



**City of Granite Shoals, Texas
City Council Regular Called Meeting
Agenda Item Cover Memo
Date: June 23, 2020**

Agenda Item: IV. a. Ordinance #793 Water Bonds

Prepared/Submitted By: *Elaine Simpson for City Manager Jeff Looney*

AGENDA CAPTION

IV. a. Discuss, consider and possibly take action on first and final reading of proposed Ordinance # 793 Authorizing the Issuance of City of Granite Shoals, Texas General Obligation and Refunding Bonds, Series 2020; Authorizing the Levy of an Ad Valorem Tax in Support of the Bonds; Approving an Official Statement, a Purchase Agreement, an Escrow Agreement and a Paying Agent/Registrar Agreement; Calling Certain Obligations for Redemption and Authorizing Other Matters Related to the Bonds. (*City Manager Jeff Looney, Bond Counsel Richard Donoghue*)

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of August 1, 2020 (this "Agreement"), by and between the City of Granite Shoals, Texas (the "Issuer"), and UMB Bank, N.A., Austin, Texas, a banking corporation duly organized and existing under the laws of the United States of America (the "Bank").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its General Obligation and Refunding Bonds, Series 2020 in the aggregate principal amount of \$_____,000 (the "Securities"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Securities are scheduled to be delivered to the initial purchasers thereof on or about August 3, 2020; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on the Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

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

The Issuer hereby appoints the Bank as Registrar with respect to the Securities. As Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the "Ordinances."

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

Section 1.02. Compensation.

As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Schedule A attached hereto for the first year of this Agreement and thereafter the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for municipalities, which shall be supplied to the Issuer on or before 90 days prior to the close of the Fiscal Year of the Issuer, and shall be effective upon the first day of the following Fiscal Year.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE TWO **DEFINITIONS**

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Bank Office" means the designated office of the Bank as indicated on the signature page hereof, except that the payment and registration duties of the Bank will be performed from the Bank's designated office located in Dallas, Texas. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Financial Advisor" means RBC Capital Markets, LLC.

"Fiscal Year" means the fiscal year of the Issuer, ending September 30.

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

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

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Ordinances).

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Ordinances.

"Registered Owner" each means the Person in whose name a Security is registered in the Security Register.

"Ordinances" means the order, ordinance or resolution of the governing body of the Issuer pursuant to which the Securities are issued, certified by the City Clerk of the Issuer or any other officer of the Issuer and delivered to the Bank.

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

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Securities.

"Stated Maturity" means the date specified in the Ordinances on which the principal of a Security is scheduled to be due and payable.

Section 2.02. Other Definitions.

The terms "Bank," "Issuer," and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE THREE PAYING AGENT

Section 3.01. Duties of Paying Agent.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Security at its Stated Maturity or Redemption Date, to the Registered Owner upon surrender of the Security to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Registered Owner and preparing and sending checks by United States Mail, first class postage prepaid, on each payment date, to the Registered Owners of the Securities (or their Predecessor Securities) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable

to the Bank, requested in writing by the Registered Owner at the Registered Owner's risk and expense.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Ordinances.

Section 3.03 Reporting Requirements.

To the extent required by the Internal Revenue Code of 1986, and any regulations or rulings promulgated by the U.S. Department of the Treasury Regulations, the Bank shall report, or assure that a report is made to the Holders and the Internal Revenue Service, any amount of acquisition premium, interest paid on, original issue discount or adjusted basis of the Security.

**ARTICLE FOUR
REGISTRAR**

Section 4.01. Security Register - Transfers and Exchanges.

The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") for recording the names and addresses of the Registered Owners of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Registered Owners and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the Financial Industry Regulatory Authority, in form satisfactory to the Bank, duly executed by the Registered Owner thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Registered Owners thereof will be completed and new Securities delivered to the Registered Owner or the assignee of the Registered Owner in not more than three (3) business days after the receipt of the Securities to be canceled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Registered Owner, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. Certificates.

The Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03. Form of Security Register.

The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

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

Section 4.04. List of Registered Owners.

The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05. Return of Canceled Certificates.

