured by, the receipts of a continuing, direct, annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property located within the City, which taxes have been pledged irrevocably to pay the principal of the Certificates, and a pledge of Surplus Net Revenues of the City's water and wastewater system.

WE EXPRESS NO OPINION as to the treatment of the interest on the Certificates for federal income tax purposes or any other tax matter.

# **ESCROW AGREEMENT**

THIS ESCROW AGREEMENT (Agreement), dated as of May 11, 2021, made by and between the City of Riesel, Texas, a political subdivision of the State of Texas in McLennan County, Texas (City), acting by and through the City Council of the City and The Bank of New York Mellon Trust Company, N.A., as Escrow Agent, together with any successor in such capacity;

WITNISSETH:

WHEREAS, pursuant to an Ordinance adopted on May 11, 2021 (Ordinance), the City authorized the issuance of \$5,360,000 City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021, dated June 1, 2021 (Obligations) to obtain financial assistance from the Texas Water Development Board (TWDB) for the purpose of funding water system improvements (Project); and

WHEREAS, the TWDB determined that the City qualifies for principal forgiveness and agreed to provide additional financial assistance in the amount of \$500,000 that will be forgiven (Principal Forgiveness Amount); 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 and the principal forgiveness is the deposit of the proceeds of the Obligations and Principal Forgiveness Amount (collectively, the Proceeds) in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB (Executive Administrator) or another designated 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 and the Principal Forgiveness Amount, 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 L1001186 and LF1001210 shall be deposited to the credit of special escrow accounts or escrow subaccounts (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 “City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021, Texas Water Development Board L1001186 Escrow Account” (Obligations Escrow Account) and the “City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021, Texas Water Development Board LF1001210 Escrow Account” (Principal Forgiveness Escrow Account) 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 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 (PFIA). It is the City’s responsibility to direct the Escrow Agent to invest all Proceeds 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. 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, 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 the TWDB 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 Account, and investments of the Escrow Account 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 company or sells or transfers substantially all of its assets or corporate trust business, then the successor company shall be the successor Escrow Agent without the necessity of further action as long as the successor company 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, the City and the TWDB are as follows:

The Bank of New York Mellon Trust Company, N.A.  
601 Travis Street, Floor 16  
Houston, Texas 77002  
(512) 236-6518  
saul.e.ramirez@bnymellon.com

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

City Secretary  
City of Riesel, Texas  
104 N. Highway 6  
Riesel, Texas 76682

**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, 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: INDEMNIFICATION.** To the extent permitted by law, the City agrees to indemnify the Escrow Agent, its directors, officers and employees, and hold them harmless against any loss, liability or expense incurred without negligence or willful misconduct on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the

cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

**SECTION 20: RIGHTS AND PROTECTIONS.** No provisions of this Agreement shall require the Escrow Agent 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. The Escrow Agent 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. The Escrow Agent may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. The Escrow agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instruments, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

**SECTION 21: FAX/E-MAIL.** The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions (Instructions) given by any officer named on Exhibit B hereto (each, an Authorized Officers) and delivered using Electronic Means, as defined herein. The City shall provide to the Escrow Agent an incumbency certificate listing substitute or additional Authorized Officers who are authorized to provide such Instructions and containing specimen signatures of such Authorized Officers whenever a person is to be added or deleted from the listing. "Electronic Means" shall mean the following communications methods: email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder.

If the City elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance, upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees, to the extent permitted by law,; (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and

risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

**SECTION 22: ANTI-BOYCOTT VERIFICATION.** 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, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Escrow Agent understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

**SECTION 23: IRAN, SUDAN AND FOREIGN TERRORIST ORGANIZATIONS.** The Escrow Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and any other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

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

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Escrow Agent and each of its parent company, wholly- or majority-owned subsidiaries, and any 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 Escrow Agent understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

**SECTION 24: 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.

*(Signature pages follow)*

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

CITY OF RIESEL, TEXAS

By:   
\_\_\_\_\_  
Mayor

[SIGNATURE PAGE TO ESCROW AGREEMENT]

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Escrow Agent

By:   
Title: Vice President

[SIGNATURE PAGE TO ESCROW AGREEMENT]

**EXHIBIT A**  
Fee Schedule



## Fee Schedule

Subject to the Terms and Disclosures below, upon appointment of The Bank of New York Mellon Trust Company, N.A. (“BNYM” or “us” or “affiliates” or “subsidiaries”) in the roles as outlined within this Fee Schedule (this “Fee Schedule”), City of Riesel, TX (“Client”) shall be responsible for the payment of the fees, expenses and charges as set forth herein. Fees are payable or accrue at the time of the execution of the governing documents (the “Transaction Documents”) in connection with the closing of the transaction (the “Transaction”) which is the subject of this Fee Schedule.

### General Fees

#### Acceptance Fee

Waived

The Transaction Acceptance Fee is payable at the time of the execution of the governing documents in connection with the closing of the transaction which is the subject of this Agreement (the “**Transaction**”), and compensates BNYM for the following: review of all supporting documents, initial establishment of the required accounts and Know Your Client checks.

#### Annual Paying Agent Fee

\$750 per series

An annual charge covering the normal paying agent duties related to account administration and bondholder services. Our pricing is based on the assumption that the bonds are DTC-eligible/book-entry only. If the bonds are certificated or physical, an additional \$1000 per year will be added to the Annual Paying Agent Administrative fee. This fee is payable annually, in advance.

#### Annual Escrow Agent Fee

\$750 per account

The Annual Escrow Agent fee of \$750.00 per account is payable at closing and includes the review and execution of the Escrow Agreement and all documents submitted in support thereof, account set-up and covers the normal administrative functions of the escrow agent. Based on the information provided, we do not anticipate hiring counsel but reserve the right to do so if required.

#### Activity Fees

##### OTHER SERVICES/ACTIVITY CHARGES WILL BE CHARGED, IF APPLICABLE

Audit Confirmation	\$50 per audit
Trustee Reports/Statement	Included
Disbursements (check or wire)	\$25 per check or wire
Requisitions (check or wire)	\$25 per check or wire
Investment Transaction Fee	\$125 per occurrence
Reconciliation of not in bank assets, per account per month	\$75
Other	\$250 per SLGS Subscription (if applicable)

#### Extraordinary Services/Miscellaneous Fees

The charges may be hourly or fixed for performing extraordinary or other services not contemplated at the time of the execution of the Transaction Documents or not specifically covered elsewhere in this schedule will be commensurate with the service to be provided and may be charged in BNY Mellon’s sole discretion. If it is contemplated that BNY Mellon hold/and or value collateral, additional acceptance, administration and counsel review fees will be applicable to the agreement governing such services. If the bonds are converted to certificated form, additional annual fees will be charged for any applicable tender agent and/or registrar/paying agent services. Additional information will be provided at such time. If all outstanding bonds of a series are defeased or redeemed, or BNY Mellon is removed as paying agent prior to the maturity of the bonds, a termination fee may be assessed at that time.


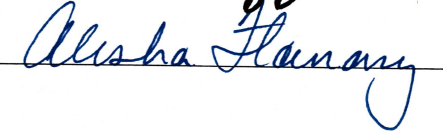
Miscellaneous fees and expenses may include, but are not necessarily limited to supplemental agreements, tender processing, the preparation and distribution of sinking fund redemption notices, optional redemptions, failed remarketing processing, preparation

##### PRIVATE AND CONFIDENTIAL

The information contained within this Fee Schedule is the proprietary information of The Bank of New York Mellon and is confidential. Except as otherwise provided by law, this document, either in whole or in part, must not be reproduced or disclosed to others or used for purposes other than that for which it has been supplied without the prior written permission of The Bank of New York Mellon. Client shall not use BNY Mellon’s name or trademarks without its prior written permission.

**Exhibit B**

**Authorized Officers**

<u>Name</u>	<u>Signature</u>	<u>Office</u>
Kevin Hogg		Mayor
Alisha Flanary		City Secretary

MINUTES AND CERTIFICATION PERTAINING TO  
PASSAGE OF A RESOLUTION

STATE OF TEXAS                   §  
COUNTY OF McLENNAN         §  
CITY OF RIESEL                 §

On the 10th day of November, 2020, the City Council of the City of Riesel, Texas, convened in a regular meeting at the regular meeting place thereof, the meeting being open to the public and notice of said meeting, giving the date, place and subject thereof, having been posted as prescribed by Chapter 551, Texas Government Code, as amended; and the roll was called of the duly constituted officers and members of the City Council, which officers and members are as follows:

Kevin Hogg, Mayor	Phyllis Koester	)	
Jeanne Lehrmann, Mayor Pro Tem	Bobby Dieterich	)	Members of
	Jeff Tanner	)	the Council
	Marshall Shaw	)	

and all of said persons were present, thus constituting a quorum. Whereupon, among other business, a written Resolution bearing the following caption was introduced:

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF RIESEL, TEXAS REQUESTING FINANCIAL ASSISTANCE FROM THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE FILING OF AN APPLICATION FOR ASSISTANCE; AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH.

The Resolution, a full, true and correct copy of which is attached hereto, was read and reviewed by the City Council. Thereupon, it was duly moved and seconded that the Resolution be passed and adopted.

The Presiding Officer put the motion to a vote of the members of the City Council, and after presentation and consideration of the resolution, and upon a motion made by Jeanne Lehrmann and seconded by Bob Dieterich, the Resolution was passed and adopted by the following vote:

AYES: 5                   NOES: 0                   ABSTENTIONS: 0

MINUTES APPROVED AND CERTIFIED TO BE TRUE AND CORRECT, and to correctly reflect the duly constituted officers and members of the City Council of said City, and the attached and following copy of said Resolution is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of the City, all on this the 17<sup>th</sup> day of November 2020.

[SEAL]



*Alisha Flanary*  
\_\_\_\_\_  
City Secretary  
City of Riesel, Texas

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF REISEL, TEXAS REQUESTING FINANCIAL ASSISTANCE FROM THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE FILING OF AN APPLICATION FOR ASSISTANCE; AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RIESEL, TEXAS (THE "CITY"):

SECTION 1: That an application is hereby approved and authorized to be filed with the Texas Water Development Board seeking financial assistance in an amount not to exceed \$5,860,000 to provide for the costs of acquiring, purchasing, constructing, improving, renovating, enlarging and equipping property, buildings, structures, facilities and related infrastructure for the City's Water and Wastewater System, including one or more new water wells and related pump stations.

SECTION 2: That Alisha Flanary, City Secretary, is hereby designated as the Authorized Representative of the City for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board.

SECTION 3: That the following firms and individuals are hereby authorized and directed to aid and assist in the preparation and submission of such application and appear on behalf of and represent the City before any hearing held by the Texas Water Development Board on such application, to wit:

Financial Advisor:	Ben J. Rosenberg U.S. Capital Advisors LLC 300 W. 6th Street, Suite 1900 Austin, Texas 78701
Engineer:	Michael W. Cox, P.E. CP&Y 200 West Highway 6, Suite 620 Waco, Texas 76712
Bond Counsel:	Jerry V. Kyle, Jr. Orrick, Herrington & Sutcliffe LLP 300 West 6th Street, Suite 1850 Austin, Texas 78701


*[Signature page follows.]*

PASSED AND APPROVED, this the 10<sup>th</sup> day of November 2020.

CITY OF RIESEL, TEXAS

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Secretary



**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF  
\$5,860,000 TO THE CITY OF RIESEL  
FROM THE DRINKING WATER STATE REVOLVING FUND  
THROUGH THE PROPOSED PURCHASE OF  
\$5,360,000 CITY OF RIESEL, TEXAS COMBINATION TAX AND SURPLUS REVENUE  
CERTIFICATES OF OBLIGATION, PROPOSED TAXABLE SERIES 2021  
AND  
\$500,000 IN PRINCIPAL FORGIVENESS**

**(21-003)**

WHEREAS, the City of Riesel (City), located in McLennan County, has filed an application for financial assistance in the amount of \$5,860,000 from the Drinking Water State Revolving Fund (DWSRF) to finance the planning, acquisition, design, and construction of certain water system improvements identified as Project No. 62896; and

WHEREAS, the City seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$5,360,000 City of Riesel, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2021 (together with all authorizing documents (Obligations)), and the execution of a Principal Forgiveness Agreement in an amount of \$500,000, all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the City has offered a pledge of ad valorem taxes and the City's surplus solid waste revenues as sufficient security for the repayment of the Obligations; and

WHEREAS, the commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 371.13; and

WHEREAS, the City is requesting a waiver of the requirement that the project be addressed in a manner that is consistent with the state and regional water plans because the water source to be used for the proposed project differs with the 2016 Region G Regional Water Plan and the 2017 State Water Plan, the project has received the support of Regional Water Planning Region G; and

WHEREAS, the TWDB hereby finds:

1. that the revenue and/or taxes pledged by the City will be sufficient to meet all the Obligations assumed by the City, in accordance with Texas Water Code § 15.607;
2. that the application and assistance applied for meet the requirements of the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.* as well as state law, in accordance with Texas Water Code § 15.607;

3. that the City has adopted and implemented a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporate practices, techniques, or technology prescribed by the Texas Water Code and TWDB's rules;
4. that the TWDB has approved a regional water plan for the region of the state that includes the area benefiting from the project and the needs to be addressed by the project will be addressed in a manner that is consistent with the approved regional and state water plans, as required by Texas Water Code § 16.053(j);
5. that a current water audit required by Texas Water Code § 16.0121 and 31 TAC § 358.6 has been completed by the City and filed with the TWDB in accordance with Texas Water Code § 16.053(j);
6. only that the conditions, as described above, warrant a waiver of the requirements that the TWDB determine that the needs to be addressed by the project will be addressed in a manner that is consistent with the State Water Plan, and with the approved Regional Water Plan that includes the area that will benefit from the proposed project; and
7. that the project qualifies as an Urgent Need project in accordance with the applicable Intended Use Plan and 31 TAC § 371.21(f) and is eligible for principal forgiveness in the amount of \$500,000 and the project is eligible for funding with an interest rate of zero percent (0%) in an amount, including the origination fee, not to exceed \$5,360,000.

NOW, THEREFORE, based on these findings, the TWDB resolves as follows:

1. For the reasons stated above, the TWDB hereby waives the requirements of Texas Water Code § 16.053(j), pursuant to Texas Water Code § 16.053(k); and
2. a commitment is made by the TWDB to the City of Riesel for financial assistance in the amount of \$5,860,000 from the Drinking Water State Revolving Fund through the TWDB's proposed purchase of \$5,360,000 City of Riesel, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2021, and the execution of a Principal Forgiveness Agreement in the amount of \$500,000. This commitment will expire on July 31, 2021.

Such commitment is conditioned as follows:

#### Standard Conditions

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;



2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that all of the requirements of the laws under which said Obligations were issued have been complied with; that said Obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said Obligations are valid and binding obligations of the City;
3. this commitment is contingent upon the City's compliance with all applicable requirements contained in 31 TAC Chapter 371;
4. the Obligations must provide that the City agrees to comply with all of the conditions set forth in the TWDB Resolution, which conditions are incorporated herein;
5. the Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after the first interest payment date which is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;
6. the City, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the City's Obligations or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the City's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the City is an obligated person with respect to such bonds under SEC Rule 15c2-12;
7. the Obligations must contain a provision requiring the City to levy a tax and/or maintain and collect sufficient rates and charges, as applicable, to produce system funds in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Obligations;
8. the Obligations must include a provision requiring the City to use any loan proceeds from the Obligations that are determined to be remaining unused funds, which are those funds unspent after the original approved project is completed, for enhancements to the original project that are explicitly approved by the Executive Administrator or, if no enhancements are authorized by the Executive Administrator, requiring the City to submit a final accounting and disposition of any unused funds;

9. the Obligations must include a provision requiring the City to use any loan proceeds from the Obligations that are determined to be surplus funds remaining after completion of the project and completion of a final accounting in a manner as approved by the Executive Administrator;
10. the Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
11. loan proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257;
12. loan proceeds shall not be used by the City when sampling, testing, removing, or disposing of contaminated soils and/or media at the project site. The Obligations shall include an environmental indemnification provision wherein the City 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 City, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;
13. prior to closing, the City shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges and/or the levy of an interest and sinking tax rate (if applicable) sufficient for the repayment of all system debt service requirements;
14. prior to closing, and if not previously provided with the application, the City shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel contracts, for the project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator;
15. prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the City shall execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
16. the Executive Administrator may require that the City execute a separate financing agreement in form and substance acceptable to the Executive Administrator;

17. the TWDB retains the option to purchase the Obligations in separate lots and/or on an installment basis, with delivery of the purchase price for each installment to be paid against delivery of the relevant installment of Obligations as approved by the Executive Administrator;
18. the Obligations must provide that the City will comply with all applicable TWDB laws and rules related to the use of the financial assistance;
19. the Obligations must provide that the City must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources;
20. the Obligations must contain a provision requiring the City to maintain insurance coverage sufficient to protect the TWDB's interest in the project;

#### State Revolving Fund Conditions

21. the City shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
22. the Obligations must include a provision stating that all laborers and mechanics employed by contractors and subcontractors for projects 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 City, all contractors, and all sub-contractors shall ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with financial assistance made available as provided herein shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB;
23. the Obligations must include a provision stating that the City 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 City 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 Obligations are outstanding;
24. the Obligations shall provide that all loan proceeds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and also shall provide that the City will adhere to the approved project schedule;

25. the Obligations and Principal Forgiveness Agreement must contain a covenant that the City 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 31 TAC § 371.4 and related State Revolving Fund Policy Guidelines;

Drinking Water State Revolving Fund Conditions

26. the City shall pay at closing an origination fee approved by the Executive Administrator of the TWDB pursuant to 31 TAC Chapter 371;
27. prior to closing, the Texas Commission on Environmental Quality, must make a determination, the form and substance of which is satisfactory to the Executive Administrator, that the City has demonstrated the necessary financial, managerial, and technical capabilities to proceed with the project or projects to be funded with the proceeds of these Obligations;
28. prior to the release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the City must provide documentation that it has met all applicable state procurement requirements as well as all federal procurement requirements under the Disadvantaged Business Enterprises program;

Pledge Conditions for the Loan

29. the Obligations must contain a provision that provides as follows:
  - a. if system revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied and collected may be reduced to the extent and by the amount of revenues then on deposit in the Interest and Sinking Fund; or
  - b. if surplus revenues are based upon budgeted amounts:
    - i. the Obligations must include a requirement that the City transfer and deposit in the Interest and Sinking Fund each month an amount of not less than 1/12th of the annual debt service on the Obligations until the amount on deposit in the Interest and Sinking Fund equals the amount required for annual debt service on the Obligations; further, that the ordinance authorizing the issuance of the Obligations must include a requirement that the City shall not transfer any funds from the City's pledged system revenues to any fund other than the Interest and Sinking Fund until such time as an amount equal to the annual debt service on the Obligations for the then-current fiscal year has been deposited in the Interest and Sinking Fund;

- ii. the Obligations must include a requirement that for each year the Obligations are outstanding, and prior to the time taxes are to be levied for such year, the City shall establish, adopt, and maintain an annual budget that provides for either the monthly deposit of sufficient surplus pledged revenues and/or tax revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, or a combination thereof, into the Interest and Sinking Fund for the repayment of the Obligations; and
- iii. the Obligations must include a requirement that the City shall at all times maintain and collect sufficient rates and charges in conjunction with any other legally available funds so that after payment of the costs of operating and maintaining the system, it produces revenues in an amount not less than 1.10 times debt service requirements of all outstanding Obligations of the City and other obligations of the City which are secured in whole or in part by the pledged revenues, for which the City is budgeting the repayment of such Obligations, or the City shall provide documentation which evidences the levy and collection of an ad valorem tax rate dedicated to the Interest and Sinking Fund, in conjunction with any other legally available funds, sufficient for the repayment of debt service requirements.