The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06. Mutilated, Destroyed, Lost or Stolen Securities.

The Issuer hereby instructs the Bank, subject to the applicable provisions of the Ordinances, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

In case any Security shall be mutilated, or destroyed, lost or stolen, the Bank, in its discretion, may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed lost or stolen Security, only after (i) the filing by the Registered Owner thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Registered Owner of the Security mutilated, or destroyed, lost or stolen.

Section 4.07. Transaction Information to Issuer.

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

**ARTICLE FIVE
THE BANK**

Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

Section 5.02. Reliance on Documents, Etc.

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

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

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

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting

upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Registered Owner or an agent of the Registered Owner. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by Issuer.

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

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

(g) The Bank shall maintain a copy of the Bond Register within the State of Texas.

The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner described in any closing memorandum as prepared by the City, the City's Financial Advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum acknowledged by the City or its Financial Advisor or other agent as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with the instructions set forth in the closing memorandum.

Section 5.03. Recitals of Issuer.

The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Registered Owner or Registered Owners of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04. May Hold Securities.

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

Section 5.05. Moneys Held by Bank.

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

trust account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

Subject to the Unclaimed Property Law of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three years after the final maturity of the Security has become due and payable will be paid by the Bank to the Issuer if the Issuer so elects, and the Registered Owner of such Security shall hereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease. If the Issuer does not elect, the Bank is directed to report and dispose of the funds in compliance with Title Six of the Texas Property Code, as amended.

Section 5.06. Indemnification.

To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State Court located in the State of Texas and County where either the Bank Office or the administrative offices of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08. Depository Trust Company Services.

It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements," effective August 1, 1987, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE SIX
MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02. Assignment.

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

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

Section 6.04. Effect of Headings.

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

Section 6.05. Successors and Assigns.

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

Section 6.06. Severability.

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

Section 6.07. Benefits of Agreement.

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

Section 6.08. Entire Agreement.

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

Section 6.09. Counterparts.

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

Section 6.10. Termination.

This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Registered Owners thereof or (ii) may be earlier terminated by either party upon thirty (30) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Registered Owners of

the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

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

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

Section 6.11. Governing Law.

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

Section 6.12. No Boycott Israel.

The Paying 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 2270.002, 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 Paying Agent understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Paying Agent and exists to make a profit.

Section 6.13. No Terrorism.

The Paying Agent represents that neither it nor any of its parent company, wholly-or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, 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 Paying Agent and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be

excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Paying Agent understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Paying Agent and exists to make a profit.

Section 6.14. Interested Parties Form Exemption.

The Bank represents and warrants that it is exempt from the requirements of Section 2252.908 of the Texas Government Code, as amended, pursuant to subsection (c)(4) thereof, and, accordingly, the Bank is not required to file a Certificate of Interested Parties Form 1295 otherwise prescribed thereunder.

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

UMB BANK, N.A.

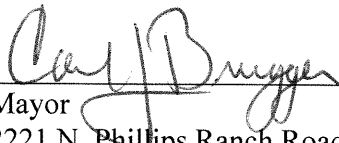
By: _____

Title: _____

Address:

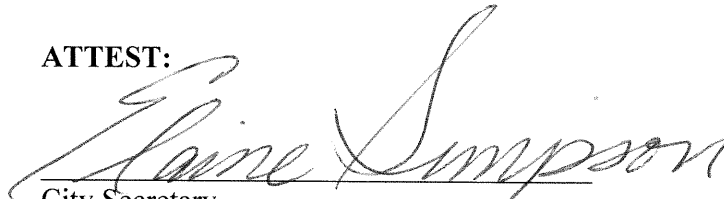
Corporate Trust and Escrow Group
6034 West Courtyard Drive, Suite 370
Austin, Texas 78730

CITY OF GRANITE SHOALS, TEXAS

By: 
Mayor
2221 N. Phillips Ranch Road
Granite Shoals, TX 78654

[CITY SEAL]

ATTEST:


City Secretary

SCHEDULE A

Paying Agent/Registrar Fee Schedule

793

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PROPOSITION A

"Shall the City Council of the City of Granite Shoals, Texas, be authorized to issue the bonds of the City, in one or more series or issues, in the aggregate principal amount of \$7,000,000 with the bonds of each such series or issues, respectively, to mature serially within not to exceed forty years from their date, and to be sold at such prices and bear interest at such rates, as shall be determined within the discretion of the City Council, in accordance with law at the time of issuance, for the purpose of constructing, improving, extending, expanding and/or upgrading the City's surface and ground water systems, including for improvements to the City's water treatment plant, a new elevated water storage tank and water line upgrades, including the purchase or acquisition of any necessary rights-of-way and easements, design costs and other related costs; and shall said City Council be authorized to levy and cause to be assessed and collected annual ad valorem taxes on all taxable property in the City in an amount sufficient to pay the annual interest on said bonds and provide a sinking fund to pay the bonds at maturity?"

WHEREAS, the City Council deems it to be in the best interest of the City to hereby issue the Bonds to utilize the full \$7,000,000 of the 2019 Election authorization with no bonds authorized but unissued from the 2019 Election to be remaining after the issuance of the Bonds;

GRANITE SHOALS\GOREF2020: ORDINANCE

City of Granite Shoals, Texas Combination Tax and Limited Revenue Certificates of Obligation, Series 2010; and

City of Granite Shoals, Texas General Obligation Bond, Series 2018; and

WHEREAS, the City now desires to refund such outstanding obligations as described in the notices of redemption attached as Exhibit "D" hereto (collectively, the "Refunded Obligations");

WHEREAS, the City Council of the City deems it advisable and in the best interest of the City to refund the Refunded Obligations and that the refunding will result in net present value savings of \$_____, and the City Council of the City further finds that the aggregate amount of payments under the Refunded Obligations exceeds the aggregate amount of payments under the refunding bonds by \$_____;

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207") authorizes the City to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with an eligible trust company or commercial bank, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations;

WHEREAS, Chapter 1207 further authorizes the City to enter into an escrow agreement with an eligible trust company or commercial bank with respect to the safekeeping, investment, reinvestment, administration, and disposition of any such deposit, upon such terms and conditions as the City and such entity may agree, provided that such deposits may be invested and reinvested in certain eligible securities which shall mature and bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment or prepayment of the Refunded Obligations;

WHEREAS, the Escrow Agreement hereinafter authorized by this Ordinance, constitutes an agreement of the kind authorized and permitted by said Chapter 1207;

WHEREAS, all the Refunded Obligations mature or are subject to redemption prior to maturity within 20 years of the date of the Bonds authorized by this Ordinance;

WHEREAS, the City deems it appropriate to call for redemption the Refunded Obligations;

WHEREAS, the Bonds (hereinafter defined) authorized by this Ordinance are being issued and delivered pursuant to the City Charter and to Chapters 1251, 1331 and 1207, Texas Government Code, as amended, and other applicable laws, *as amended, and as further modified by an order issued by the Governor of the State of Texas on March 16, 2020, suspending certain provisions of the Open Meetings Act in light of his disaster proclamation issued on March 13, 2020, regarding the novel coronavirus (COVID 19);*

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

WHEREAS, it is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public, and public notice of the time, place and purpose of the meeting was given, all as required by Chapter 551, Texas Government Code.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF GRANITE SHOALS, TEXAS:

SECTION 1. RECITALS, AMOUNT AND PURPOSE OF THE BONDS. 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 Bonds are hereby authorized to be issued and delivered in the aggregate principal amount of \$_____,000 for the purpose of (1) constructing, improving, extending, expanding and/or upgrading the City's surface and ground water systems, including for improvements to the City's water treatment plant, a new elevated water storage tank and water line upgrades, including the purchase or acquisition of any necessary rights-of-way and easements, design costs and other related costs, (2) refunding the Refunded Obligations and (3) the payment of professional services in connection therewith including legal, fiscal and engineering fees and the costs of issuance in connection with the Bonds.