PROVIDED, however, the commitment is subject to the following special conditions:

Special Conditions:

- 30. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, or economic investigation, studies, surveys, or designs for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must either issue a written finding that the City has the right to use the water that the project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction;
- 31. prior to the release of construction funds for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the City has the right to use the water that the project financed by the TWDB will provide;
- 32. prior to closing, the City shall execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator;
- 33. the Principal Forgiveness Agreement must include a provision stating that the City shall return any principal forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator;

34. prior to the release of funds, the City shall provide a schedule of the useful life of the project components prepared by an engineer as well as a certification by the applicant that the average weighted maturity of the obligations purchased by the TWDB does not exceed 120% of the average estimated useful life of the project, as determined by the schedule; and
35. prior to closing, the City will provide documentation sufficient to the Executive Administrator demonstrating that the revenues pledged to the repayment of the Obligations will be identified in the City's Fiscal Year 2021 Certified Annual Financial Report, such accounting to be maintained as long as the TWDB is the holder of the Obligations.

APPROVED and ordered of record this 19th day of January 2021.



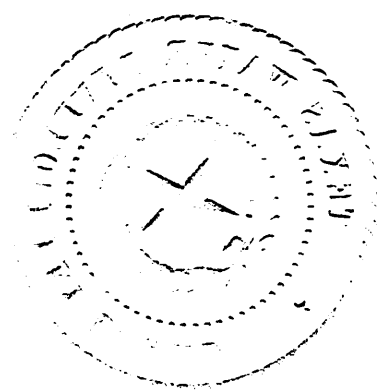
TEXAS WATER DEVELOPMENT BOARD

\_\_\_\_\_  
Peter M. Lake, Chairman

DATE SIGNED: 1/19/21

ATTEST:

\_\_\_\_\_  
Jeff Walker, Executive Administrator



GENERAL CERTIFICATE

We, the undersigned, Mayor and City Secretary, respectively, of the City of Riesel, Texas (the “City”), do hereby certify the following information:

1. This certificate relates to the City of Riesel, Texas, Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021 (the “Certificates”), dated June 1, 2021. Capitalized terms used herein and not otherwise defined shall have the meaning assigned thereto in the ordinance (the “Ordinance”) of the City Council authorizing the issuance of the Certificates.

2. The City is duly incorporated as a Type A General Law City and is now operating and existing under the general laws of the State of Texas, and has adopted all powers set forth by statute with regard to general law cities, including those set forth in Chapters 1 through 10 of Title 28 (including Chapter 1502, Texas Government Code), and Chapter 271 of the Texas Local Government Code.

3. At all times between February 9, 2021 and the date hereof, the following have been the duly qualified and acting, elected or appointed officials of the City of Riesel, Texas:

Kevin Hogg, Mayor	Jeanne Lehrmann	)	
Marshall Shaw, Mayor Pro Tem	Bobby Dieterich	)	Members of
	Jeff Tanner	)	the Council
	Todd Ehlers <sup>(1)</sup>	)	

<u>Alisha Flanary</u>	<u>City Secretary</u>
-----------------------	-----------------------

<sup>(1)</sup> Todd Ehlers was appointed to fill the vacant City Councilmember seat at the City Council meeting held on February 9, 2021. Such appointment took place after the City Council took action on the Resolution Authorizing Publication and Posting of the Notice of Intention to issue the Certificates.

4. The Certificates are being issued for the purpose of the paying the costs of acquisition, purchase, construction, improvement, renovation, expansion and equipping of property, buildings, structures, facilities and related infrastructure for the City’s System, including one or more new water wells and related pump stations, and paying the costs of professional services incurred in connection therewith.

5. The City is not in default under any of the ordinances authorizing the issuance of the Certificates or in regard to any other indebtedness or obligations of the City.

6. The City will collect ad valorem taxes and/or net revenues from the City’s System so long as the Certificates are outstanding in an amount sufficient to pay all principal and interest payments due on the Certificates.

7. The Certificates are payable from, and secured by, a pledge of City ad valorem taxes, and a pledge of the Surplus Net Revenues of the City’s System. The assessed value of property for the purpose of taxation in the City, as shown by its official tax rolls for the year 2020, being its latest approved official assessment rolls is \$77,516,458, which amount is net of the amount of any exemptions to which property otherwise subject to taxation was entitled pursuant to applicable provisions of the Constitution and laws of the State of Texas.



8. The “Net Revenues” of the City’s System are unencumbered except with regard to the Certificates and the City’s Combination Tax and Revenue Certificates of Obligation, Series 1999; the City’s Utility System Revenue Bonds, Series 2009; and the City’s Combination Tax and Revenue Certificates of Obligation, Series 2013. The City may further pledge Net Revenues by a lien which is (i) superior to the lien securing the Certificates; (ii) on a parity with the lien securing the Certificates, or (iii) subordinate to the lien securing the Certificates.

9. A list showing the debt service requirements of the Certificates and the City’s other outstanding indebtedness is attached hereto as Exhibit A.

10. No bond proposition to authorize the issuance of bonds for the same purpose as any of the projects being financed with the proceeds of the Certificates was submitted to the voters of the City during the preceding three years and failed to be approved.

11. The current water and sewer system rate order or schedule of the City is attached hereto as Exhibit B.

12. Exhibit C shows the water and sewer revenue history of the City for the previous three years.

13. To the extent the City uses any proceeds of the Certificates to acquire real property, the City will comply with Section 252.051, Texas Local Government Code, as amended.

14. With respect to the contracts executed in connection with the authorization and issuance of the Certificates:

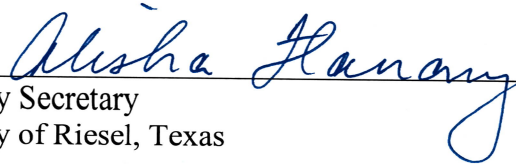
- (a) all disclosure filings and acknowledgements required by Section 2252.908, Texas Government Code, and the rules of the Texas Ethics Commission related to said provision, have been made;
- (b) pursuant to Section 2271.002, Texas Government Code, the City has not entered and is not entering into governmental contracts with companies that Boycott Israel (as such term is defined in Section 2271.001, Texas Government Code); and
- (c) pursuant to Section 2252.152, Texas Government Code, the City has not entered and will not enter into a governmental contract with a company that is identified on a list prepared and maintained by the Comptroller of Public Accounts under Sections 806.051, 807.051, 2252.153 or 2270.0201, Texas Government Code.

*[The remainder of this page is intentionally left blank.]*

SIGNED AND SEALED this 11 day of May, 2021.



\_\_\_\_\_  
Mayor  
City of Riesel, Texas



\_\_\_\_\_  
City Secretary  
City of Riesel, Texas

(CITY SEAL)



**EXHIBIT A**

**DEBT SERVICE REQUIREMENTS**

**CITY OF RIESEL, TEXAS  
Combined Debt Service**

FYE 9/30	Existing Debt Service		Comb Tax & Surplus Revenue CO's Taxable Series 2021				Total Debt Service			
		Total	Principal	Interest Rate	Interest	Total	Total			
2021	\$	84,449	-	-	-	-	\$	84,449		
2022		84,895	-	-	-	-		84,895		
2023		83,273	185,000	-	-	185,000		268,273		
2024		82,652	185,000	-	-	185,000		267,652		
2025		81,962	185,000	-	-	185,000		266,962		
2026		86,251	185,000	-	-	185,000		271,251		
2027		86,323	185,000	-	-	185,000		271,323		
2028		84,327	185,000	-	-	185,000		269,327		
2029		59,310	185,000	-	-	185,000		244,310		
2030		59,952	185,000	-	-	185,000		244,952		
2031		59,526	185,000	-	-	185,000		244,526		
2032		60,031	185,000	-	-	185,000		245,031		
2033		59,469	185,000	-	-	185,000		244,469		
2034		58,838	185,000	-	-	185,000		243,838		
2035		59,166	185,000	-	-	185,000		244,166		
2036		59,406	185,000	-	-	185,000		244,406		
2037		59,577	185,000	-	-	185,000		244,577		
2038		59,633	185,000	-	-	185,000		244,633		
2039		59,599	185,000	-	-	185,000		244,599		
2040		32,478	185,000	-	-	185,000		217,478		
2041		32,549	185,000	-	-	185,000		217,549		
2042		32,580	185,000	-	-	185,000		217,580		
2043		32,569	185,000	-	-	185,000		217,569		
2044		32,518	185,000	-	-	185,000		217,518		
2045		32,424	185,000	-	-	185,000		217,424		
2046		32,290	185,000	-	-	185,000		217,290		
2047		32,114	185,000	-	-	185,000		217,114		
2048		31,898	185,000	-	-	185,000		216,898		
2049		31,639	185,000	-	-	185,000		216,639		
2050		-	180,000	-	-	180,000		180,000		
2051		-	185,000	-	-	185,000		185,000		
	\$	1,651,698	\$	5,360,000	\$	-	\$	5,360,000	\$	7,011,698

**EXHIBIT B**

**GROSS REVENUES, MAINTENANCE AND OPERATING EXPENSES  
AND NET REVENUES OF THE CITY'S SYSTEM**

	<b>Fiscal Years Ended September 30</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Gross Revenues	\$623,544	\$583,321	\$620,945
Expenses	647,387	591,025	587,157
Net Revenues	<u>\$ (23,843)</u>	<u>\$ (7,704)</u>	<u>\$ 33,788</u>

**EXHIBIT C**

**WATER AND WASTEWATER RATES**

**Water Rates**

(01)	Residential 3/4" Meter Water rates inside the City:	
	A. Monthly base rate	\$ 33.00
	B. 0 - 1,000 gallons (FREE)	\$ 0.00
	C. 1001 - 20,000 gallons	\$ 5.25
	D. 20,001 - 40,000 gallons	\$ 5.75
	E. 40,001 plus	\$ 6.00
(02)	School Water rates inside the City:	
	A. Monthly base rate	\$ 33.00
	B. 0 - 20,000 gallons	\$ 5.25
	C. 20,001 - 40,000 gallons	\$ 5.75
	D. 40,001 plus	\$ 6.00
(03)	Church Water rates inside the City:	
	A. Monthly base rate	\$ 33.00
	B. 0 - 1,000 gallons (FREE)	\$ 0.00
	C. 1001 - 20,000 gallons	\$ 5.25
	D. 20,001 - 40,000 gallons	\$ 5.75
	E. 40,001 plus	\$ 6.00
(04)	Fairground Water rates inside the City:	
	A. Monthly base rate	\$ 33.00
	B. 0 - 1,000 gallons (FREE)	\$ 0.00
	C. 1001 - 20,000 gallons	\$ 5.25
	D. 20,001 - 40,000 gallons	\$ 5.75
	E. 40,001 plus	\$ 6.00
(05)	Apartment Water rates inside the City:	
	A. Monthly base rate	\$ 33.00
	B. 0 - 1,000 gallons (FREE)	\$ 0.00
	C. 1001 - 20,000 gallons	\$ 5.25
	D. 20,001 - 40,000 gallons	\$ 5.75
	E. 40,001 plus	\$ 6.00

- (06) Commercial 3/4" Meter Water rates inside the City:
- |                            |          |
|----------------------------|----------|
| A. Monthly base rate       | \$ 48.00 |
| B. 0 - 20,000 gallons      | \$ 7.50  |
| C. 20,001 - 40,000 gallons | \$ 8.00  |
| D. 40,001 plus             | \$ 8.50  |
- (07) Commercial 1" Meter Water rates inside the City:
- |                            |          |
|----------------------------|----------|
| A. Monthly base rate       | \$ 78.00 |
| B. 0 - 20,000 gallons      | \$ 7.50  |
| C. 20,001 - 40,000 gallons | \$ 8.00  |
| D. 40,001 plus             | \$ 8.50  |
- (08) Commercial 2" Meter Water rates inside the City:
- |                            |           |
|----------------------------|-----------|
| A. Monthly base rate       | \$ 103.00 |
| B. 0 - 20,000 gallons      | \$ 7.50   |
| C. 20,001 - 40,000 gallons | \$ 8.00   |
| D. 40,001 plus             | \$ 8.50   |
- (09) Commercial 2" Multi User Meter Water rates inside the City:
- |                            |           |
|----------------------------|-----------|
| A. Monthly base rate       | \$ 153.00 |
| B. 0 - 20,000 gallons      | \$ 7.50   |
| C. 20,001 - 40,000 gallons | \$ 8.00   |
| D. 40,001 plus             | \$ 8.50   |
- (10) Commercial 3" Meter Water rates inside the City:
- |                            |          |
|----------------------------|----------|
| A. Monthly base rate       | \$203.00 |
| B. 0 - 20,000 gallons      | \$ 7.50  |
| C. 20,001 - 40,000 gallons | \$ 8.00  |
| D. 40,001 plus             | \$ 8.50  |
- (11) Residential 3/4" Meter Water rates outside the City:
- |                             |          |
|-----------------------------|----------|
| A. Monthly base rate        | \$ 38.00 |
| B. 0 - 1,000 gallons (FREE) | \$ 0.00  |
| C. 1001 - 20,000 gallons    | \$ 5.25  |
| D. 20,001 - 40,000 gallons  | \$ 5.75  |
| E. 40,001 plus              | \$ 6.00  |

- (12) Commercial 3/4" Meter Water rates outside the City:
- |                            |          |
|----------------------------|----------|
| A. Monthly base rate       | \$ 53.00 |
| B. 0 - 20,000 gallons      | \$ 7.50  |
| C. 20,001 - 40,000 gallons | \$ 8.00  |
| D. 40,001 plus             | \$ 8.50  |
- (13) Commercial 1" Meter Water rates outside the City:
- |                            |          |
|----------------------------|----------|
| A. Monthly base rate       | \$ 88.00 |
| B. 0 - 20,000 gallons      | \$ 7.50  |
| C. 20,001 - 40,000 gallons | \$ 8.00  |
| D. 40,001 plus             | \$ 8.50  |
- (14) Commercial 2" Meter Water rates outside the City:
- |                            |           |
|----------------------------|-----------|
| A. Monthly base rate       | \$ 118.00 |
| B. 0 - 20,000 gallons      | \$ 7.50   |
| C. 20,001 - 40,000 gallons | \$ 8.00   |
| D. 40,001 plus             | \$ 8.50   |
- (15) Commercial 2" Multi User Meter Water rates outside the City:
- |                            |           |
|----------------------------|-----------|
| A. Monthly base rate       | \$ 178.00 |
| B. 0 - 20,000 gallons      | \$ 7.50   |
| C. 20,001 - 40,000 gallons | \$ 8.00   |
| D. 40,001 plus             | \$ 8.50   |
- (16) Commercial 3" Meter Water rates outside the City:
- |                            |           |
|----------------------------|-----------|
| A. Monthly base rate       | \$ 233.00 |
| B. 0 - 20,000 gallons      | \$ 7.50   |
| C. 20,001 - 40,000 gallons | \$ 8.00   |
| D. 40,001 plus             | \$ 8.50   |

## Wastewater Rates

- |     |  |         |
|-----|--|---------|
| (1) | Commercial Sewer rates in the City:                |         |
|     | A. Monthly base rate                               | \$20.00 |
|     | B. Monthly usage rate of \$3.50 per 1,000 gallons. |         |
| (2) | Residential Sewer rates in the City:               |         |
|     | A. Monthly base rate                               | \$15.00 |
|     | B. Monthly usage rate of \$3.50 per 1,000 gallons. |         |



**SIGNATURE IDENTIFICATION AND NO-LITIGATION CERTIFICATE**

STATE OF TEXAS §  
COUNTY OF MCLENNAN §  
CITY OF RIESEL §

WE, the undersigned, officials of the City of Riesel, Texas (the “City”), do hereby certify with respect to the “CITY OF RIESEL, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2021,” dated June 1, 2021 (the “Bond Date”), in the aggregate principal amount of \$5,360,000 (the “Bonds”) as follows:

1. We officially executed and signed the Initial Certificate that was delivered to the Attorney General of the State of Texas by manually executing or by causing facsimiles of our manual signatures to be imprinted or lithographed on the Initial Certificate, and we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed the Initial Certificate.
2. The Initial Certificate is substantially in the form and has been duly executed and signed in the manner, prescribed in the resolution authorizing the issuance thereof.
3. At the time we so executed and signed the Initial Certificate we were, and at the time of executing this certificate we are, the duly chosen, qualified, and acting officers indicated therein, and authorized to execute and sign the same.
4. No litigation of any nature has been filed or is now pending or, to the best of our knowledge, threatened, to restrain or enjoin the issuance or delivery of the Initial Certificate, or which would affect the provision made for its payment or security, or in any manner questioning the proceedings or authority concerning the issuance of the Initial Certificate, and that so far as we know and believe no such litigation is threatened.
5. Neither the corporate existence nor boundaries of the City is being contested, no litigation has been filed or is now pending which would affect the authority of the officers of the City to issue, execute, sign, and deliver of the Initial Certificate or any Certificate to be issued in exchange therefor, and no authority or proceedings for the issuance of any of the Certificates have been repealed, revoked, or rescinded.
6. We have caused the official seal of the City to be impressed, or printed, or lithographed on the Initial Certificate; and said seal on the Initial Certificate has been duly adopted as, and is hereby declared to be, the official seal of the City.
7. This certificate is submitted pursuant to Title 1, Chapter 53, Texas Administrative Code. Upon the approval of the Certificates by the Attorney General of the State of Texas, he is authorized to date this certificate as of the date of such approval. If any litigation should develop, or if any other event should occur which should make this certificate inaccurate before the Attorney General’s approval of the Certificates, we will notify the Attorney General at once by both telephone and facsimile transmission. With this

assurance, the Attorney General is entitled to rely on the accuracy of this certificate at the time of approval of the Certificates unless we advise him otherwise.

*[Execution Page Follows]*

DELIVERED this June 8, 2021.

SIGNATURE

OFFICIAL TITLE

[Handwritten Signature]

Mayor, City of Riesel, Texas

Alisha Hanany

City Secretary, City of Riesel, Texas

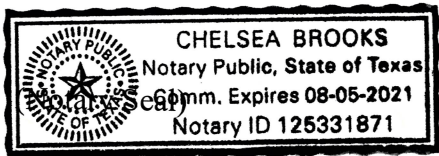
THE STATE OF TEXAS

§  
§  
§

COUNTY OF MCLENNAN

Before me, on this day personally appeared the foregoing individuals, known to me to be the persons whose names were subscribed in my presence to the foregoing instrument.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 11<sup>th</sup> day of May, 2021.



[Handwritten Signature]  
Notary Public, State of Texas



KEN PAXTON  
ATTORNEY GENERAL OF TEXAS

June 8, 2021

THIS IS TO CERTIFY that City of Riesel, Texas (the "Issuer"), has submitted the City of Riesel, Texas Combination Tax and Revenue Certificate of Obligation, Taxable Series 2021 (the "Certificate") in the principal amount of \$5,360,000 for approval. The Certificate is dated June 1, 2021, numbered T-1, and was authorized by Ordinance No. 2021-01 of the Issuer passed on May 11, 2021 (the "Order").

The Office of the Attorney General has examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

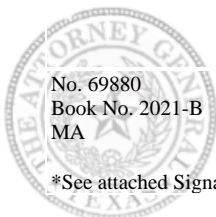
As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We express no opinion relating to the official statement or any other offering material relating to the Certificate.

Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows (capitalized terms, except as herein defined, have the meanings given to them in the Ordinance):

- (1) The Certificate has been issued in accordance with law and is a valid and binding obligation of the Issuer.
- (2) The Certificate is payable from the proceeds of an ad valorem tax levied, within the limits prescribed by law, against all taxable property in the Issuer and is additionally secured by and payable from a pledge of the Surplus Net Revenues of the Issuer's System, as provided in the Ordinance.

Therefore, the Certificate is approved.



  
Attorney General of the State of Texas

OFFICE OF THE ATTORNEY GENERAL  
OF THE STATE OF TEXAS

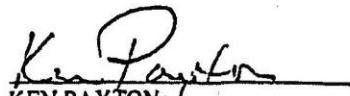
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I, KEN PAXTON, Attorney General for the State of Texas, do hereby authorize the employees of the Public Finance Division of the Office of the Attorney General to affix a digital image of my signature, in my capacity as Attorney General, to the opinions issued by this office approving the issuance of public securities by the various public agencies, non-profit corporations, district, entities, bodies politic or corporate, or political subdivisions of this State as required by law, the opinions approving those contracts designated by the Legislature as requiring the approval of the Attorney General, and the obligations, proceedings and credit agreements required by law to be approved by the Attorney General. The authorized digital image of my signature is attached as Exhibit A and is hereby adopted as my own for the purposes set forth herein. This supersedes any prior signature authorizations for the same purpose.

The authority granted herein is to be exercised on those occasions when I am unavailable to personally sign said opinions, and upon the condition that the opinions to which the digital image signature is affixed have been approved by an authorized Assistant Attorney General following the completion of the Public Finance Division's review of the transcripts of proceedings to which the opinions relate.

Given under my hand and seal of office at Austin, Texas, this the 5th day of January, 2015.



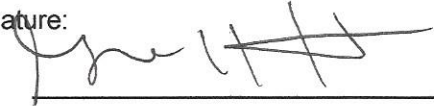
  
KEN PAXTON  
Attorney General of the State of Texas

OFFICE OF COMPTROLLER  
OF THE STATE OF TEXAS

I, Melissa Popkoff,  Bond Clerk  Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Comptroller on the 8th day of June 2021, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

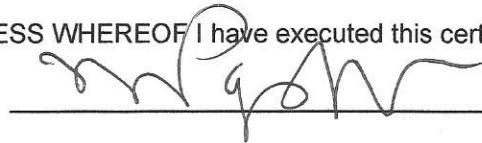
City of Riesel, Texas Combination Tax and Revenue Certificate of Obligation, Taxable Series 2021,

numbered T-1, dated June 1, 2021, and that in signing the certificate of registration I used the following signature:



---

IN WITNESS WHEREOF I have executed this certificate this the 8th day of June 2021.



---

I, Glenn Hegar, Comptroller of Public Accounts of the State of Texas, certify that the person who has signed the above certificate was duly designated and appointed by me under authority vested in me by Chapter 403, Subchapter H, Government Code, with authority to sign my name to all certificates of registration, and/or cancellation of bonds required by law to be registered and/or cancelled by me, and was acting as such on the date first mentioned in this certificate, and that the bonds/certificates described in this certificate have been duly registered in the office of the Comptroller, under Registration Number 96064.

GIVEN under my hand and seal of office at Austin, Texas, this the 8th day of June 2021.



GLENN HEGAR  
Comptroller of Public Accounts  
of the State of Texas

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

I, GLENN HEGAR, Comptroller of Public Accounts of the State of Texas, do hereby certify that the attachment is a true and correct copy of the opinion of the Attorney General approving the:

City of Riesel, Texas Combination Tax and Revenue Certificate of Obligation, Taxable Series 2021

numbered T-1, of the denomination of \$ 5,360,000, dated June 1, 2021, as authorized by issuer, interest 0.000 percent, under and by authority of which said bonds/certificates were registered electronically in the office of the Comptroller, on the 8th day of June 2021, under Registration Number 96064.

Given under my hand and seal of office, at Austin, Texas, the 8th day of June 2021.



A handwritten signature in black ink, appearing to read "Glenn Hegar".

GLENN HEGAR  
Comptroller of Public Accounts  
of the State of Texas





**Orrick, Herrington & Sutcliffe LLP**  
300 West 6th Street  
Suite 1850  
Austin, Texas 78701  
[orrick.com](http://orrick.com)

June 17, 2021

WE HAVE ACTED as Bond Counsel for the City of Riesel, Texas (the “City”), in connection with an issue of certificates of obligations (the “Certificates”) described as follows:

CITY OF RIESEL, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2021, dated June 1, 2021, in the aggregate principal amount of \$5,360,000 maturing on July 1 in each year from 2023 through and including 2051. The Certificates are issuable in fully registered form only, in denominations of \$5,000 or integral multiples thereof, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Certificates and in the ordinance (the “Ordinance”) adopted by the City Council of the City authorizing their issuance.

WE HAVE ACTED as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas. In such capacity we have examined the Constitution and laws of the State of Texas; and a transcript of certain certified proceedings pertaining to the issuance of the Certificates, as described in the Ordinance. The transcript contains certified copies of certain proceedings of the City; certain certifications and representations and other material facts within the knowledge and control of the City, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Certificates. We have also examined executed Certificate No. R-1 of this issue.

THE OPINIONS EXPRESSED HEREIN are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Certificates on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Certificates on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Certificates has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed



compliance with all covenants and agreements contained in the Ordinance. We call attention to the fact that the rights and obligations under the Certificates and the Ordinance and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against issuers in the State of Texas. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Finally, our services did not include financial or other non-legal advice.

BASED ON SUCH EXAMINATION, it is our opinion as follows:

- (1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently in effect; the Certificates constitute valid and legally binding obligations of the City enforceable in accordance with the terms and conditions thereof; and
- (2) The Certificates are payable from, and secured by, the receipts of a continuing, direct, annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property located within the City, which taxes have been pledged irrevocably to pay the principal of the Certificates, and a pledge of Surplus Net Revenues of the City's water and wastewater system.

WE EXPRESS NO OPINION as to the treatment of the interest on the Certificates for federal income tax purposes or any other tax matter.

*Orrick, Herrington & Sutcliffe LLP*

**\$5,360,000**  
**CITY OF RIESEL, TEXAS**  
**COMBINATION TAX AND REVENUE**  
**CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2021**


June 17, 2021

I, the undersigned, a duly authorized representative of The Bank of New York Mellon Trust Company, N.A. (the "Bank"), hereby acknowledge receipt from the City of Riesel, Texas (the "City") of the initial Bond of its \$5,360,000 Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021, (the "Obligations") which has been delivered to the undersigned in proper form on the date hereof.

I further acknowledge receipt of the full purchase price for the Obligations in the total amount of \$5,360,000 on the date hereof. Funds received in connection with the sale of the Obligations have been distributed pursuant to the closing memorandum for this transaction.

I further certify that I have duly registered the above-mentioned Obligations in accordance with the Ordinance, and that such bonds have been delivered to the purchaser thereof.

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A.,  
as Paying Agent/Registrar

By:   
Name: Mark A. Golder  
Title: Vice President

REGISTERED  
NO. R-1

REGISTERED  
\$185,000

**UNITED STATES OF AMERICA  
STATE OF TEXAS**

**CITY OF RIESEL, TEXAS  
COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION  
TAXABLE SERIES 2021**

Certificate Date:	Interest Rate:	Maturity Date:	CUSIP Number:
June 1, 2021	0.00%	July 1, 2023	766508AA3

Registered Owner: CEDE & CO.

Principal Amount: ONE HUNDRED EIGHTY-FIVE THOUSAND AND NO/100 DOLLARS

ON THE MATURITY DATE specified above, or the date of redemption prior to maturity THE CITY OF RIESEL, TEXAS, (the "City"), being a municipal corporation and a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the principal amount set forth above.

THE PRINCIPAL OF this Certificate is payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate at maturity or upon the date fixed for its redemption prior to maturity, at The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar"), at their office for payment in Houston, Texas (the "Designated Payment/Transfer Office"). All capitalized terms used herein but not defined shall have the meaning assigned to them in the Ordinance (defined below).

THE CITY COVENANTS with the Registered Owner of this Certificate that on or before each principal payment date for this Certificate it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance authorizing this Certificate, the amounts required to provide for the payment, in immediately available funds, of all principal of the Certificates, when due.

IF THE DATE for the payment of the principal of this Certificate shall be a Saturday, Sunday, legal holiday or day on which banking institutions in the city where the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized to close and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

THIS CERTIFICATE is one of a series of Certificates dated June 1, 2021, authorized in accordance with the Constitution and laws of the State of Texas and an ordinance of the City (the

“Ordinance”) in the principal amount of \$5,360,000 for the purpose of evidencing the indebtedness of the City to finance the acquisition, purchase, construction, improvement, renovation, expansion and equipping of property, buildings, structures, facilities and related infrastructure for the City’s water and wastewater system (the “System”), including one or more new water wells and related pump stations; and (ii) related professional services, including legal, fiscal, engineering and design fees, and costs of issuance.

THE CITY RESERVES THE RIGHT, at its option, to redeem prior to maturity Certificates maturing on or after July 1, 2031, in inverse order of maturity, in whole or in part, in principal installments of \$5,000 or any integral multiple thereof, on June 1, 2031, or any date thereafter, at a price equal to the principal amount of the Certificates or portions thereof called for redemption. If less than all of the Certificates are to be redeemed, the City 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 Certificates, or portion thereof, within such maturity and in such principal amounts, for redemption.

NOTICE OF SUCH REDEMPTION or redemptions shall be given by first class mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Registered Owner of each of the Certificates to be redeemed in whole or in part. Subject to the right of the City to give a conditional notice of redemption with respect to an optional redemption, as described below, notice having been so given, the Certificates or portions thereof designated for redemption shall become due and payable on the redemption date specified in such.

IN THE ORDINANCE, the City reserves the right in the case of an optional redemption to give notice of its election or direction to redeem Certificates 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 City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate of the City 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 owners. Any Certificates subject to conditional redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City 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.

ALL CERTIFICATES OF THIS SERIES are issuable solely as fully registered Certificates, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Ordinance, this Certificate, or any unredeemed portion hereof, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Certificates, without interest coupons, payable to the appropriate Registered Owner, assignee or

assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Certificate to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Certificate must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Certificate or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Certificate may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Certificate or portion thereof will be paid by the City. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing on the close of business on any Record Date and ending with the opening of business on the next following principal payment date or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within forty-five (45) days prior to its redemption date; provided, however, such limitation of transfer shall not be applicable to an exchange by the Registered Owner of the unredeemed balance of the Certificate.

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

IT IS HEREBY certified, recited, and covenanted that this Certificate has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Certificate have been performed, existed and been done in accordance with law; that this Certificate is a general obligation of the City, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the principal of this Certificate, as such principal comes due, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limit prescribed by law, and that this Certificate is additionally secured by and payable from a pledge of the Surplus Net Revenues derived from the System.

THE CITY has reserved the right to issue additional obligations payable and secured by Net Revenues of the System, either on a parity with, subordinate to, or having a priority lien over, the pledge of such Net Revenues securing the Certificates.

AS TO THE PLEDGE OF SUCH NET REVENUES, THE PLEDGE SECURING THIS CERTIFICATE IS SUBORDINATE TO THE PLEDGE(S) SECURING THE CITY'S COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 1999, AND THE CITY'S UTILITY SYSTEM REVENUE BONDS, SERIES 2009.


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

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

CITY OF RIESEL, TEXAS

  
\_\_\_\_\_  
Mayor

COUNTERSIGNED:

  
\_\_\_\_\_  
City Secretary

(CITY SEAL)



**REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR**

This Certificate has been duly issued and registered under the provisions of the within mentioned Ordinance; the certificate or certificates of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated offices of the Paying Agent/Registrar located in Houston, Texas, is the “Designated Payment/Transfer Office” for this Certificate.

The Bank of New York Mellon Trust Company,  
N.A., as Paying Agent/Registrar

Registration Date:

\_\_\_\_\_

By \_\_\_\_\_  
Authorized Signature

SPECIMEN



## ASSIGNMENT

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

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---

 (Social Security or other identifying number) the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints 

---

 attorney to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

DATED: 

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 Signature guaranteed:

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Certificate in every particular.

SPECIMEN



**CERTIFICATE FOR RESOLUTION**

STATE OF TEXAS                   §  
COUNTY OF MCLENNAN       §  
CITY OF RIESEL               §

We, the undersigned officers of the City of Riesel, Texas (the “City”) hereby certify as follows:

The City Council of the City convened in a regular meeting on May 11, 2021, at the regular meeting place thereof, within the City, and the roll was called of the duly constituted officers and members of the City Council, to wit:

Kevin Hogg, Mayor	Jeanne Lehrmann	)	
Marshall Shaw, Mayor Pro Tem	Bobby Dieterich	)	Members of
	Jeff Tanner	)	the Council
	Todd Ehlers	)	

and all of such persons were present, thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

**A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF A PRINCIPAL FORGIVENESS AGREEMENT BETWEEN THE TEXAS WATER DEVELOPMENT BOARD AND THE CITY OF RIESEL, TEXAS, AND AN ESCROW AGREEMENT RELATING THERETO**


(the “Resolution”) was duly introduced for the consideration of the City Council and read in full. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, such motion, carrying with it the adoption of the Resolution, prevailed and carried by the following vote:

AYES:    5                   NAYS:    0                   ABSTENTIONS:    0

That a true, full and correct copy of the Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the Resolution has been duly recorded in the City Council’s minutes of such meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the City Council’s minutes of such meeting pertaining to the adoption of the Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the City Council as indicated therein; that each of the officers and members of the City Council was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and subject of the aforesaid meeting, and that the Resolution would be introduced and considered for adoption at such meeting, and each of such officers and members consented, in advance, to the holding of such meeting for such purpose; that such meeting was open to the public as required by law; and that

public notice of the date, hour, place and subject of such meeting was given as required by the Open Meetings Law, Chapter 551, Texas Government Code.

SIGNED AND SEALED this May 11, 2021.

  
\_\_\_\_\_  
City Secretary  
City of Riesel, Texas

  
\_\_\_\_\_  
Mayor  
City of Riesel, Texas

(CITY SEAL)



RESOLUTION NO. 2021-5-11F

A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF A PRINCIPAL FORGIVENESS AGREEMENT BETWEEN THE TEXAS WATER DEVELOPMENT BOARD AND THE CITY OF RIESEL, TEXAS, AND AN ESCROW AGREEMENT RELATING THERETO.

WHEREAS, the Texas Water Development Board (the “TWDB”) adopted Resolution No. 21-003 on January 19, 2021 (the “TWDB Resolution”) making a commitment to provide financial assistance to the City of Riesel, Texas, (the “City”) in the amount of \$5,860,000 from the Clean Water State Revolving Fund to finance water and wastewater system improvements; and

WHEREAS, in connection with such commitment, the TWDB determined that the City qualifies for a subsidy as a disadvantaged community and agreed, pursuant to the TWDB Resolution, to provide a loan in the amount of \$5,860,000 to the City (evidenced by the issuance of \$5,360,000 “City of Riesel, Texas, Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021” authorized pursuant to an ordinance adopted on the date hereof) and further agreed that \$500,000 will be forgiven upon execution of a Principal Forgiveness Agreement; and

WHEREAS, the City Council hereby finds and determines that (1) the Principal Forgiveness Agreement between the City and the TWDB substantially in the form and content of Exhibit A attached hereto and (2) the Escrow Agreement substantially in the form and content of Exhibit B attached hereto should be approved and authorized to be executed.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RIESEL, TEXAS, THAT:

**Section 1.** The findings and determinations set forth in the preambles hereto are hereby incorporated by reference for all purposes.

**Section 2.** The form of Principal Forgiveness Agreement between the TWDB and the City attached hereto as Exhibit A and incorporated herein for all purposes is hereby approved for and on behalf of the City as to form and content, and such agreement in substantially the form and substance attached hereto, together with such changes or revisions as the Mayor and/or the City Secretary may deem necessary to accomplish the financing contemplated, is hereby authorized to be executed by the Mayor for and on behalf of the City and as the act and deed of this City Council; and such Principal Forgiveness Agreement as executed by such officials shall be deemed approved by this City Council and constitute the agreement herein approved.

**Section 3.** Upon receipt, the principal forgiveness proceeds shall be deposited in an account to be maintained by The Bank of New York Mellon Trust Company, N.A. (the “Escrow Agent”) and held in escrow pending written authorization to release such moneys. The Escrow Agreement between the Escrow Agent and the City attached hereto as Exhibit B and incorporated herein for all purposes is hereby approved for and on behalf of the City as to form and content, and such agreement in substantially the form and substance attached hereto, together with such changes or revisions as the Mayor and/or City Secretary may deem necessary to accomplish the financing contemplated, is hereby authorized to be executed by the Mayor for and on behalf of the

City and as the act and deed of this City Council; and such Escrow Agreement as executed by such officials shall be deemed approved by this City Council and constitute the Escrow Agreement herein approved.

**Section 4.** The City Council hereby authorizes the execution and delivery of any and all other documents related to the Principal Forgiveness Agreement including any required documents, instruments or certificates related to obtaining the principal forgiveness.

**Section 5.** It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

**Section 6.** This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

*(Signature page follows.)*

ADOPTED THIS 11<sup>th</sup> day of May, 2021, by the City Council of the City of Riesel, Texas.