SECTION 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND MATURITIES OF BONDS. Each Bond issued pursuant to this Ordinance shall be designated: "**CITY OF GRANITE SHOALS, TEXAS GENERAL OBLIGATION AND REFUNDING BOND, SERIES 2020**" and initially there shall be issued, sold, and delivered hereunder fully registered bonds, without interest coupons, dated June 15, 2020, in the respective denominations and principal amounts hereinafter stated, numbered consecutively from R-1 upward (except the Initial Bond submitted to the Attorney General of the State of Texas which shall be numbered T-1), payable to the respective initial registered owners thereof (as designated in Section 12 hereof), or to the registered assignee or assignees of the Bonds or any portion or portions thereof (in each case, the "Registered Owner"), and the Bonds shall mature and be payable serially on August 1 in each of the years and in the principal amounts, respectively, as set forth in the following schedule:

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<u>YEARS</u>	<u>PRINCIPAL INSTALLMENTS</u>	<u>YEARS</u>	<u>PRINCIPAL INSTALLMENTS</u>
2021		2031	
2022		2032	
2023		2033	
2024		2034	
2025		2035	
2026		2036	
2027		2037	
2028		2038	
2029		2039	
2030		2040	

The term "Bonds" as used in this Ordinance shall mean and include collectively the Bonds initially issued and delivered pursuant to this Ordinance and all substitute Bonds exchanged therefor, as well as all other substitute Bonds and replacement Bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

SECTION 3. INTEREST. The Bonds scheduled to mature during the years, respectively, set forth below shall bear interest from the dates specified in the FORM OF BOND set forth in this Ordinance to their respective dates of maturity or redemption prior to maturity at the following rates per annum:

<u>YEARS</u>	<u>INTEREST RATES</u>	<u>YEARS</u>	<u>INTEREST RATES</u>
2021		2031	
2022		2032	
2023		2033	
2024		2034	
2025		2035	
2026		2036	
2027		2037	
2028		2038	
2029		2039	
2030		2040	

Interest shall be payable in the manner provided and on the dates stated in the FORM OF BOND set forth in this Ordinance.

SECTION 4. CHARACTERISTICS OF THE BONDS. (a) Registration, Transfer, Conversion and Exchange; Authentication. The City shall keep or cause to be kept at UMB Bank, N.A., Austin, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Bond to which payments with respect to the Bonds shall be mailed, as

herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The City shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar shall make a copy of the Registration Books available within the State of Texas. 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 Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in Section 4(c) of this Ordinance, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and the Bonds shall be printed or typed on paper of customary weight and strength. Pursuant to Chapter 1201, Texas Government Code, as amended, and particularly Subchapter D thereof, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Bond, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner appearing on the Registration Books at the close of business on the last business day immediately preceding the date of mailing of such notice.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Registered

Owners thereof, (ii) may be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar by the City at least 45 days prior to any such redemption date), (iii) may be converted and exchanged for other Bonds, (iv) may be transferred and assigned, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bonds 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 Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Ordinance. The Initial Bond initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(d) Substitute Paying Agent/Registrar. The City covenants with the Registered Owners of the Bonds that at all times while the Bonds are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity. 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 or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry-Only System. The Bonds issued in exchange for the Initial Bond initially issued as provided in Section 4(i) shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("DTC") and except as provided in subsection (f) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds 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 securities 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 (the "DTC Participant") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. 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 Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner, as shown on the Registration Books, of any notice with respect to the Bonds, including any notice of redemption or (iii) the payment to any DTC Participant or any person, other than a Registered Owner, as shown on the Registration Books of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, but to the extent permitted by law, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest, with respect to such Bond, for the purposes of registering transfers with respect to such Bond, and for all other purposes of registering transfers with respect to such Bonds, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Registered 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 and interest on the Bonds 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 Bond evidencing the obligation of the City to make payments of principal, premium, if any, and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the registered owner at the close of business on the Record Date the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfer Outside Book-Entry-Only System. In the event that the City determines to discontinue the book-entry system through DTC or a successor or DTC determines to discontinue providing its services with respect to the Bond, the City shall either (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 Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the 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 the Registered Owner transferring or exchanging Bond 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 Bond is 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 Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter of Representations of the City to DTC.