CITY OF RIESEL, TEXAS

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Secretary

Exhibit A

**PRINCIPAL FORGIVENESS AGREEMENT**



# **Principal Forgiveness Agreement Drinking Water State Revolving Fund**

**TEXAS WATER DEVELOPMENT BOARD**

**AND**

**CITY OF RIESEL**

**MCLENNAN COUNTY, TEXAS**

**TWDB COMMITMENT NO. LF1001210**

**TWDB PROJECT NO. 62896 (IUP FISCAL YEAR 2020)**

**TWDB RESOLUTION NO. 21-003**

**CFDA # 66.468**

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CITY OF RIESEL  
TWDB COMMITMENT NO. LF1001210  
TWDB PROJECT NO. 62896  
TWDB RESOLUTION NO. 21-003

**PRINCIPAL FORGIVENESS AGREEMENT**

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THE STATE OF TEXAS §  
COUNTY OF TRAVIS §

TWDB Commitment No. LF1001210

**PRINCIPAL FORGIVENESS AGREEMENT  
BETWEEN THE  
TEXAS WATER DEVELOPMENT BOARD  
AND THE  
CITY OF RIESEL**

WHEREAS, the City of Riesel (City), located in McLennan County, has filed an application with the Texas Water Development Board (TWDB) for financial assistance in the amount of \$5,860,000 from the Drinking Water State Revolving Fund (DWSRF) to finance water system improvements identified as Project No. 62896; and

WHEREAS, on January 19, 2021, the TWDB determined that the City qualifies for principal forgiveness as a Urgent Need project pursuant to 31 Tex. Admin. Code § 371.17 and the criteria set forth in the 2020 DWSRF Intended Use Plan (IUP) and agreed, pursuant to the TWDB Resolution to provide financial assistance in the amount of \$5,860,000 to the City and further agreed that \$500,000 will be forgiven; and

WHEREAS, the TWDB and the City are the Parties to this Agreement.

NOW, THEREFORE, the Parties mutually agree to adhere to the terms of this Agreement and to administer the Principal Forgiveness Funds provided through this Agreement in conformance with all applicable state and federal laws and regulations, the TWDB Resolution, and all terms and conditions set forth herein.

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**ARTICLE I. DEFINITIONS**

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The following terms, as used in this Agreement, have the meanings assigned below:

Agreement means this Principal Forgiveness Agreement and the attached exhibits.

CFR means the Code of Federal Regulations.

Commitment means an offer by the Board to provide financial assistance to an Applicant as evidenced by a TWDB resolution.

Construction Account means a separate account created and maintained for the deposit of financial assistance and utilized by the City to pay eligible expenses for the Project, as defined by 31 Tex. Admin. Code § 371.1 and required by the TWDB Resolution.

DWSRF means the Drinking Water State Revolving Fund, a program of financial assistance administered by the TWDB for water projects pursuant to the Safe Drinking Water Act, 42

U.S.C. § 300f *et seq.*; applicable federal regulations; Texas Water Code, Chapter 15, §§ 15.601 – 15.618; and 31 Tex. Admin. Code § 371.1–.91.

Eligible Expenses means the expenses allowed by TWDB program requirements and authorized by the TWDB in the approved Project Budget.

EPA means the U.S. Environmental Protection Agency.

Escrow Account means an account established by the City that will be used to manage the Principal Forgiveness Funds in accordance with an escrow agreement acceptable to the Executive Administrator, which is attached hereto as **EXHIBIT G**, until the Executive Administrator authorizes the release of the Principal Forgiveness Funds to the Construction Account.

Executive Administrator means the Executive Administrator of the TWDB or designated representative.

Financial Assistance means funding made available to eligible Applicants as authorized in 40 CFR § 35.3525, including principal forgiveness.

Force Majeure means acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, war, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, droughts, tornadoes, hurricanes, arrests and restraints of government and people, explosions, breakage or damage to machinery, pipelines or canals, and any other incapacities of either party, whether similar to those enumerated or otherwise, and not within the control of the party claiming such inability that by the exercise of due diligence and care such party could not have avoided.

Green Project means a project or portion of a project that meets the EPA criteria for inclusion in the Green Project Reserve, including green infrastructure, water or energy efficiency improvements or other environmentally innovative activities.

Green Project Reserve means the equivalent amount of the EPA capitalization grant that is reserved for projects that meet the EPA's criteria for green projects.

IUP means the Intended Use Plan, State Fiscal Year 2020, approved by the TWDB and the EPA in which the Project was prioritized for funding.

Obligations means the \$5,360,000 City of Riesel, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2021, together with all authorizing documents, which evidence the portion of the financial assistance that is not forgiven, identified as L1001186.

Outlay Report means the TWDB form regarding the total amount of costs incurred by the City relating to the Project for the specified period.

Parties or Party means the TWDB and the City and their authorized successors and assignees.

Principal Forgiveness Funds means the portion of the Financial Assistance that is forgiven identified as LF1001210, in an amount not to exceed \$500,000.

Project means the project for which the TWDB is providing financial assistance under this Agreement and as further described in the TWDB Resolution and identified as Project No. 62896.

State means the State of Texas.

TWDB Resolution means TWDB Resolution No. 21-003, dated January 19, 2021, approving the application for financial assistance filed by the City, and authorizing the execution of this Agreement.

Urgent Need Project means a project addressing immediate attention to protect the public health and safety as further defined in the IUP for State Fiscal Year 2020.

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## **ARTICLE II. AUTHORITY AND RECITALS**

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**2.01. AUTHORITY.** This Agreement is authorized and required by the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.*, and is also governed by terms of the IUP; Texas Water Code, Chapter 6; Texas Water Code; Chapter 15, §§ 15.601 – 15.618; 31 Tex. Admin. Code § 371.1-.91; and the TWDB Resolution.

**2.02. RECITALS.** The Parties agree that the following representations are true and correct and form the basis of this Agreement:

- A. The TWDB may provide financial assistance in the form of additional subsidization, such as principal forgiveness, for all or a portion of the Project costs in an amount which the TWDB has determined to be eligible.
- B. On January 19, 2021, the TWDB considered an Application filed by the City for financial assistance from the DWSRF program. Based on the representations made by the City in that Application, the TWDB adopted the TWDB Resolution in which the TWDB:
  - 1. determined that the City qualifies for principal forgiveness and is eligible for financial assistance; and
  - 2. made a commitment to provide financial assistance through the purchase of bonds in an amount not to exceed \$5,860,000 for the planning, acquisition, design, and construction of the Project and to provide additional subsidization in the form of principal forgiveness to the City in an amount not to exceed

\$500,000 as Principal Forgiveness Funds without the expectation of repayment.

- C. The TWDB and the City enter this Agreement to memorialize and set forth the terms and conditions for the Principal Forgiveness Funds in an amount not to exceed \$500,000. The Executive Administrator is authorized to execute this Agreement on behalf of the TWDB pursuant to the TWDB Resolution, which is attached to this Agreement as **EXHIBIT A**. The City is authorized to execute this Agreement through its authorized representative designated in a resolution duly adopted by the governing body of the City, a copy of which is attached hereto as **EXHIBIT B**.
- D. Nothing in this Agreement supersedes or affects any provisions of the Obligations relating to the Financial Assistance amount not forgiven.

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### **ARTICLE III. LEGAL REQUIREMENTS**

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**3.01. APPLICABLE LAWS.** In consideration of the performance of the mutual agreements set forth in this Agreement, the City, by and through its designated and authorized representatives, agrees to plan, design, and construct the Project in compliance with the following:

- A. the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.*, and the EPA regulations at 40 CFR Part 35;
- B. all federal laws and regulations identified on **EXHIBIT C**;
- C. Texas Water Code; Chapter 15, §§ 15.601 – 15.618;
- D. 30 Tex. Admin. Code Chapter 290; and
- E. 31 Tex. Admin. Code § 371.1-91

**3.02. LABOR STATUTES AND REGULATIONS.** The City agrees to comply with the following statutes and regulations and shall execute the certifications required by the TWDB related to same. Further, the City shall ensure that each contract for work on the Project shall also contain the following requirements:

- A. Equal Employment Opportunity. The City shall comply with Executive Order 11246 of September 24, 1965, entitled “Equal Employment Opportunity,” as amended by Executive Order 11375 of October 13, 1967, and U.S. Department of Labor regulations at 41 CFR Chapter 60, relating to Office of Federal Contract Compliance, EEO. The City shall include this provision in any contract or subcontract in excess of \$10,000 as required by 40 CFR § 31.36.

- B. Davis-Bacon Act Wage Rates. In accordance with the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.*, and the applicable IUP, the City, its contractors and its subcontractors, for the Project that is funded in whole or in part with Principal Forgiveness Funds, shall pay all laborers and mechanics at rates not less than those prevailing on similar projects in the same locality, as determined by the U.S. Secretary of Labor's Wage and Hour Division, in conformance with the Davis-Bacon Act, 40 U.S.C. §§ 3141-3148, 29 CFR Part 5, relating to Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction, and 29 CFR Part 3, relating to Contractors and Subcontractors on Public Work Financed in Whole or in Part by Loans or Grants from the United States. All contracts and subcontracts for the construction of the Project carried out in whole or in part with assistance made available as stated herein shall insert in full in any contract in excess of \$2,000 the contracts clauses as attached hereto as **EXHIBIT D**.
- C. Contract Work Hours and Safety Standards Act. The City shall ensure that its contractors and subcontractors comply with the Contract Work Hours and Safety Standards Act, 40 U.S.C. §§ 3701-3708 and 29 CFR Part 5.

**3.03. NO LOBBYING.** The City agrees to comply with 40 CFR Part 34, relating to New Restrictions on Lobbying. The City understands and agrees that none of the Principal Forgiveness Funds provided under this Agreement shall be expended to pay any person for influencing or attempting to influence an officer or employee of any federal entity, or a Member of Congress, with regard to the awarding of any federal contract, federal grant, federal loan, or the extension, continuation, renewal, amendment or modification of any federal contract, loan, or grant. The City shall require that all contracts in excess of \$100,000 for work implementing the Project contain the following statement: IN ACCORDANCE WITH THE BYRD ANTI-LOBBYING AMENDMENT, ANY RECIPIENT WHO MAKES A PROHIBITED EXPENDITURE UNDER TITLE 40 CFR PART 34 OR FAILS TO FILE THE REQUIRED CERTIFICATION OR LOBBYING FORMS SHALL BE SUBJECT TO A CIVIL PENALTY OF NOT LESS THAN \$10,000 AND NOT MORE THAN \$100,000 FOR EACH SUCH EXPENDITURE.

**3.04. IRON AND STEEL.** The City 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 31 Tex. Admin. Code § 371.4, related EPA SRF Policy Guidelines and the TWDB American Iron and Steel Guidance, unless the City has requested and obtained a waiver from EPA pertaining to the Project. This section applies in a manner consistent with United States obligations under international agreements. If the City is a signatory to such an agreement, then the City is under the obligation to determine its applicability and requirements and document the actions taken to comply for the TWDB.

**3.05. PROCUREMENT.** All purchases for goods, services, or commodities made with funds provided under this Agreement shall comply with State and local procurement and contracting laws.

**3.06. FINANCIAL, MANAGERIAL, AND TECHNICAL CAPABILITIES.** The City covenants to maintain its technical, financial, and managerial capability to ensure compliance with the Safe Drinking Water Act § 300-j12.

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**ARTICLE IV. PLANNING, ACQUISITION, DESIGN AND CONSTRUCTION**

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**4.01. PROJECT REQUIREMENTS.** The City shall comply with the following requirements:

- A. Plans and Specifications. The City shall construct the Project in accordance with the plans and specifications as sealed by a State licensed engineer and as approved by the Executive Administrator in compliance with 31 Tex. Admin. Code §§ 371.60-.62.
- B. Changes to Plans and Specifications. The City shall not make or implement any changes to the scope of the Executive Administrator's approved Project or to the specifications for the Project without the written approval of the Executive Administrator.
- C. Project Schedule. The City shall adhere to the TWDB approved Project schedule, attached as **EXHIBIT E**, and shall timely and expeditiously use funds and complete the Project. The City shall not exceed or revise the Project schedule except upon written approval from the TWDB. The City shall not delay the Project completion date except by Amendment to this Agreement.
- D. Project Budget. The City shall be solely responsible for all costs that exceed the TWDB approved Project budget, attached as **EXHIBIT F**. The City shall notify the Executive Administrator immediately when it appears that the Project budget may not be sufficient to complete the Project. The City shall not exceed the Project budget except by Amendment to this Agreement.
- E. Environmental Compliance. The City shall comply with all environmental conditions and shall implement environmental mitigation measures as required through TWDB environmental review under 31 Tex. Admin. Code §§ 371.40-.52.

**4.02. PROGRESS REPORTS.** The Executive Administrator may request reports on the progress of the Project at any time. The reports shall contain information as directed by the Executive Administrator and shall be submitted periodically as requested. The City shall respond as requested and a failure to respond may result in withholding the release of funds from the Escrow Account.

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**ARTICLE V. SPECIAL COVENANTS AND REPRESENTATIONS**

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**5.01. CONDITIONS FOR DISBURSEMENT OF PRINCIPAL FORGIVENESS FUNDS.** No Principal Forgiveness Funds shall be deposited into the Escrow Account or released until the applicable requirements and conditions in the TWDB Resolution and 31 Tex. Admin. Code § 371.71, relating to Disbursement of Funds, are met. Construction funds shall not be released unless the City has complied with 31 Tex. Admin. Code §§ 371.40-.52, relating to

Environmental Reviews and Determinations, and 31 Tex. Admin. Code §§ 371.60–.62, relating to Engineering Review and Approval. If other conditions affect the release of funds, the Parties agree to negotiate in good faith regarding any new or different terms or conditions that become applicable to the release of Principal Forgiveness Funds.

**5.02. DELIVERY OF PRINCIPAL FORGIVENESS FUNDS.** The TWDB shall deposit the Principal Forgiveness Funds in an approved Escrow Account to be released to the City's Construction Account at the direction of the Executive Administrator.

A. Outlay Reports and Invoices. The City shall submit the following documentation:

1. TWDB Outlay Report forms identifying:
  - a. the total amount of expenses incurred by the City for the period covered by the Outlay Report; and
  - b. invoices, receipts, or other documentation satisfactory in form and in substance to the TWDB, sufficient to establish the requested amount as an eligible expense incurred by the City.
2. Outlay Report forms are due to TWDB quarterly during the planning, acquisition, and design phases and monthly during the construction phase of the Project until the completion of the Project.

B. Release from Escrow Account. The Executive Administrator shall authorize the release of Principal Forgiveness Funds from Escrow when Outlay Reports have been approved by the TWDB.

**5.03. INELIGIBLE EXPENSES.** The City must use Principal Forgiveness Funds for Eligible Expenses. The City must return any Principal Forgiveness Funds that are used for expenses that cannot be verified as eligible or that are ineligible. The amount of Principal Forgiveness Funds used for any ineligible or unverified expenses shall be credited against verified Eligible Expenses. If the total amount of Eligible Expenses is insufficient to fully offset the amount of improperly expended Principal Forgiveness Funds, the City must use other funds to fully repay the TWDB.

**5.04. FINAL ACCOUNTING.** The City shall provide a final accounting of funds expended on the Project pursuant to 31 Tex. Admin. Code § 371.85 and return any remaining Principal Forgiveness Funds in a manner determined by the Executive Administrator.

**5.05. LEGAL STATUS.** The City must notify the Executive Administrator prior to taking any actions to alter its legal status in any manner, such as by conversion to a conservation and reclamation district or a sale-transfer-merger with another retail public utility.

**5.06. WATER CONSERVATION AND DROUGHT CONTINGENCY PLAN.** If applicable, the City shall adopt and implement a water conservation and drought contingency plan that complies with Texas Water Code § 16.4021.

**5.07. WATER AUDIT.** If the City is a retail public utility as defined in Texas Water Code § 13.002 and the City provides potable water, then the City annually shall perform and file a water audit computing the City's most recent annual system water loss with the TWDB. The first water audit shall be submitted by May 1<sup>st</sup> following the passage of one year after the effective date of this Agreement and then by May 1<sup>st</sup> every year thereafter during the term of this Agreement. The City agrees to comply with 31 Tex. Admin. Code § 358.6 relating to water audits.

**5.08. REGISTRATION REQUIREMENT.** Pursuant to the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252, the City shall obtain a Data Universal Numbering System (DUNS) Number and shall maintain registration in the System for Award Management (SAM).

**5.09. ANNUAL FINANCIAL AUDIT.** During the Term of this Agreement, the City shall submit an annual audit of the general-purpose financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) by a certified public accountant or licensed public accountant. Audits shall be submitted to the TWDB no later than 180 days after the close of the City's fiscal year.

**5.10. INVESTMENT AND COLLATERALIZATION OF PUBLIC FUNDS.** Financial Assistance funds are public funds and, as such, these funds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Texas Government Code, Chapter 2256, and the Public Funds Collateral Act, Texas Government Code, Chapter 2257.

**5.11. SPECIAL CONDITIONS.**

- A. Prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, or economic investigation, studies, surveys, or designs for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must either issue a written finding that the City has the right to use the water the Project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction.
- B. Prior to the release of construction funds for that portion of a project that proposes surface water or groundwater development, the Executive Administrators must have issued a written finding that the City has the right to use the water that the project financed by the TWDB will provide.



- C. The City shall provide a schedule of the useful life of the project components prepared by an engineer as well as a certification by the applicant that the average weighted maturity of the obligations purchased by the TWDB does not exceed 120% of the average estimated useful life of the Project, as determined by the schedule.
- E. The City will provide documentation sufficient to the Executive Administrator demonstrating that the revenues pledged to the repayment of the Obligations will be identified in the City's Fiscal Year 2021 Certified annual Financial Report, such accounting to be maintained as long as the TWDB is the holder of the Obligations.

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## ARTICLE VI. NON-PERFORMANCE AND REMEDIES

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### 6.01. **STOP WORK ORDERS.**

- A. Stop Work Order (SWO). The Executive Administrator may issue a written SWO to the City at any time for failure to comply with any provision of this Agreement. The SWO shall provide the City with notice of the facts supporting the determination to issue the SWO. The SWO may require cessation of work immediately or at a definite future date. The SWO shall provide the City with a specified time to cure.
- B. City's Response. The City shall provide a written response to the SWO and shall provide the Executive Administrator with a detailed plan to address and cure the conditions causing the SWO. The City shall provide the response within five business days from its receipt of the SWO.
- C. Executive Administrator's Reply. The Executive Administrator may accept, reject, or amend the City's plan and shall provide notice of such action to the City within five business days of receipt of the plan. The Executive Administrator may issue an amended SWO that allows resumption of work contingent upon the City's execution of the plan to cure. The Executive Administrator may modify the City's plan to cure only in a manner consistent with the terms and conditions of this Agreement.
- D. City's Option. The City shall notify the Executive Administrator within five business days whether it accepts the amended plan. If the City does not accept the amended plan, the Executive Administrator may terminate this Agreement. Upon successful completion of the plan to cure the conditions causing the SWO, the City shall continue work to complete all obligations under this Agreement.