(h) DTC Blanket Letter of Representations. The City confirms execution of a Blanket Issuer Letter of Representations with DTC establishing the Book-Entry-Only System which will be utilized with respect to the Bonds.

(i) Cancellation of Initial Bond. On the closing date, one Initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the order of the designated representative of the Underwriter or its designee set forth in Section 12 of this Ordinance, executed by manual or facsimile signature of the Mayor or Mayor Pro-Tem and City Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to such Underwriter set forth in Section 12 of this Ordinance or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to DTC on behalf of such Underwriter one separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of DTC and except as provided in Section 4(f), all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

SECTION 5. FORM OF BOND. The form of the Bond, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment, the form of Initial Bond and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bonds initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance, including any reproduction of an opinion of counsel and information regarding the issuance of any bond insurance policy.

FORM OF BOND

**UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF BURNET
CITY OF GRANITE SHOALS, TEXAS
GENERAL OBLIGATION AND REFUNDING BONDS,
SERIES 2020**

NO. R-__

**PRINCIPAL
AMOUNT**
\$

INTEREST RATE

**DATE OF
DELIVERY**

August 3, 2020

MATURITY DATE

CUSIP NO.

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

ON THE MATURITY DATE specified above, the **CITY OF GRANITE SHOALS, TEXAS** in Burnet County, Texas (the "City"), being 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, and to pay interest thereon from the Date of Delivery set forth above, on February 1, 2021 and semiannually on each August 1 and February 1 thereafter to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above calculated on the basis of a 360-day year of twelve 30-day months; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date immediately preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the City and the securities depository.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at UMB Bank, N.A. (the "Paying Agent/Registrar") at its designated office for payment currently in Austin, Texas (the "Designated Payment/Transfer Office"). The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the ordinance authorizing the issuance of this Bond (the "Bond Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared at the close of business on the fifteenth day of the month immediately preceding each such date (the "Record Date") on the registration books kept by the Paying Agent/Registrar (the "Registration Books"). In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day immediately preceding the date of mailing of such notice. Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Bond Ordinance.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Bond for redemption and payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The City covenants with the Registered Owner of this Bond that on or before each payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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

THIS BOND is one of a series of Bonds dated June 15, 2020, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$_____,000 for the purpose of (1) constructing, improving, extending, expanding and/or upgrading the City's surface and ground water systems, including for improvements to the City's water treatment plant, a new elevated water storage tank and water line upgrades, including the purchase or acquisition of any necessary rights-of-way and easements, design costs and other related costs, (2) refunding the Refunded Obligations and (3) the payment of professional services in connection therewith including legal, fiscal and engineering fees and the costs of issuance in connection with the Bonds.

ON AUGUST 1, 2029, or on any date thereafter, the Bonds maturing on and after August 1, 2030 may be redeemed prior to their scheduled maturities, at the option of the City, with funds derived from any available and lawful source, at par plus accrued interest to the date fixed for redemption as a whole, or in part, and, if in part, the particular maturities to be redeemed shall be selected and designated by the City and if less than all of a maturity is to be redeemed, the Paying Agent/Registrar shall determine by lot the Bonds, or a portion thereof, within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000).

THE BONDS maturing on August 1 in the years 20__ and 20__ (the "Term Bonds") are subject to mandatory sinking fund redemption by lot prior to maturity in the following amounts, on the following dates and at a price of par plus accrued interest to the redemption date.