**6.02. TERMINATION.** The TWDB may terminate this Agreement in writing at any time. Upon receipt of a notice of termination, the City shall immediately discontinue all work in connection with the performance of this Agreement and shall promptly cancel all existing orders or other financial commitments chargeable to funding provided pursuant to this Agreement, provided, however, that any costs for Eligible Expenses incurred prior to the receipt of such written notice by the City shall be payable from the funding provided pursuant to this Agreement.

Within thirty days of the notice of termination, the City shall submit a statement showing in detail the work performed, all payments received by the City, and all payments made by or due from the City to any contractor prior to the date of termination.

**6.03. SURVIVAL OF TERMS AND CONDITIONS.**

- A. Termination or expiration of this Agreement for any reason shall not release either Party from any liabilities or obligations set forth in this Agreement that:
  - 1. the Parties have expressly agreed shall survive any such termination or expiration, if any; or
  - 2. by their nature, would be intended to be applicable following any such termination or expiration.
- B. The Parties expressly agree that the following terms and conditions survive the termination or expiration of this Agreement.
  - 1. Article V, Sections 5.03, 5.04, 5.05, 5.07 and 5.08.
  - 2. Article VII, General Terms and Conditions.

**6.04. REAL ESTATE.** If the City purchases real estate for the Project with Principal Forgiveness Funds and any of the real estate or portion of the real estate is not used for the Project, the City shall repay to the TWDB the full amount of the Principal Forgiveness Funds for purchase of the real estate that is not used for the Project. Such amount shall be due and payable within 90 days after termination or expiration of this Agreement.

**6.05. REMEDIES.**

- A. The City shall have all remedies available in law or equity.
- B. The TWDB shall have all remedies available in law or equity, including remedies available under Texas Water Code §§ 6.114 and 6.115.

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**ARTICLE VII. GENERAL TERMS AND CONDITIONS**

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**7.01. INSURANCE AND INDEMNIFICATION.**

- A. The City shall at all times keep insured with a responsible insurance company or companies such portions of the Project as are customarily insured by political subdivisions in the State that operate like properties in similar locations under similar circumstances. The City shall insure against risks, accidents, casualties, or loss in an amount that is customarily carried by such municipalities and political subdivisions and is at least sufficient to protect the TWDB's interest in the Project.

- B. The City is solely responsible for liability resulting from acts or omissions of the City, its employees, contractors, or agents. The City shall indemnify and hold the TWDB and the State harmless, to the extent that the City may do so in accordance with State law.
- C. Principal Forgiveness proceeds shall not be used by the City when sampling, testing, removing, or disposing of contaminated soils and/or media at the Project site. The City 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/or disposition of any contaminated sewage sludge, contaminated sediments, and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law.

**7.02. PERMITS.** The City shall be responsible for timely filing applications for all licenses, permits, registrations and other authorizations that the City has identified in the application for financial assistance as required for the planning, acquisition, design, and construction of the Project. The City shall submit copies of all these final licenses, permits, registrations and other authorizations issued by local, state, and federal agencies to the TWDB within thirty (30) days of receipt from the issuing agency.

**7.03. RECORDS.** The City shall comply with all terms and conditions relating to records of the Project as follows:

- A. Duty to Maintain Records. The City shall maintain financial accounting records relating to the Project in accordance with Generally Accepted Accounting Principles. The City shall also require its contractors to maintain financial accounting records consistent with Generally Accepted Accounting Principles and with State laws applicable to government accounting. All accounting and other financial documentation shall be accurate, current, and shall reflect recordation of the transactions at or about the time the transactions occurred;
  - 1. Single Audit Act, 31 U.S.C. §§ 7501 - 7507. The City shall comply with the Single Audit Act and with Office of Management and Budget (OMB) Circular A-133, ensuring an audit is conducted in accordance with OMB Circulars.
  - 2. Green Projects. If all or part of the Project is designated as a Green Project, then the City shall maintain separate tracking of the expenses related to that Project or portion of the Project that has been designated as an approved Green Project.

- B. Duty to Retain Records. The City shall retain all financial records and supporting documents and any other documents pertinent to the Project in accordance with the requirements of 31 Tex. Admin. Code § 371.86, relating to Records Retention. The TWDB requires the City to retain all records related to this Agreement for a period of three (3) years after the Obligations are paid in full.
- C. Public Records. The City understands and agrees that all documents relating to this Agreement are subject to the Public Information Act, Texas Government Code, Chapter 552, and that such documents may not be withheld from public disclosure, except in accordance with law and with the rulings of the Texas Attorney General. The City is required to make any information created or exchanged pursuant to this Agreement, and not otherwise excepted from disclosure under the Texas Public Information Act, available in a format that is accessible by the public at no additional charge. The City shall promptly respond to a request by the TWDB for copies of any of the City's records related to this Agreement.
- D. Access to Records.
1. State Auditor. By executing this Agreement, the City accepts the authority of the Texas State Auditor's Office to conduct audits and investigations in connection with all Principal Forgiveness Funds received pursuant to this Agreement. The City shall comply with directives from the Texas State Auditor and shall cooperate in any such investigation or audit. The City agrees to provide the Texas State Auditor with access to any information the Texas State Auditor considers relevant to the investigation or audit. The City also agrees to include a provision in any contract or subcontract related to this Agreement that requires the contractor and the subcontractor to submit to audits and investigations by the Texas State Auditor's Office in connection with all Principal Forgiveness Funds received pursuant to the contract or subcontract.
  2. TWDB, EPA, and Comptroller General of the United States. The City agrees that the TWDB, the EPA, and the Comptroller General of the United States shall have full access to any books, documents, papers, and records which are related to the funds expended under this Agreement and that further these federal entities may audit, examine, copy excerpts, and make transcriptions of any such books, documents, papers, and records. The standards of administration, property management, audit procedures, procurement and financial management, and the records and facilities of the City and its contractors are subject to audit and inspection by the TWDB and by the EPA and by any other authorized state or federal entity. All books, documents, papers, and records of the City related to this Agreement shall be made available for audit, examination, excerption, and transcription by the staff of the TWDB within a reasonable time after a request from the TWDB. The City understands and agrees that the EPA's Regional Administrator may, after a thirty-day written notice, review any records the Regional Administrator

deems necessary to determine compliance with all requirements concerning the Principal Forgiveness Funds provided under this Agreement.

**7.04. UPDATING INFORMATION.** The City shall provide the TWDB with updated information, reports, statements, and certifications as requested by the Executive Administrator relating to the financial condition of the City or the Project and the use of Principal Forgiveness Funds. The City shall promptly notify the TWDB of any material change in the activities, prospects or conditions of the City relating to the Project, or its ability to observe and perform its duties, covenants, obligations, and agreements under this Principal Forgiveness Agreement.

**7.05. FORCE MAJEURE.** Unless otherwise provided, neither the City nor the TWDB nor any agency of the State shall be liable to the other for any delay in or failure of performance of a requirement contained in this Agreement caused by *Force Majeure*. The existence of such causes of delay or failure shall extend the period of performance until after the causes of delay or failure have been removed provided the non-performing Party exercises all reasonable due diligence to perform. Each Party must inform the other in writing with proof of receipt within five (5) business days of the existence of such *Force Majeure* or otherwise waive this right as a defense.

**7.06. NON-ASSIGNABILITY.** The terms and conditions of the financial assistance provided by this Agreement may not be assigned, transferred, or subcontracted in any manner without the express written consent of the TWDB.

**7.07. ENTIRE AGREEMENT AND AMENDMENT.** This Agreement, which incorporates all attached Exhibits, constitutes the entire agreement between the Parties. This Agreement may be amended only in writing signed by the Parties. The changes allowed under Section 4.01 do not require an amendment to this Agreement unless a change to the Project Schedule, **EXHIBIT E** or the Project Budget, **EXHIBIT F**, results in a different project completion date or total budget amount.

**7.08. NO WAIVER.** The failure of any Party to insist upon the strict performance of any of the terms, provisions, or conditions of this Agreement shall not be construed as a waiver or relinquishment for the future of the strict performance of any such term, provision, or condition or any other term, provision, or condition.

**7.09. NO DEBT CREATED.** Each Party agrees and understands that, by this Agreement, the State, acting through the TWDB, is not lending its credit or in any manner creating a debt on behalf of the State. To the extent that the City is not securing the Obligations with ad valorem taxes, each Party agrees and understands that, pursuant to this Agreement, the City is not lending its credit or in any other manner creating a debt on behalf of the City.

**7.10. LAW AND VENUE.** The validity, operation, and performance of this Agreement shall be governed and controlled by the laws of the State of Texas and applicable federal regulations, and the terms and conditions of this Agreement shall be construed and

interpreted in accordance with the laws of the State. The Parties understand and agree that this Agreement is for the provision of financial assistance for the planning, design, acquisition and construction of the Project and as such all or part of the performance of the terms and obligations of the Agreement will be performed in McLennan County, Texas. Notwithstanding the location of the Project, the Parties understand and agree that any proceeding brought for any breach of this Agreement involving the TWDB shall be in Travis County, Texas. This section does not waive the sovereign immunity of the State or the TWDB.

**7.11. NOTICES.** All notices, notifications, or requests required or permitted by this Agreement shall be in writing and shall be transmitted by personal delivery or transmitted by United States certified mail, return receipt requested, postage prepaid, to the addresses of the Parties shown below. Notice shall be effective when received by the Party to whom notice is sent.

Texas Water Development Board  
Attn: Executive Administrator  
Physical Address:  
1700 N. Congress Ave., 6<sup>th</sup> Floor  
Austin, Texas 78701-1496  
Mailing Address:  
P.O. Box 13231  
Austin, Texas 78711-3231

City of Riesel  
Attn: City Secretary  
Physical Address:  
104 North Highway 6  
Riesel, Texas 76682-0000  
Mailing Address:  
104 North Highway 6  
Riesel, Texas 76682-0000

**7.12. TERM.** This Agreement is effective on the date signed by the Executive Administrator. The Agreement shall expire upon the successful completion of the Project and Final Accounting in accordance with Section 5.04 of this Agreement.

[remainder of page left intentionally blank]

**TEXAS WATER DEVELOPMENT BOARD**

*Jeff Walker*

---

Jeff Walker, Executive Administrator

Date: 6/4/2021

**CITY OF RIESEL**

*Kevin Hogg*

\_\_\_\_\_  
Kevin Hogg, Mayor

6/4/2021  
Date: \_\_\_\_\_



**EXHIBIT A**  
TWDB Resolution No. 21-003

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF  
\$5,860,000 TO THE CITY OF RIESEL  
FROM THE DRINKING WATER STATE REVOLVING FUND  
THROUGH THE PROPOSED PURCHASE OF  
\$5,360,000 CITY OF RIESEL, TEXAS COMBINATION TAX AND SURPLUS REVENUE  
CERTIFICATES OF OBLIGATION, PROPOSED TAXABLE SERIES 2021  
AND  
\$500,000 IN PRINCIPAL FORGIVENESS**

**(21-003)**

WHEREAS, the City of Riesel (City), located in McLennan County, has filed an application for financial assistance in the amount of \$5,860,000 from the Drinking Water State Revolving Fund (DWSRF) to finance the planning, acquisition, design, and construction of certain water system improvements identified as Project No. 62896; and

WHEREAS, the City seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$5,360,000 City of Riesel, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2021 (together with all authorizing documents (Obligations)), and the execution of a Principal Forgiveness Agreement in an amount of \$500,000, all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the City has offered a pledge of ad valorem taxes and the City's surplus solid waste revenues as sufficient security for the repayment of the Obligations; and

WHEREAS, the commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 371.13; and

WHEREAS, the City is requesting a waiver of the requirement that the project be addressed in a manner that is consistent with the state and regional water plans because the water source to be used for the proposed project differs with the 2016 Region G Regional Water Plan and the 2017 State Water Plan, the project has received the support of Regional Water Planning Region G; and

WHEREAS, the TWDB hereby finds:

1. that the revenue and/or taxes pledged by the City will be sufficient to meet all the Obligations assumed by the City, in accordance with Texas Water Code § 15.607;
2. that the application and assistance applied for meet the requirements of the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.* as well as state law, in accordance with Texas Water Code § 15.607;

3. that the City has adopted and implemented a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporate practices, techniques, or technology prescribed by the Texas Water Code and TWDB's rules;
4. that the TWDB has approved a regional water plan for the region of the state that includes the area benefiting from the project and the needs to be addressed by the project will be addressed in a manner that is consistent with the approved regional and state water plans, as required by Texas Water Code § 16.053(j);
5. that a current water audit required by Texas Water Code § 16.0121 and 31 TAC § 358.6 has been completed by the City and filed with the TWDB in accordance with Texas Water Code § 16.053(j);
6. only that the conditions, as described above, warrant a waiver of the requirements that the TWDB determine that the needs to be addressed by the project will be addressed in a manner that is consistent with the State Water Plan, and with the approved Regional Water Plan that includes the area that will benefit from the proposed project; and
7. that the project qualifies as an Urgent Need project in accordance with the applicable Intended Use Plan and 31 TAC § 371.21(f) and is eligible for principal forgiveness in the amount of \$500,000 and the project is eligible for funding with an interest rate of zero percent (0%) in an amount, including the origination fee, not to exceed \$5,360,000.

NOW, THEREFORE, based on these findings, the TWDB resolves as follows:

1. For the reasons stated above, the TWDB hereby waives the requirements of Texas Water Code § 16.053(j), pursuant to Texas Water Code § 16.053(k); and
2. a commitment is made by the TWDB to the City of Riesel for financial assistance in the amount of \$5,860,000 from the Drinking Water State Revolving Fund through the TWDB's proposed purchase of \$5,360,000 City of Riesel, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2021, and the execution of a Principal Forgiveness Agreement in the amount of \$500,000. This commitment will expire on July 31, 2021.

Such commitment is conditioned as follows:

#### Standard Conditions

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;

2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that all of the requirements of the laws under which said Obligations were issued have been complied with; that said Obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said Obligations are valid and binding obligations of the City;
3. this commitment is contingent upon the City's compliance with all applicable requirements contained in 31 TAC Chapter 371;
4. the Obligations must provide that the City agrees to comply with all of the conditions set forth in the TWDB Resolution, which conditions are incorporated herein;
5. the Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after the first interest payment date which is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;
6. the City, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the City's Obligations or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the City's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the City is an obligated person with respect to such bonds under SEC Rule 15c2-12;
7. the Obligations must contain a provision requiring the City to levy a tax and/or maintain and collect sufficient rates and charges, as applicable, to produce system funds in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Obligations;
8. the Obligations must include a provision requiring the City to use any loan proceeds from the Obligations that are determined to be remaining unused funds, which are those funds unspent after the original approved project is completed, for enhancements to the original project that are explicitly approved by the Executive Administrator or, if no enhancements are authorized by the Executive Administrator, requiring the City to submit a final accounting and disposition of any unused funds;

9. the Obligations must include a provision requiring the City to use any loan proceeds from the Obligations that are determined to be surplus funds remaining after completion of the project and completion of a final accounting in a manner as approved by the Executive Administrator;
10. the Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
11. loan proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257;
12. loan proceeds shall not be used by the City when sampling, testing, removing, or disposing of contaminated soils and/or media at the project site. The Obligations shall include an environmental indemnification provision wherein the City 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 City, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;
13. prior to closing, the City shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges and/or the levy of an interest and sinking tax rate (if applicable) sufficient for the repayment of all system debt service requirements;
14. prior to closing, and if not previously provided with the application, the City shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel contracts, for the project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator;
15. prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the City shall execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
16. the Executive Administrator may require that the City execute a separate financing agreement in form and substance acceptable to the Executive Administrator;

17. the TWDB retains the option to purchase the Obligations in separate lots and/or on an installment basis, with delivery of the purchase price for each installment to be paid against delivery of the relevant installment of Obligations as approved by the Executive Administrator;
18. the Obligations must provide that the City will comply with all applicable TWDB laws and rules related to the use of the financial assistance;
19. the Obligations must provide that the City must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources;
20. the Obligations must contain a provision requiring the City to maintain insurance coverage sufficient to protect the TWDB's interest in the project;

**State Revolving Fund Conditions**

21. the City shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
22. the Obligations must include a provision stating that all laborers and mechanics employed by contractors and subcontractors for projects 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 City, all contractors, and all sub-contractors shall ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with financial assistance made available as provided herein shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB;
23. the Obligations must include a provision stating that the City 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 City 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 Obligations are outstanding;
24. the Obligations shall provide that all loan proceeds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and also shall provide that the City will adhere to the approved project schedule;

25. the Obligations and Principal Forgiveness Agreement must contain a covenant that the City 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 31 TAC § 371.4 and related State Revolving Fund Policy Guidelines;

Drinking Water State Revolving Fund Conditions

26. the City shall pay at closing an origination fee approved by the Executive Administrator of the TWDB pursuant to 31 TAC Chapter 371;
27. prior to closing, the Texas Commission on Environmental Quality, must make a determination, the form and substance of which is satisfactory to the Executive Administrator, that the City has demonstrated the necessary financial, managerial, and technical capabilities to proceed with the project or projects to be funded with the proceeds of these Obligations;
28. prior to the release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the City must provide documentation that it has met all applicable state procurement requirements as well as all federal procurement requirements under the Disadvantaged Business Enterprises program;

Pledge Conditions for the Loan

29. the Obligations must contain a provision that provides as follows:
  - a. if system revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied and collected may be reduced to the extent and by the amount of revenues then on deposit in the Interest and Sinking Fund; or
  - b. if surplus revenues are based upon budgeted amounts:
    - i. the Obligations must include a requirement that the City transfer and deposit in the Interest and Sinking Fund each month an amount of not less than 1/12th of the annual debt service on the Obligations until the amount on deposit in the Interest and Sinking Fund equals the amount required for annual debt service on the Obligations; further, that the ordinance authorizing the issuance of the Obligations must include a requirement that the City shall not transfer any funds from the City's pledged system revenues to any fund other than the Interest and Sinking Fund until such time as an amount equal to the annual debt service on the Obligations for the then-current fiscal year has been deposited in the Interest and Sinking Fund;

- ii. the Obligations must include a requirement that for each year the Obligations are outstanding, and prior to the time taxes are to be levied for such year, the City shall establish, adopt, and maintain an annual budget that provides for either the monthly deposit of sufficient surplus pledged revenues and/or tax revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, or a combination thereof, into the Interest and Sinking Fund for the repayment of the Obligations; and
- iii. the Obligations must include a requirement that the City shall at all times maintain and collect sufficient rates and charges in conjunction with any other legally available funds so that after payment of the costs of operating and maintaining the system, it produces revenues in an amount not less than 1.10 times debt service requirements of all outstanding Obligations of the City and other obligations of the City which are secured in whole or in part by the pledged revenues, for which the City is budgeting the repayment of such Obligations, or the City shall provide documentation which evidences the levy and collection of an ad valorem tax rate dedicated to the Interest and Sinking Fund, in conjunction with any other legally available funds, sufficient for the repayment of debt service requirements.