<u>Term Bonds Maturing August 1, 20</u>	
<u>Redemption Date</u>	<u>Principal Amount</u>
August 1, 20__	\$_____,000
August 1, 20__	_____,000
August 1, 20__	_____,000
August 1, 20__	_____,000
August 1, 20__	_____,000
August 1, 20__*	_____,000

*Final Maturity

<u>Term Bonds Maturing August 1, 20</u>	
<u>Redemption Date</u>	<u>Principal Amount</u>
August 1, 20__	\$ __,000
August 1, 20__	__,000
August 1, 20__	__,000
August 1, 20__	__,000
August 1, 20__	__,000
August 1, 20__*	__,000

*Final Maturity

THE PRINCIPAL AMOUNT of the Term Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City by the principal amount of any Term Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City with monies in the Interest and Sinking Fund at a price not exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

NO LESS THAN 30 DAYS prior to the date fixed for any such redemption, the City shall cause the Paying Agent/Registrar to send notice by United States mail, first-class postage prepaid to the Registered Owner of each Bond to be redeemed at its address as it appeared on the Registration Books of the Paying Agent/Registrar at the close of business on the business day immediately preceding the date of mailing such notice and to major securities depositories, national bond rating agencies and bond information service; provided, however, that the failure to send, mail or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bonds. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bonds shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the City, all as provided in the Bond Ordinance.

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

DURING ANY PERIOD in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the City and the securities depository.

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Ordinance, this Bond, or any unredeemed portion hereof, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same 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 Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond 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 with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within

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 Bond.

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

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the City, resigns, or otherwise ceases to act as such, the City has covenanted in the Bond 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 Bonds.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limit prescribed by law.

BY BECOMING the Registered Owner of this Bond, the Registered Owner thereby acknowledges all of the terms and provisions of the Bond Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Bond 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 Bond and the Bond Ordinance constitute a contract between each Registered Owner hereof and the City.

IT IS FURTHER CERTIFIED that the City has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986.

IN WITNESS WHEREOF, the City has caused this Bond 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 Bond.


City Secretary


Mayor

[CITY SEAL]

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Bond is not accompanied by an
executed Registration Certificate of the Comptroller
of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Ordinance described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a Bond, Bonds, or a portion of a Bond or Bonds of a Series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

UMB Bank, N.A.,
Austin, Texas

Paying Agent/Registrar

By: _____
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or Taxpayer
Identification Number of Transferee

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

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

**FORM OF REGISTRATION CERTIFICATE OF
THE COMPTROLLER OF PUBLIC ACCOUNTS FOR THE INITIAL BOND ONLY:**

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this _____.

Comptroller of Public Accounts
of the State of Texas

[COMPTROLLER'S SEAL]

INSERTIONS FOR THE INITIAL BOND

The Initial Bond shall be in the form set forth in this Section, except that:

A. immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and "CUSIP NO." shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"ON THE MATURITY DATE SPECIFIED ABOVE, the City of Granite Shoals, Texas (the "City"), being a political subdivision, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on August 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates</u>
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(Information from Sections 2 and 3 to be inserted)

The City promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Date of Delivery set forth above at the respective Interest Rate per annum specified above. Interest is payable on February 1, 2021 and

semiannually on each August 1 and February 1 thereafter to the date of payment of the principal installment specified above; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date immediately preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

C. The Initial Bond shall be numbered "T-1."

SECTION 6. TAX LEVY. A special Interest and Sinking Fund (the "Interest and Sinking Fund") is hereby created solely for the benefit of the Bonds, and the Interest and Sinking Fund shall be established and maintained by the City at an official depository bank of the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Bonds. All ad valorem taxes levied and collected for and on account of the Bonds shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Bonds 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 raise and produce the money required to pay the interest on the Bonds as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of the Bonds as such principal matures (but never less than 2% of the original principal amount of the Bonds as a sinking fund each year); and the tax shall be based on the latest approved tax rolls of the City, with full allowances being made for tax delinquencies and the cost of tax collection. The 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 Bonds are outstanding and unpaid; and the tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund. The ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law. Accrued interest on the Bonds shall be deposited in the Interest and Sinking Fund and used to pay interest on the Bonds.

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

SECTION 7. ESTABLISHMENT OF PROJECT FUND. (a) Project Fund. The Series 2020 Bond Project Fund is hereby created and shall be established and maintained by the

City at an official depository bank of the City. Proceeds from the sale of the Bonds authorized by the 2019 Election, other than costs of issuance, shall be deposited in the Project Fund.