PROVIDED, however, the commitment is subject to the following special conditions:

Special Conditions:

- 30. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, or economic investigation, studies, surveys, or designs for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must either issue a written finding that the City has the right to use the water that the project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction;
- 31. prior to the release of construction funds for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the City has the right to use the water that the project financed by the TWDB will provide;
- 32. prior to closing, the City shall execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator;
- 33. the Principal Forgiveness Agreement must include a provision stating that the City shall return any principal forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator;



34. prior to the release of funds, the City shall provide a schedule of the useful life of the project components prepared by an engineer as well as a certification by the applicant that the average weighted maturity of the obligations purchased by the TWDB does not exceed 120% of the average estimated useful life of the project, as determined by the schedule; and
35. prior to closing, the City will provide documentation sufficient to the Executive Administrator demonstrating that the revenues pledged to the repayment of the Obligations will be identified in the City's Fiscal Year 2021 Certified Annual Financial Report, such accounting to be maintained as long as the TWDB is the holder of the Obligations.

APPROVED and ordered of record this 19th day of January 2021.



TEXAS WATER DEVELOPMENT BOARD

A handwritten signature in blue ink, appearing to read "P. Lake", is written over a horizontal line.

Peter M. Lake, Chairman

DATE SIGNED: 1/19/21

ATTEST:

A handwritten signature in blue ink, appearing to read "Jeff Walker", is written over a horizontal line.

Jeff Walker, Executive Administrator

**EXHIBIT B**  
City of Riesel's Resolution

RESOLUTION NO. 2021-5-11F

A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF A PRINCIPAL FORGIVENESS AGREEMENT BETWEEN THE TEXAS WATER DEVELOPMENT BOARD AND THE CITY OF RIESEL, TEXAS, AND AN ESCROW AGREEMENT RELATING THERETO.

WHEREAS, the Texas Water Development Board (the “TWDB”) adopted Resolution No. 21-003 on January 19, 2021 (the “TWDB Resolution”) making a commitment to provide financial assistance to the City of Riesel, Texas, (the “City”) in the amount of \$5,860,000 from the Clean Water State Revolving Fund to finance water and wastewater system improvements; and

WHEREAS, in connection with such commitment, the TWDB determined that the City qualifies for a subsidy as a disadvantaged community and agreed, pursuant to the TWDB Resolution, to provide a loan in the amount of \$5,860,000 to the City (evidenced by the issuance of \$5,360,000 “City of Riesel, Texas, Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021” authorized pursuant to an ordinance adopted on the date hereof) and further agreed that \$500,000 will be forgiven upon execution of a Principal Forgiveness Agreement; and

WHEREAS, the City Council hereby finds and determines that (1) the Principal Forgiveness Agreement between the City and the TWDB substantially in the form and content of Exhibit A attached hereto and (2) the Escrow Agreement substantially in the form and content of Exhibit B attached hereto should be approved and authorized to be executed.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RIESEL, TEXAS, THAT:

**Section 1.** The findings and determinations set forth in the preambles hereto are hereby incorporated by reference for all purposes.

**Section 2.** The form of Principal Forgiveness Agreement between the TWDB and the City attached hereto as Exhibit A and incorporated herein for all purposes is hereby approved for and on behalf of the City as to form and content, and such agreement in substantially the form and substance attached hereto, together with such changes or revisions as the Mayor and/or the City Secretary may deem necessary to accomplish the financing contemplated, is hereby authorized to be executed by the Mayor for and on behalf of the City and as the act and deed of this City Council; and such Principal Forgiveness Agreement as executed by such officials shall be deemed approved by this City Council and constitute the agreement herein approved.

**Section 3.** Upon receipt, the principal forgiveness proceeds shall be deposited in an account to be maintained by The Bank of New York Mellon Trust Company, N.A. (the “Escrow Agent”) and held in escrow pending written authorization to release such moneys. The Escrow Agreement between the Escrow Agent and the City attached hereto as Exhibit B and incorporated herein for all purposes is hereby approved for and on behalf of the City as to form and content, and such agreement in substantially the form and substance attached hereto, together with such changes or revisions as the Mayor and/or City Secretary may deem necessary to accomplish the financing contemplated, is hereby authorized to be executed by the Mayor for and on behalf of the

City and as the act and deed of this City Council; and such Escrow Agreement as executed by such officials shall be deemed approved by this City Council and constitute the Escrow Agreement herein approved.

**Section 4.** The City Council hereby authorizes the execution and delivery of any and all other documents related to the Principal Forgiveness Agreement including any required documents, instruments or certificates related to obtaining the principal forgiveness.

**Section 5.** It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

**Section 6.** This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

*(Signature page follows.)*

ADOPTED THIS 11<sup>th</sup> day of May, 2021, by the City Council of the City of Riesel, Texas.

CITY OF RIESEL, TEXAS

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Secretary

## **EXHIBIT C**

### **List of Federal Laws and Authorities (Cross-Cutters)**

The basic rules for complying with cross-cutting federal authorities are set-out in the CWSRF regulations at 40 C.F.R. § 35.3145 and in the DWSRF regulations at 40 C.F.R. § 35.3575. A list of and link to these authorities is provided below and also available from the Environmental Protection Agency (EPA) at: [http://water.epa.gov/grants\\_funding/dwsrf/xcuts.cfm](http://water.epa.gov/grants_funding/dwsrf/xcuts.cfm). A handbook on the applicability of the cross-cutting federal authorities is available from EPA at <http://www.epa.gov/owm/cwfinance/cwsrf/enhance/DocFiles/Other%20Docs/CrosscutterHandbook.pdf>.

#### **Environmental Authorities**

- Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended
- Clean Air Act, Pub. L. 84-159, as amended
- Coastal Barrier Resources Act, Pub. L. 97-348
- Coastal Zone Management Act, Pub. L. 92-583, as amended
- Endangered Species Act, Pub. L. 93-205, as amended
- Environmental Justice, Executive Order 12898
- Floodplain Management, Executive Order 11988 as amended by Executive Order 12148
- Protection of Wetlands, Executive Order 11990
- Farmland Protection Policy Act, Pub. L. 97-98
- Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- National Historic Preservation Act of 1966, PL 89-665, as amended
- Safe Drinking Water Act, Pub. L. 93-523, as amended
- Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

#### **Economic and Miscellaneous Authorities**

- Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended, Executive Order 12372
- Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans
- Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended
- Debarment and Suspension, Executive Order 12549

#### **Social Policy Authorities**

- Age Discrimination Act of 1975, Pub. L. 94-135
- Title VI of the Civil Rights Act of 1964, Pub. L. 88-352 (2)
- Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)
- Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)
- Employment Opportunity, Executive Order 11246
- Women's and Minority Business Enterprise, Executive Orders 11625, 12138 and 12432

- Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590

**The Civil Rights Act and related anti-discrimination statutes apply to all the operations of the SRF program.**

## **EXHIBIT D**

### **Davis-Bacon Contract and Subcontract Provisions**

#### **(a) GENERAL CONTRACT AND SUBCONTRACT PROVISIONS.**

The subrecipient(s) shall insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in 29 CFR § 5.1 and the Consolidated Appropriations Act, 2016 (or subsequent federal law), the following clauses:

#### **(1) Minimum Wages**

(i) All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics.

Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(iv) of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in 29 CFR § 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, that the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph (a)(1)(ii) of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.



Subrecipients may obtain wage determinations from the U.S. Department of Labor's web site, [www.dol.gov](http://www.dol.gov).

(ii)(A) The subrecipient(s), on behalf of EPA, shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The State award official shall approve a request for an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(2) The classification is utilized in the area by the construction industry; and

(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the subrecipient(s) agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), documentation of the action taken and the request, including the local wage determination shall be sent by the subrecipient (s) to the State award official. The State award official will transmit the request, to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210 and to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification request within 30 days of receipt and so advise the State award official or will notify the State award official within the 30-day period that additional time is necessary.

(C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the subrecipient(s) do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the award official shall refer the request and the local wage determination, including the views of all interested parties and the recommendation of the State award official, to the Administrator for determination. The request shall be sent to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt of the request and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(D) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs (a)(1)(ii)(B) or (C) of this section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account, assets for the meeting of obligations under the plan or program.

## **(2) Withholding**

The subrecipient(s), shall upon written request of the EPA Award Official or an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work, all or part of the wages required by the contract, the (Agency) may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

## **(3) Payrolls and basic records**

(i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected,

and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(A) The contractor shall submit weekly, for each week in which any contract work is performed, a copy of all payrolls to the subrecipient, that is, the entity that receives the subgrant or loan from the State capitalization grant recipient. Such documentation shall be available on request of the State recipient or EPA. As to each payroll copy received, the subrecipient shall provide written confirmation in a form satisfactory to the State indicating whether or not the project is in compliance with the requirements of 29 CFR 5.5(a)(1) based on the most recent payroll copies for the specified week. The payrolls shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on the weekly payrolls. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/whd/forms/wh347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker and shall provide them upon request to the subrecipient(s) for transmission to the State or EPA if requested by EPA, the State, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the subrecipient(s).

(B) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under § 5.5 (a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under § 5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph (a)(3)(ii)(B) of this section.

(D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the State, EPA or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency or State may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

#### **(4) Apprentices and trainees**

(i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or

subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) Equal employment opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR part 30.

**(5) Compliance with Copeland Act requirements**

The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.

**(6) Subcontracts.**

The contractor or subcontractor shall insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as the EPA determines may be appropriate, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

**(7) Contract termination; debarment.**

A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

**(8) Compliance with Davis-Bacon and Related Act requirements.**

All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.

**(9) Disputes concerning labor standards.**

Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and Subrecipient(s), State, EPA, the U.S. Department of Labor, or the employees or their representatives.

**(10) Certification of eligibility.**

(i) By entering into this contract, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

**b. CONTRACT PROVISIONS FOR CONTRACTS IN EXCESS OF \$100,000**

Contract Work Hours and Safety Standards Act. The subrecipient shall insert the following clauses set forth in paragraphs (a)(1), (2), (3), and (4) of this section in full in any contract in an amount in excess of \$100,000 and subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by Item 3, above or 29 CFR 4.6. As used in this paragraph, the terms laborers and mechanics include watchmen and guards.

**(1) Overtime requirements**

No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

**(2) Violation; liability for unpaid wages; liquidated damages.**

In the event of any violation of the clause set forth in paragraph (b)(1) of this section the contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (b)(1) of this section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (b)(1) of this section.

**(3) Withholding for unpaid wages and liquidated damages**

The subrecipient, upon written request of the EPA Award Official or an authorized representative of the Department of Labor, shall withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (b)(2) of this section.

#### **(4) Subcontracts**

The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (b)(1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (b)(1) through (4) of this section.

#### **(c) MAINTENANCE OF RECORDS**

In addition to the clauses contained in Section (a), above, in any contract subject only to the Contract Work Hours and Safety Standards Act and not to any of the other statutes cited in 29 CFR 5.1, the Subrecipient shall insert a clause requiring that the contractor or subcontractor shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three years from the completion of the contract for all laborers and mechanics, including guards and watchmen, working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Further, the Subrecipient shall insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the (write the name of agency) and the Department of Labor, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

#### **(d) COMPLIANCE VERIFICATION**

(1) The subrecipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The subrecipient must use Standard Form 1445 (SF 1445) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.

(2) The subrecipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract.<sup>1</sup> Subrecipients must conduct more frequent interviews if the initial interviews or other information indicated that there is a risk that the contractor or subcontractor is not complying with DB. Subrecipients shall immediately conduct interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence.

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<sup>1</sup> The provision that read “At a minimum, the subrecipient should conduct interviews with a representative group of covered employees within two weeks of each contractor or subcontractor’s submission of its initial weekly payroll data and two weeks prior to the estimated completion date for the contract or subcontract” was issued a waiver in EPA Class Deviation memo dated November 16, 2012.



(3) The subrecipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The subrecipient shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. Subrecipients must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. In addition, during the examinations the subrecipient shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.

(4) The subrecipient shall periodically review contractors and subcontractors use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.

(5) Subrecipients must immediately report potential violations of the DB prevailing wage requirements to the EPA Region 6 DB Coordinator, TWDB, and to the appropriate DOL Wage and Hour District Office listed at <http://www.dol.gov/whd/america2.htm>.

**EXHIBIT E**  
Project Schedule

**City of Riesel, Texas**  
**TWDB DWSRF (62896) Schedule**

<b>Project Task</b>	<b>Schedule Date</b>
Closing Date	6/17/2021
Engineering Feasibility Report Completion (End of Planning Phase)	9/30/2021
Design Phase Complete	8/31/2022
Start of Construction	1/1/2023
Construction Completion	6/29/2024

**EXHIBIT F**  
Project Budget



**Current Budget Detail**  
**Riesel**  
**62896 - Arsenic Reduction Project**

Budget Items	DWSRF L1001186	DWSRF LF1001210	Total
<b>Construction</b>			
Construction	\$3,574,395.00	\$0.00	\$3,574,395.00
<b>Subtotal for Construction</b>	<b>\$3,574,395.00</b>	<b>\$0.00</b>	<b>\$3,574,395.00</b>
<b>Basic Engineering Services</b>			
Construction Engineering	\$35,000.00	\$0.00	\$35,000.00
Design	\$0.00	\$344,000.00	\$344,000.00
Planning	\$0.00	\$87,000.00	\$87,000.00
<b>Subtotal for Basic Engineering Services</b>	<b>\$35,000.00</b>	<b>\$431,000.00</b>	<b>\$466,000.00</b>
<b>Special Services</b>			
Application	\$0.00	\$15,000.00	\$15,000.00
Environmental	\$84,000.00	\$0.00	\$84,000.00
Geotechnical	\$10,000.00	\$0.00	\$10,000.00
Inspection	\$0.00	\$0.00	\$0.00
O&M Manual	\$15,000.00	\$0.00	\$15,000.00
Permits	\$20,000.00	\$0.00	\$20,000.00
Project Management (by engineer)	\$40,000.00	\$0.00	\$40,000.00
Testing	\$6,000.00	\$0.00	\$6,000.00
Water Conservation Plan	\$0.00	\$4,000.00	\$4,000.00
Basic Engineering Other (Preliminary Engineering Report) (Basic Engineering Services)	\$0.00	\$30,000.00	\$30,000.00
Pilot Testing (Pilot Well)	\$30,000.00	\$0.00	\$30,000.00
Special Service Other (Asset Management Plan) (Special Services)	\$0.00	\$15,000.00	\$15,000.00
Special Service Other (Blending Study) (Special Services)	\$25,000.00	\$0.00	\$25,000.00
Special Service Other (Geological Study) (Special Services)	\$0.00	\$5,000.00	\$5,000.00
Special Service Other (Resident Project Rep) (Special Services)	\$72,000.00	\$0.00	\$72,000.00
Special Service Other (ROW Agent) (Special Services)	\$75,000.00	\$0.00	\$75,000.00
Special Service Other (Subsurface Utility Engineering- SUE) (Special Services)	\$20,000.00	\$0.00	\$20,000.00
Surveying (Design & Construction)	\$75,000.00	\$0.00	\$75,000.00
Surveying (Easements)	\$111,000.00	\$0.00	\$111,000.00
<b>Subtotal for Special Services</b>	<b>\$583,000.00</b>	<b>\$69,000.00</b>	<b>\$652,000.00</b>
<b>Fiscal Services</b>			
Bond Counsel	\$65,000.00	\$0.00	\$65,000.00
Financial Advisor	\$57,000.00	\$0.00	\$57,000.00
Issuance Costs	\$35,000.00	\$0.00	\$35,000.00
Loan Origination Fee	\$105,098.00	\$0.00	\$105,098.00
<b>Subtotal for Fiscal Services</b>	<b>\$262,098.00</b>	<b>\$0.00</b>	<b>\$262,098.00</b>
<b>Other</b>			
Land/Easements Acquisition	\$120,000.00	\$0.00	\$120,000.00
<b>Subtotal for Other</b>	<b>\$120,000.00</b>	<b>\$0.00</b>	<b>\$120,000.00</b>
<b>Contingency</b>			
Contingency	\$785,507.00	\$0.00	\$785,507.00
<b>Subtotal for Contingency</b>	<b>\$785,507.00</b>	<b>\$0.00</b>	<b>\$785,507.00</b>
<b>Total</b>	<b>\$5,360,000.00</b>	<b>\$500,000.00</b>	<b>\$5,860,000.00</b>

**EXHIBIT G**  
Escrow Agreement

## **ESCROW AGREEMENT**

THIS ESCROW AGREEMENT (Agreement), dated as of May 11, 2021, made by and between the City of Riesel, Texas, a political subdivision of the State of Texas in McLennan County, Texas (City), acting by and through the City Council of the City and The Bank of New York Mellon Trust Company, N.A., as Escrow Agent, together with any successor in such capacity;

### WITNISSETH:

WHEREAS, pursuant to an Ordinance adopted on May 11, 2021 (Ordinance), the City authorized the issuance of \$5,360,000 City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021, dated June 1, 2021 (Obligations) to obtain financial assistance from the Texas Water Development Board (TWDB) for the purpose of funding water system improvements (Project); and

WHEREAS, the TWDB determined that the City qualifies for principal forgiveness and agreed to provide additional financial assistance in the amount of \$500,000 that will be forgiven (Principal Forgiveness Amount); 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 and the principal forgiveness is the deposit of the proceeds of the Obligations and Principal Forgiveness Amount (collectively, the Proceeds) in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB (Executive Administrator) or another designated 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 and the Principal Forgiveness Amount, 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 L1001186 and LF1001210 shall be deposited to the credit of special escrow accounts or escrow subaccounts (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 “City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021, Texas Water Development Board L1001186 Escrow Account” (Obligations Escrow Account) and the “City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021, Texas Water Development Board LF1001210 Escrow Account” (Principal Forgiveness Escrow Account) 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 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 (PFIA). It is the City’s responsibility to direct the Escrow Agent to invest all Proceeds 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. 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, 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 the TWDB 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 Account, and investments of the Escrow Account 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 company or sells or transfers substantially all of its assets or corporate trust business, then the successor company shall be the successor Escrow Agent without the necessity of further action as long as the successor company 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, the City and the TWDB are as follows:

The Bank of New York Mellon Trust Company, N.A.  
601 Travis Street, Floor 16  
Houston, Texas 77002  
(512) 236-6518  
saul.e.ramirez@bnymellon.com

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

City Secretary  
City of Riesel, Texas  
104 N. Highway 6  
Riesel, Texas 76682

**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, 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: INDEMNIFICATION.** To the extent permitted by law, the City agrees to indemnify the Escrow Agent, its directors, officers and employees, and hold them harmless against any loss, liability or expense incurred without negligence or willful misconduct on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the

cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

**SECTION 20: RIGHTS AND PROTECTIONS.** No provisions of this Agreement shall require the Escrow Agent 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. The Escrow Agent 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. The Escrow Agent may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. The Escrow agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instruments, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

**SECTION 21: FAX/E-MAIL.** The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions (Instructions) given by any officer named on Exhibit B hereto (each, an Authorized Officers) and delivered using Electronic Means, as defined herein. The City shall provide to the Escrow Agent an incumbency certificate listing substitute or additional Authorized Officers who are authorized to provide such Instructions and containing specimen signatures of such Authorized Officers whenever a person is to be added or deleted from the listing. "Electronic Means" shall mean the following communications methods: email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder.

If the City elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance, upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees, to the extent permitted by law,; (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and

risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

**SECTION 22: ANTI-BOYCOTT VERIFICATION.** 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, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Escrow Agent understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

**SECTION 23: IRAN, SUDAN AND FOREIGN TERRORIST ORGANIZATIONS.** The Escrow Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and any other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

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

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Escrow Agent and each of its parent company, wholly- or majority-owned subsidiaries, and any 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 Escrow Agent understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

**SECTION 24: 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.

*(Signature pages follow)*

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

CITY OF RIESEL, TEXAS

By:

  
\_\_\_\_\_

Mayor

[SIGNATURE PAGE TO ESCROW AGREEMENT]

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Escrow Agent

By:   
Title: Vice President

[SIGNATURE PAGE TO ESCROW AGREEMENT]

**EXHIBIT A**  
Fee Schedule

BNY Mellon Corporate Trust  
Fee Schedule for City of Riesel, Combination Tax & Surplus Texas Certificates of Obligation, Series 2021

## Fee Schedule

Subject to the Terms and Disclosures below, upon appointment of The Bank of New York Mellon Trust Company, N.A. (“BNYM” or “us” or “affiliates” or “subsidiaries”) in the roles as outlined within this Fee Schedule (this “Fee Schedule”), City of Riesel, TX (“Client”) shall be responsible for the payment of the fees, expenses and charges as set forth herein. Fees are payable or accrue at the time of the execution of the governing documents (the “Transaction Documents”) in connection with the closing of the transaction (the “Transaction”) which is the subject of this Fee Schedule.

## General Fees

### Acceptance Fee

Waived

The Transaction Acceptance Fee is payable at the time of the execution of the governing documents in connection with the closing of the transaction which is the subject of this Agreement (the “**Transaction**”), and compensates BNYM for the following: review of all supporting documents, initial establishment of the required accounts and Know Your Client checks.

### Annual Paying Agent Fee

\$750 per series

An annual charge covering the normal paying agent duties related to account administration and bondholder services. Our pricing is based on the assumption that the bonds are DTC-eligible/book-entry only. If the bonds are certificated or physical, an additional \$1000 per year will be added to the Annual Paying Agent Administrative fee. This fee is payable annually, in advance.

### Annual Escrow Agent Fee

\$750 per account

The Annual Escrow Agent fee of \$750.00 per account is payable at closing and includes the review and execution of the Escrow Agreement and all documents submitted in support thereof, account set-up and covers the normal administrative functions of the escrow agent. Based on the information provided, we do not anticipate hiring counsel but reserve the right to do so if required.

## Activity Fees

### OTHER SERVICES/ACTIVITY CHARGES WILL BE CHARGED, IF APPLICABLE

Audit Confirmation	\$50 per audit
Trustee Reports/Statement	Included
Disbursements (check or wire)	\$25 per check or wire
Requisitions (check or wire)	\$25 per check or wire
Investment Transaction Fee	\$125 per occurrence
Reconciliation of not in bank assets, per account per month	\$75
Other	\$250 per SLGS Subscription (if applicable)

## Extraordinary Services/Miscellaneous Fees

The charges may be hourly or fixed for performing extraordinary or other services not contemplated at the time of the execution of the Transaction Documents or not specifically covered elsewhere in this schedule will be commensurate with the service to be provided and may be charged in BNY Mellon’s sole discretion. If it is contemplated that BNY Mellon hold/and or value collateral, additional acceptance, administration and counsel review fees will be applicable to the agreement governing such services. If the bonds are converted to certificated form, additional annual fees will be charged for any applicable tender agent and/or registrar/paying agent services. Additional information will be provided at such time. If all outstanding bonds of a series are defeased or redeemed, or BNY Mellon is removed as paying agent prior to the maturity of the bonds, a termination fee may be assessed at that time.

Miscellaneous fees and expenses may include, but are not necessarily limited to supplemental agreements, tender processing, the preparation and distribution of sinking fund redemption notices, optional redemptions, failed remarketing processing, preparation

### PRIVATE AND CONFIDENTIAL

The information contained within this Fee Schedule is the proprietary information of The Bank of New York Mellon and is confidential. Except as otherwise provided by law, this document, either in whole or in part, must not be reproduced or disclosed to others or used for purposes other than that for which it has been supplied without the prior written permission of The Bank of New York Mellon. Client shall not use BNY Mellon’s name or trademarks without its prior written permission.



**Exhibit B**

**Authorized Officers**


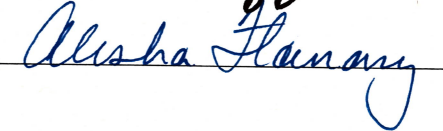
<u>Name</u>	<u>Signature</u>	<u>Office</u>
Kevin Hogg		Mayor
Alisha Flanary		City Secretary

Exhibit B

**ESCROW AGREEMENT**

# **ESCROW AGREEMENT**

THIS ESCROW AGREEMENT (Agreement), dated as of May 11, 2021, made by and between the City of Riesel, Texas, a political subdivision of the State of Texas in McLennan County, Texas (City), acting by and through the City Council of the City and The Bank of New York Mellon Trust Company, N.A., as Escrow Agent, together with any successor in such capacity;

WITNISSETH:

WHEREAS, pursuant to an Ordinance adopted on May 11, 2021 (Ordinance), the City authorized the issuance of \$5,360,000 City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021, dated June 1, 2021 (Obligations) to obtain financial assistance from the Texas Water Development Board (TWDB) for the purpose of funding water system improvements (Project); and

WHEREAS, the TWDB determined that the City qualifies for principal forgiveness and agreed to provide additional financial assistance in the amount of \$500,000 that will be forgiven (Principal Forgiveness Amount); 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 and the principal forgiveness is the deposit of the proceeds of the Obligations and Principal Forgiveness Amount (collectively, the Proceeds) in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB (Executive Administrator) or another designated 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 and the Principal Forgiveness Amount, 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 L1001186 and LF1001210 shall be deposited to the credit of special escrow accounts or escrow subaccounts (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 “City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021, Texas Water Development Board L1001186 Escrow Account” (Obligations Escrow Account) and the “City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021, Texas Water Development Board LF1001210 Escrow Account” (Principal Forgiveness Escrow Account) 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 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 (PFIA). It is the City’s responsibility to direct the Escrow Agent to invest all Proceeds 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. 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, 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 the TWDB 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 Account, and investments of the Escrow Account 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 company or sells or transfers substantially all of its assets or corporate trust business, then the successor company shall be the successor Escrow Agent without the necessity of further action as long as the successor company 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.

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City Secretary  
City of Riesel, Texas  
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risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

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<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Escrow Agent and each of its parent company, wholly- or majority-owned subsidiaries, and any 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 Escrow Agent understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

**SECTION 24: 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.

*(Signature pages follow)*



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

CITY OF RIESEL, TEXAS

By: \_\_\_\_\_  
Mayor

[SIGNATURE PAGE TO ESCROW AGREEMENT]

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Escrow Agent

By: \_\_\_\_\_

Title: \_\_\_\_\_

[SIGNATURE PAGE TO ESCROW AGREEMENT]

**EXHIBIT A**  
Fee Schedule

**Exhibit B**

**Authorized Officers**

Name

Signature

Office

Kevin Hogg

\_\_\_\_\_

Mayor

Alisha Flanary

\_\_\_\_\_

City Secretary



April 19, 2021

The Honorable Kevin Hogg  
City of Riesel  
P.O. Box 249  
Riesel, TX 76682

Re: Consent to Incur Additional Debt

Dear Mayor Hogg:

This will respond to the City's request for consent to incur additional debt in the amount of \$5,360,000 from the Texas Water Development Board to pay for water system improvements as part of the Riesel Area Arsenic Reduction project. This debt is to be secured by taxes and subordinate utility system revenues.

Consent is given along with the signed "Consent," and approval of the enclosed attached Form RD 465-1, "Application for Partial Release, Subordination, or Consent."

If you have any questions regarding this letter, please contact me at (254) 582-7328, extension 121, or at [terri.chenoweth@usda.gov](mailto:terri.chenoweth@usda.gov).

Sincerely,

A handwritten signature in blue ink that reads "Terri Chenoweth".

TERRI CHENOWETH  
Area Specialist

Attachments

Rural Development • Hillsboro Area Office  
1502 Hwy. 77 North - Hillsboro, Texas 76645  
Voice (254) 582-7328 Ext. 4 • Fax 1-844-496-7984

USDA is an equal opportunity provider, employer, and lender.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov).

CONSENT

The United States of America is the holder of all outstanding maturities of the City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation, Series 1999 (the "Series 1999 Certificates") and the City of Riesel, Texas Utility System Revenue Bonds, Series 2009 (the "Series 2009 Bonds"). Payment of the Series 1999 Certificates is secured by a pledge of the "surplus revenues of the City's Wastewater System after payment of all operating and maintenance expenses thereof." Payment of the Series 2009 Bonds is secured by the "Net Revenues of the City's combined Utility system."

The United States of America hereby consents to the issuance of the proposed City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021 in the aggregate principal amount of \$5,360,000 (the "Series 2021 Certificates"), and to the City's securing payment of the Series 2021 Certificates with a pledge of the ad valorem taxes of the City of Riesel, Texas (the "City") and the "Surplus Net Revenues of the City's water and wastewater system," such pledge to be subordinate to the pledge of revenues of the City's water and wastewater system securing the Series 1999 Certificates and the Series 2009 Bonds.

Defined terms as used herein shall have the meanings set forth in the respective ordinances authorizing the issuance of the Series 1999 Certificates, the Series 2009 Bonds, or the Series 2021 Certificates, respectively.

Signed this 19th day of April, 2021.

UNITED STATES OF AMERICA

By: *Terri Chenoweth*

Name: Terri Chenoweth

Title: Area Specialist

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL DEVELOPMENT  
FARM SERVICE AGENCY

STATE TEXAS
COUNTY McLENNAN
CASE NO 50-055-858240185

APPLICATION FOR PARTIAL RELEASE,  
SUBORDINATION, OR CONSENT

TYPE OF LOAN WWD
(SPECIFY)

The undersigned CITY OF RIESEL

(Names of Borrower and Co-Borrower)

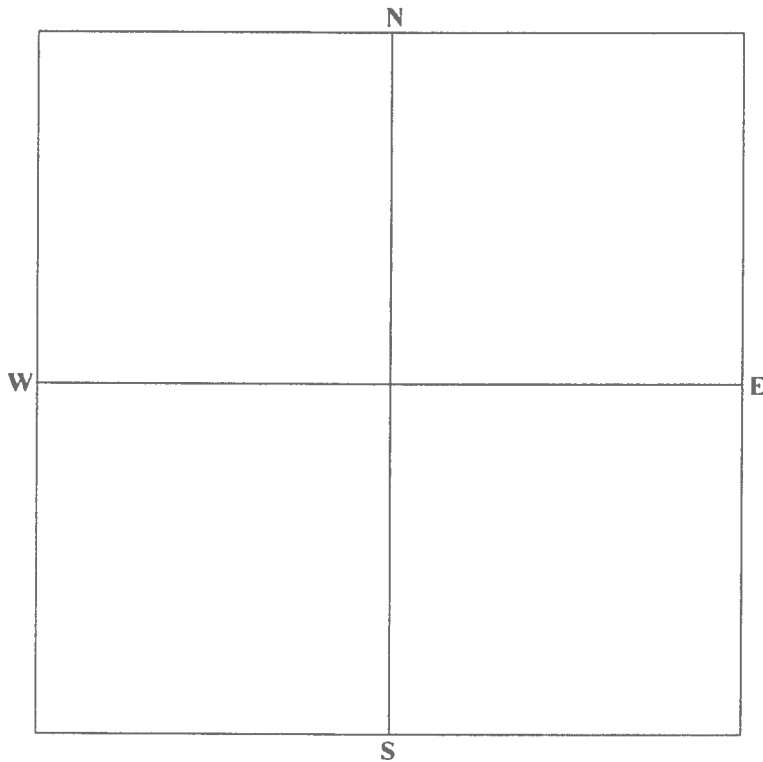
P.O. Box 249 Riesel, TX 76682

whose address (Including ZIP Code) is \_\_\_\_\_  
in accordance with the terms of the security instruments held by Rural Development or the Farm Service Agency (hereafter referred to as "Agency") on their property, apply for release or subordination of the liens of said security instruments or consent to the following transaction.

Incur additional debt from TWDB secured by taxes and subordinate utility system revenues

(Description)

1. Plot of Property:



2. Prior lienholders listed in order:

USDA Rural Development (United States of America)

3. The prior lien to which subordination is requested is to be held by:

USDA Rural Development (United States of America)

4. The property to be leased or conveyed to:

n/a

5. Description of property to be covered by the release, subordination, or consent:

n/a

6. The use to be made of the property covered by this application is:

n/a

7. The anticipated proceeds from this transaction are:

Initial payment \$ 5,360,000

Subsequent payment(s) \$ 0.00

Other considerations:

If the borrower obtains a loan from another lender as a result of any subordination covered by this application, the lender must incorporate in the borrower's note a statement that the loan will be in default should any proceeds of the loan funds obtained as a result of this subordination be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

8. Subject to the provisions of Paragraph 7 it is proposed to use the proceeds as follows:

Issuance of City of Riesel, Texas, Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021 for water system improvements

9. Have you or any member, stockholder, partner or joint operator of the entity borrower been convicted under Federal or State law of planting, cultivating, growing, producing, harvesting, or storing a controlled substance since December 23, 1985?

Yes  No

If yes, provide date of conviction and details on a separate sheet.

10. If this application is approved, the undersigned borrower(s) agree to comply with such terms as may be prescribed by Agency and to disposition of the proceeds as required by Agency pursuant to its regulations, including the method of applying payments to the borrower(s)' loan accounts. It is expressly understood that unless a separate written instrument of subordination or partial release is executed and delivered by Agency pursuant to this application, approval by Agency of this application will merely constitute and evidence its consent, as lienholder, to the proposed transaction without in any way subordinating its lien, releasing any of its security, modifying the payment terms of the loan, or otherwise affecting any rights of Agency.

The borrower(s) agrees that none of the funds obtained as a result of any subordination covered by this application will be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as explained in Exhibit M of Subpart G of Part 1940 of Title 7 of the Code of Federal Regulations.

Date 3-14-21

Signed Kens. Hogg - mayor (Borrower)

\_\_\_\_\_  
(Co-Borrower)



1. The proposed transaction:

- WILL  WILL NOT prevent or make more difficult the successful operation of this property.
- WILL  WILL NOT reduce the efficiency of the property.

2. The proposed transaction will affect the value of this property as security for the loan as follows:

Present Market Value

(a) Value of Real Estate Before	\$18,400.00
(b) Value of Real Estate After	\$18,400.00
(c) Value of Real Estate Disposed of	

3. The following  damages  benefits will result to this property from the transaction:

The Riesel Area Arsenic Reduction (RAAR) project will not negatively impact any of our facilities. This project will actually benefit these facilities by reducing the arsenic content of the existing well water through blending with a new water source. And, as an added benefit, the RAAR project will also reduce the amount of groundwater drawn from the wells (Riesel, RMS & MS wells), which will extend the life of that water source and reduce the amount pumping from our existing wells, which means less hours pumping, less wear and tear and will possibly extended life of these existing wells.

I hereby recommend that this application be approved and that the proceeds be applied or released as follows:

INITIAL PAYMENT

SUBSEQUENT PAYMENTS:

\$ _____	To extra payment on Agency loan	\$ _____	or	% To extra payment on Agency loan
\$ _____	To regular payment on Agency loan	\$ _____	or	% To regular payment on Agency loan
\$ _____	To borrower as regular income	\$ _____	or	% To borrower as regular income
\$ _____	To prior lien(s)	\$ _____	or	% To prior lien(s)
\$ _____	Other (specify)	\$ _____		Other (specify)

Date 3-30-2021

Recommended by

*Terri Chenoweth*

Terri Chenoweth  
Area Specialist

Date 04/17/21

Approved  Disapproved by

**MICHAEL  
CANALES**

Digitally signed by  
MICHAEL CANALES  
Date: 2021.04.17  
18:52:47 -05'00'

Community Programs Director

(Title)  
UNITED STATES DEPARTMENT OF AGRICULTURE

June 9, 2021

Texas Water Development Board  
1700 North Congress  
Austin, Texas 78701

Re: City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation,  
Taxable Series 2021 (the "Obligations")

Ladies and Gentlemen:

This letter is to provide affirmation that the surplus net revenues (the "Surplus Net Revenues") of the Water and Sewer System (the "System") of the City of Riesel, Texas (the "City") pledged to the repayment of the captioned Obligations will be identified in the Fiscal Year 2021 Certified Annual Financial Report for the City, such accounting to be maintained as long as the Texas Water Development Board is the holder of the Obligations.

Attached hereto as Exhibit A, please find financials provided by the City's financial advisor, showing the Surplus Net Revenues for Fiscal Year 2020.