(b) Investment of Funds. The City hereby covenants that the proceeds of the sale of the Bonds will be used as soon as practicable for the purposes for which the Bonds are issued. Obligations purchased as an investment of money in any fund shall be deemed to be a part of such fund. Any money in any fund created by this Ordinance may be invested as permitted by the Public Funds Investment Act, as amended and the City's Investment Policy.

(c) Security for Funds. All funds created by this Ordinance shall be secured in the manner and to the fullest extent required by law for the security of funds of the City.

(d) Maintenance of Funds. Any funds created pursuant to this Ordinance may be created as separate funds or accounts or as subaccounts of the City's General Fund held by the City's depository, and, as such, not held in separate bank accounts, such treatment shall not constitute a commingling of the monies in such funds or of such funds and the City shall keep full and complete records indicating the monies and investments credited to each such fund.

(e) Interest Earnings. Interest earnings derived from the investment of proceeds from the sale of the Bonds shall be used along with the Bond proceeds for the purpose for which the Bonds are issued as set forth in Section 1 hereof or to pay principal or interest payments on the Bonds; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on bond proceeds which are required to be rebated to the United States of America pursuant to Section 11 hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

SECTION 8. DEFEASANCE OF BONDS (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Ordinance, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or the establishment of irrevocable provisions for the giving of such notice) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the City with the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable

solely from such money or Defeasance Securities, and thereafter the City will have no further responsibility with respect to amounts available to such Paying Agent/Registrar (or other financial institution permitted by applicable law) for the payment of such Defeased Bond, including any insufficiency therein caused by the failure of the Paying Agent/Registrar (or other financial institution permitted by law) to receive payment when due on the Defeasance Securities.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Bond as aforesaid when proper notice of redemption of such Bonds shall have been given or upon the establishment of irrevocable provisions for the giving of such notice, in accordance with this Ordinance. Any money so deposited with the Paying Agent/Registrar or an eligible trust company or commercial bank as provided in this Section may at the discretion of the City Council also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section which is not required for the payment of such Bond and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be remitted to the City Council.

(c) Notwithstanding any provision of any other Section of this Ordinance which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(d) Notwithstanding anything elsewhere in this Ordinance, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Bond affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the City retains the right under Texas law to later call that Defeased Bond for redemption in accordance with the provisions of this Ordinance, the City may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

As used in this Section, "Defeasance Securities" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City Council adopts or approves proceedings authorizing the issuance of

refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the City Council adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent and (iv) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds.

"Federal Securities" as used herein means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

SECTION 9. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new Bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

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

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

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

(e) Authority for Issuing Replacement Bonds. In accordance with Subchapter B of Chapter 1206, Texas Government Code, as amended, this Section shall constitute authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for Bonds issued in conversion and exchange for other Bonds.

SECTION 10. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; ENGAGEMENT OF BOND COUNSEL; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED. The Mayor of the City is hereby authorized to have control of the Initial Bond issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds 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 Bonds 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 the Initial Bond, and the seal of the Comptroller shall be impressed, or placed in facsimile, on such certificate. The approving legal opinion of the City's Bond Counsel and the assigned CUSIP numbers may, at the option of the City, be printed on the Bonds issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Bonds. In addition, if bond insurance or other credit enhancement is obtained, the Bonds may bear an appropriate legend.

The obligation of the initial purchaser to accept delivery of the Bonds is subject to the initial purchaser being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the City, which opinion shall be dated as of and delivered on the date of initial delivery of the Bonds. The engagement of such firm as bond counsel to the City in connection with issuance, sale and delivery of the Bonds is hereby approved and confirmed. The execution and delivery of an engagement letter, to the extent desired by the City, between the City and such firm, with respect to such services as bond counsel, is hereby authorized in such form as may be approved by the Mayor and the Mayor is hereby authorized to execute such engagement letter. Additionally, a closing instruction letter executed by the City Manager or City's Director of Finance shall further provide for the fees and expenses to be paid for such bond counsel services.