CITY OF RIESEL, TEXAS

By: \_\_\_\_\_

*Alisha Flanary*  
City Secretary

**EXHIBIT A**

(See attached)

**CITY OF RIESEL, TEXAS**  
**General Fund**

	Fiscal Year Ended September,				
	2020	2019	2018	2017	2016
<b>Revenues</b>					
Real estate taxes	\$ 202,837	\$ 206,519	\$ 208,615	\$ 187,240	\$ 164,912
Sales and use taxes	124,377	105,469	88,392	95,817	89,300
Franchise fees	55,208	56,135	53,554	58,198	72,752
Other taxes	556,333	-	-	-	1,936
Fines and forfeitures	125,000	783,954	775,294	839,125	843,612
Investment income	908	9,383	-	-	17,241
Payment in lieu of taxes	7,324	125,000	125,000	125,000	125,000
Miscellaneous	5,792	11,544	11,520	5,539	10,432
Sale of assets / Grant	-	-	-	-	-
Total revenues	1,077,779	1,298,004	1,262,375	1,310,919	1,325,185
<b>Expenditures</b>					
Current operations:					
General government	193,056	355,494	249,051	247,871	219,860
Public safety and judicial	445,677	540,356	536,135	554,960	557,025
Highway and streets	182,425	194,758	101,240	115,769	62,697
Purchase of fixed assets	105,865	30,146	103,988	168,648	377,164
Debt service:					
Interest	-	-	-	-	-
Principal	-	-	-	-	-
Total expenditure	927,023	1,120,754	990,414	1,087,248	1,216,746
Excess (deficit) of revenues over expenditures	150,756	177,250	271,961	223,671	108,439
<b>Other financing sources (uses)</b>					
Transfers in / Proceeds from sale	-	-	-	8,500	-
Proceeds from legal settlement	-	445,000	-	-	-
Transfers out / Interest Income	-	-	-	6,139	-
Net change in fund balances	150,756	622,250	271,961	238,310	108,439
Fund balances at beginning of year	4,099,563	3,477,313	3,205,352	2,967,043	2,858,604
Prior period adjustment	-	-	-	-	-
Fund balances at end of year	\$ 4,250,319	\$ 4,099,563	\$ 3,477,313	\$ 3,205,353	\$ 2,967,043

**CITY OF RIESEL, TEXAS**  
**Proprietary Funds**

	Fiscal Year Ended September 30,				
	2020	2019	2018	2017	2016
<b>Operating Revenues</b>					
Charges for services	\$ 496,653	\$ 461,412	\$ 496,747	\$ 496,949	\$ 478,837
Payment in lieu of taxes	-	-	-	-	108,354
Trash revenue	102,595	102,663	113,553	115,119	114,211
Miscellaneous	24,296	19,246	10,645	32,437	19,869
Total operating revenues	623,544	583,321	620,945	644,505	721,271
<b>Operating Expenses</b>					
Personnel services	71,052	68,837	62,135	60,340	49,100
Contractual services	96,353	93,725	105,613	106,995	229,201
Water purchases	72,471	60,884	75,269	66,767	57,324
Repairs and maintenance	65,772	17,486	12,384	26,225	9,977
Other supplies and expenses	129,968	143,666	133,625	114,677	79,543
Depreciation	211,771	206,427	198,131	196,675	186,028
Total operating expenses	647,387	591,025	587,157	571,679	611,173
Operating Income (Loss)	(23,843)	(7,704)	33,788	72,826	110,098
<b>Nonoperating Revenues (Expenses)</b>					
Easement / Lawsuit Settlement	-	-	-	-	-
Grant	-	-	-	-	-
Interest and investment income	5,101	6,628	6,044	4,693	4,888
Miscellaneous revenue / Bond Fee	3,650	6,179	-	-	-
Interest expense	(42,176)	(46,144)	(47,833)	(50,120)	(52,163)
Total nonoperating revenue (expense)	(33,425)	(33,337)	(41,789)	(45,427)	(47,275)
Income (loss) before contributions and transfers	(57,268)	(41,041)	(8,001)	27,399	62,823
Capital Contributions					-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net assets	(57,268)	(41,041)	(8,001)	27,399	62,823
Total net assets - beginning *	3,585,248	3,626,289	3,636,526	3,609,127	3,789,225
Prior period adjustment	-	-	(2,236)		(242,920)
Total net assets - ending	\$ 3,527,980	\$ 3,585,248	\$ 3,626,289	\$ 3,636,526	\$ 3,609,128

\* Beginning net position changed per FYE 9.30.16 audit adjustment

**CITY OF RIESEL, TEXAS**  
**Water & Sewer System \* - Net Revenues**

---

	<b>Fiscal Year Ended September 30,</b>				
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Operating Revenues</b>					
Total operating revenues	\$ 623,544	\$ 583,321	\$ 620,945	\$ 644,505	\$ 721,271
<b>Operating Expenses</b>					
Total operating expenses	\$ 647,387	\$ 591,025	587,157	571,679	611,173
Net Revenues	\$ (23,843)	\$ (7,704)	33,788	72,826	110,098
<b>Non-Operating Revenues</b>					
Depreciation	211,771	206,427	198,131	196,675	186,028
Total non-operating revenue	211,771	206,427	198,131	196,675	186,028
Net Revenues available for other purposes	\$ 187,928	\$ 198,723	\$ 231,919	\$ 269,501	\$ 296,126

\* Note - This schedule includes both enterprise funds - water and sewer. Please see audits for breakdown of individual funds.

**City of Riesel, Texas**  
**Combination Tax and Revenue Certificates of Obligation, TOTAL PROJECT**  
**Proforma - 30 Year Amortization**

2020 Audited Proprietary Fund Oper Revs	\$ 623,544
2020 Audited Proprietary Fund Oper Exps	<u>435,616</u>
2020 Audited Proprietary Fund Net Revenues (a)	\$ 187,928
2020 Assessed Valuation	\$ 77,516,458
2020 M&O Tax Rate	\$ 0.2146
2020 I&S Tax Rate	<u>\$ 0.0725</u>
2020 Total Tax Rate	\$ 0.2870
Tax Collection Percentage	95%

Dated Date	6/1/2021
Delivery Date	6/17/2021
First Interest	-
First Principal	7/1/2023
Total Service Connections	679

FYE 9/30	Total Revenues Available						Less Existing Debt Service (b)	Net Revenues Avail for Other Purposes	Proposed New Debt Service			Actual Coverage
	Proprietary Fund Operating Revenues	Less Proprietary Fund Operating Expenses	Proprietary Fund Net Revenues (a)	I&S Tax Levy	MS WSC Contract Payments	Total			Principal	Interest	Total	
2021	\$ 623,544	\$ 435,616	\$ 187,928	\$ 53,360	\$ -	\$ 241,288	\$ 84,449	\$ 156,839	\$ -	\$ -	\$ -	-
2022	623,544	435,616	187,928	53,360	-	241,288	84,895	156,393	-	-	-	-
2023	623,544	435,616	187,928	53,360	44,000	285,288	83,273	202,015	185,000	-	185,000	1.09
2024	623,544	435,616	187,928	53,360	44,000	285,288	82,652	202,636	185,000	-	185,000	1.10
2025	623,544	435,616	187,928	53,360	44,000	285,288	81,962	203,326	185,000	-	185,000	1.10
2026	623,544	435,616	187,928	53,360	44,000	285,288	86,251	199,037	185,000	-	185,000	1.08
2027	623,544	435,616	187,928	53,360	44,000	285,288	86,323	198,965	185,000	-	185,000	1.08
2028	623,544	435,616	187,928	53,360	44,000	285,288	84,327	200,961	185,000	-	185,000	1.09
2029	623,544	435,616	187,928	53,360	44,000	285,288	59,310	225,978	185,000	-	185,000	1.22
2030	623,544	435,616	187,928	53,360	44,000	285,288	59,952	225,336	185,000	-	185,000	1.22
2031	623,544	435,616	187,928	53,360	44,000	285,288	59,526	225,762	185,000	-	185,000	1.22
2032	623,544	435,616	187,928	53,360	44,000	285,288	60,031	225,257	185,000	-	185,000	1.22
2033	623,544	435,616	187,928	53,360	44,000	285,288	59,469	225,819	185,000	-	185,000	1.22
2034	623,544	435,616	187,928	53,360	44,000	285,288	58,838	226,450	185,000	-	185,000	1.22
2035	623,544	435,616	187,928	53,360	44,000	285,288	59,166	226,122	185,000	-	185,000	1.22
2036	623,544	435,616	187,928	53,360	44,000	285,288	59,406	225,882	185,000	-	185,000	1.22
2037	623,544	435,616	187,928	53,360	44,000	285,288	59,577	225,711	185,000	-	185,000	1.22
2038	623,544	435,616	187,928	53,360	44,000	285,288	59,633	225,656	185,000	-	185,000	1.22
2039	623,544	435,616	187,928	53,360	44,000	285,288	59,599	225,689	185,000	-	185,000	1.22
2040	623,544	435,616	187,928	53,360	44,000	285,288	32,478	252,810	185,000	-	185,000	1.37
2041	623,544	435,616	187,928	53,360	44,000	285,288	32,549	252,739	185,000	-	185,000	1.37
2042	623,544	435,616	187,928	53,360	44,000	285,288	32,580	252,708	185,000	-	185,000	1.37
2043	623,544	435,616	187,928	53,360	44,000	285,288	32,569	252,719	185,000	-	185,000	1.37
2044	623,544	435,616	187,928	53,360	44,000	285,288	32,518	252,770	185,000	-	185,000	1.37
2045	623,544	435,616	187,928	53,360	44,000	285,288	32,424	252,864	185,000	-	185,000	1.37
2046	623,544	435,616	187,928	53,360	44,000	285,288	32,290	252,998	185,000	-	185,000	1.37
2047	623,544	435,616	187,928	53,360	44,000	285,288	32,114	253,174	185,000	-	185,000	1.37
2048	623,544	435,616	187,928	53,360	44,000	285,288	31,898	253,390	185,000	-	185,000	1.37
2049	623,544	435,616	187,928	53,360	44,000	285,288	31,639	253,649	185,000	-	185,000	1.37
2050	623,544	435,616	187,928	53,360	44,000	285,288	-	285,288	180,000	-	180,000	1.58
2051	623,544	435,616	187,928	53,360	44,000	285,288	-	285,288	185,000	-	185,000	1.54
<b>Total</b>							\$ 1,651,698	\$ 5,360,000	\$ -	\$ -	\$ 5,360,000	

(a) Expenses are net of depreciation.  
(b) Does not include any notes payable at the local bank or capital leases.  
(c) TWDB Board Action Letter 1.20.21 - Urgent Need \$500K and 0% Interest Loan  
Prepared 6.8.21

May 11, 2021

The Attorney General of Texas  
Public Finance Section  
William P. Clements Building, 7<sup>th</sup> Floor  
300 West 15th Street  
Austin, Texas 78701

The Comptroller of Public Accounts  
Public Finance Division  
111 East 17th Street  
Austin, Texas 78701

Re: City of Riesel, Texas Combination Tax and Revenue Certificates of Obligation,  
Taxable Series 2021 (the "Obligations")

Ladies and Gentlemen:

The captioned Obligations are being sent to the Office of the Attorney General, and it is requested that such office examine and approve the Obligations in accordance with law. After such approval, it is requested that the Attorney General deliver the Obligations to the Comptroller of Public Accounts for registration.

Enclosed with the Obligations is a signed but undated copy of the SIGNATURE IDENTIFICATION AND NO-LITIGATION CERTIFICATE (the "Certificate") relating to the Obligations. The Attorney General is hereby authorized and directed to date the Certificate concurrently with the date of approval of the Obligations. If any litigation or contest should develop pertaining to the Obligations or any other matters covered by said Certificate, the undersigned will notify the Attorney General thereof immediately by telephone. With this assurance the Attorney General can rely on the absence of any such litigation or contest, and on the veracity and currency of said Certificate, at the time the Attorney General approves the Obligations unless the Attorney General is notified otherwise as aforesaid.

The Comptroller is hereby requested to register the Obligations as required by law and the proceedings authorizing the Obligations. After such registration, the Comptroller is hereby authorized and directed to deliver the Obligations, together with three copies of each of the Attorney General's Approving Opinion and Comptroller's Certificate for the Obligations, to Taylor Raymond, Herrington & Sutcliffe LLP, 300 West 6<sup>th</sup> Street, Suite 1850, Austin, TX 78701.

CITY OF RIESEL, TEXAS

By:   
\_\_\_\_\_  
Mayor



**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
RIESEL, TEXAS EXPRESSING INTENT TO FINANCE  
EXPENDITURES TO BE INCURRED**

THE STATE OF TEXAS           §  
COUNTY OF MCLENNAN       §  
CITY OF RIESEL, TEXAS       §

WHEREAS, the City of Riesel, Texas (the “City”) is a municipal corporation organized under the laws of the State of Texas, authorized to finance its activities by issuing and incurring obligations (“Obligations”), which may include Obligations the interest on which is excludable from gross income for federal income tax purposes, pursuant to Section 103 of the Internal Revenue of 1986, as amended (the “Code”); and

WHEREAS, the City has made, within the last 60 days, and will continue to make payments with respect to the acquisition of the projects listed on Exhibit A attached hereto (the “Financed Facilities and Improvements”); and

WHEREAS, the City reasonably expects to issue Obligations to reimburse itself for the costs associated with the Financed Facilities and Improvements; and

WHEREAS, the City desires to reimburse itself for the costs associated with the Financed Facilities and Improvements from the proceeds of Obligations to be issued subsequent to the date hereof; and

NOW, THEREFORE, be it resolved that:

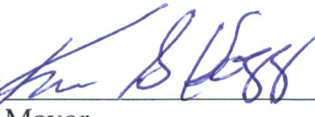
**Section 1.** The City hereby declares its intent to reimburse itself for all costs paid within the last 60 days and that will be paid subsequent to the date hereof in connection with the acquisition of the Financed Facilities and Improvements from the proceeds of Obligations to be issued subsequent to the date hereof.

**Section 2.** The City reasonably expects that the maximum principal amount of Obligations issued or incurred by the City to finance costs associated with the Financed Facilities and Improvements will not exceed \$1,145,000.

**Section 3.** This Resolution will be kept in the books and records maintained by the City with respect to the Obligations.

PASSED AND APPROVED this 16<sup>th</sup> day of June, 2020.

CITY OF RIESEL, TEXAS

By:   
Mayor

ATTEST:

  
City Secretary

(SEAL)



## EXHIBIT A

### Financed Facilities and Improvements

Item or Fund - - Described by Character, Type or Purpose

Designing, acquiring, purchasing, constructing, improving, renovating, enlarging and equipping property, buildings, structures, facilities and related infrastructure for the City's water and wastewater systems, including one or more new water wells and related pump stations.

**CLOSING MEMORANDUM**

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TO: Alisha Flanary, City of Riesel  
Kevin Hogg, City of Riesel  
Mike Dixon, City of Riesel  
Jerry Kyle, Orrick, Herrington & Sutcliffe LLP  
Taylor Raymond, Orrick, Herrington & Sutcliffe LLP  
Tony Corbett, McLean & Howard LLP  
Tom Barnett, Texas Water Development Board  
Lina Linehan, Texas Water Development Board  
Marcus Snell, Texas Water Development Board  
Marshall Walters, Texas Water Development Board  
Joe Reynolds, Texas Water Development Board  
Connie Townsend, Texas Water Development Board  
Mary Jo Wagener, The Bank of New York Mellon Trust Company, N.A.  
Saul Ramirez, The Bank of New York Mellon Trust Company, N.A.  
Seth Crone, The Bank of New York Mellon Trust Company, N.A.  
Terry Winn, CP&Y, Inc.  
Bob Wallace, CP&Y, Inc.  
Laura Dyer, CP&Y, Inc.  
Carolyn Stracik, CP&Y, Inc.

FROM: Ben J. Rosenberg

DATE: June 17, 2021

SUBJECT: City of Riesel City, Texas (the "City")  
\$5,360,000 Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021 (the  
"Certificates") Project No 62896, Loan L1001186  
\$500,000 Principal Forgiveness LF1001210

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Closing on the above captioned loan will be held on **Thursday, June 17, 2021** at 10:00 a.m. CDT. Please refer to the instructions below for closing instructions.

**Closing instructions – Sources of Funds**

Texas Water Development Board (the "TWDB") will wire transfer via federal wire transfer the following amount to The Bank of New York Mellon Trust Company, N.A. (the "Closing Bank") for further distribution.

Sources:	
Par Amount of Certificates	\$5,360,000.00
Principal Forgiveness	500,000.00
Less: TWDB Loan Origination Fee	(105,098.00)
Total Due from TWDB	<u>\$5,754,902.00</u>

**Instructions for purchase of Certificates:**

To: The Bank of New York Mellon  
ABA# 021000018  
ACCOUNT NUMBER 9811278400  
ACCOUNT NAME: RIESEL 2021 TWDB DS ACCT  
Attention: Saúl E. Ramirez (512) 236-6518

**Closing Instructions – Uses of Funds**

**Deposit to Project Escrow Loan Fund (L1001186)** **\$5,113,918.50**

ABA# 021000018  
ACCOUNT NUMBER 9811278400  
ACCOUNT NAME: RIESEL 2021 L1001186  
Attention: Saúl E. Ramirez (512) 236-6518

**Bond Counsel** **\$70,360.00\***  
**Orrick, Herrington & Sutcliffe LLP**

To: Wells Fargo  
420 Montgomery Street  
San Francisco, CA 94104  
Name on Account: Orrick Herrington & Sutcliffe LLP  
Bank Account No: 4123701088  
ABA Number: 121000248  
Reference: Client Number 44304.2/Invoice 1942525

\*Includes Attorney General Fee of \$5,360.00

**Municipal Advisor** **\$67,422.50**  
**US Capital Advisors**

To: Cadence Bank  
12183 MS Hwy 182  
Starkville, MS 39759  
ABA: 062206295  
*For Final Credit:*  
Cadence Customer USCA Municipal Advisors LLC  
4444 Westheimer, Suite G500  
Houston, Texas 77027  
Account Number: 5500083687  
Reference: City of Riesel, Texas  
Attention: Cody Henderson (713) 366-0577

**S&P CUSIP Global Services** **\$951.00**  
**CUSIPs**

Bank: Bank of America/Chicago, Illinois  
S&P Global Market Intelligence  
Account Number: 8188068164  
ABA Number: 0260-0959-3  
Swift Number: BOFAUS3N  
Reference: City of Riesel, Texas  
Invoice Number: 2400176489

**Paying Agent/Registrar** **\$2,250.00**  
**The Bank of New York Mellon Trust Company, N.A./Escrow Agent**

To: The Bank of New York Mellon  
ABA# 021000018  
ACCOUNT NUMBER 9811278400  
ACCOUNT NAME: RIESEL 2021  
Attention: Saúl E. Ramirez (512) 236-6518

**Deposit to Project Escrow Principal Forgiveness Fund (LF1001210)** **\$394,000.00**

ABA# 021000018  
ACCOUNT NUMBER 9811278400  
ACCOUNT NAME: RIESEL 2021 LF1001210  
Attention: Saúl E. Ramirez (512) 236-6518

**CP&Y, Inc.** **\$106,000.00**  
**(Paid from From LF1001210)**

To: Bank of America  
Routing Number: 111000025  
Bank Account No: 488025697599  
Attn: Patty Frevert 214-680-6565

**Distribution Summary**

**Sources**

Certificate Proceeds	\$5,254,902.00
Principal Forgiveness	<u>500,000.00</u>
Total	\$5,754,902.00

**Distributions**

Project Escrow Loan Fund – (L1001186)	\$5,113,918.50
Project Escrow Principal Forgiveness (LF1001210)	394,000.00
Bond Counsel – Orrick	70,360.00
Municipal Advisor – US Capital Advisors	67,422.50
S&P Global Market Intelligence	951.00
PAR/Escrow Agent – The Bank of New York Mellon Trust Co., N.A.	2,250.00
CP&Y, Inc. (From LF1001210)	<u>106,000.00</u>
Total	\$5,754,902.00