SECTION 11. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS. (a) Covenants. The City covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

- (1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the Refunded Obligations or the projects financed or refinanced therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds of the Bonds or the Refunded Obligations or the projects financed or refinanced therewith are

so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the Refunded Obligations or the projects financed or refinanced therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

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

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

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

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the Bonds are issued,

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

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

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

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the

Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

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

(b) Rebate Fund. In order to facilitate compliance with the above covenant (9), a "Rebate Fund" is hereby established by the City for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the City Manager or Director of Finance to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds. This Ordinance is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

(d) Allocation Of, and Limitation On, Expenditures for the Project. The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for the new money purposes described in Section 1 of this Ordinance (the "Project") on its books and records in accordance with the requirements of the Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The City agrees to obtain the advice of nationally-recognized

bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes of this subsection, the City shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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

(f) Qualified Tax-Exempt Obligations. The City hereby designates the Bonds as "qualified tax-exempt obligations" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the City represents, covenants and warrants the following: (a) that during the calendar year in which the Bonds are issued, the City (including any subordinate entities) has not designated nor will designate bonds, which when aggregated with the Bonds, will result in more than \$10,000,000 (or such amount permitted by section 265 of the Code) of "qualified tax-exempt obligations" being issued; (b) that the City reasonably anticipates that the amount of tax-exempt obligations issued during the calendar year in which the Bonds are issued, by the City (or any subordinate entities) will not exceed \$10,000,000 (or such amount permitted by section 265 of the Code); and, (c) that the City will take such action or refrain from such action as necessary, and as more particularly set forth in this Section, in order that the Bonds will not be considered "private activity bonds" within the meaning of section 141 of the Code.

SECTION 12. SALE OF BONDS. The Bonds are hereby sold and shall be delivered to SAMCO Capital Markets, Inc. (the "Underwriter"), at the price of \$_____ (which amount is equal to the principal amount of the Bonds plus a net premium of \$_____ and less an underwriting discount of \$_____), all pursuant to the terms and provisions of a Purchase Agreement in substantially the form attached hereto as Exhibit "A" which the Mayor or Mayor Pro-Tem is hereby authorized to execute and deliver and which the City Secretary of the City is hereby authorized to attest. The City will initially deliver to the Underwriter one certificate for each maturity of the Bonds authorized under this Ordinance. The Initial Bonds shall initially be registered in the name of the Underwriter.

Pursuant to Sections 1201.029 and 1201.042, Texas Government Code, the \$_____ of net premium generated by the sale of the Bonds is allocated to be used as follows: (i) \$_____ for the Underwriter's discount, (ii) \$_____ for costs of issuance of the Bonds, (iii) \$_____ to be deposited to the Escrow Fund to refund the Refunded Obligations, and (iv) \$_____ to be used to pay the costs of the projects financed by the

Bonds described in Section 1 (with the total voted authorization from the 2019 Election utilized by the Bonds being as set forth in the recitals to this Ordinance).

In consultation with, and reliance upon the advice of the financial advisor for the City, the City Council hereby finds the terms and sale of the Bonds are the most advantageous reasonably available on the date and time of the pricing of the Bonds given the then existing market conditions and the stated terms of sale on such date and time and accordingly that such terms are in the best interest of the City.

SECTION 13. DEFAULT AND REMEDIES. (a) Events of Default. Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

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

(ii) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any Registered Owner to the City.

(b) Remedies for Default.

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

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

(c) Remedies Not Exclusive.

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

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

(iii) By accepting the delivery of a Bond authorized under this Ordinance, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the City or the City Council.

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

Section 14. APPROVAL OF OFFICIAL STATEMENT. The City hereby approves the form and content of the Official Statement relating to the Bonds and any addenda, supplement or amendment thereto, and approves the distribution of such Official Statement in the reoffering of the Bonds by the Underwriter in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The distribution and use of the Preliminary Official Statement dated June 17, 2020 prior to the date hereof is confirmed, approved and ratified. The City Council hereby finds and determines that the Preliminary Official Statement and final Official Statement were "deemed final" (as that term is defined in 17 CFR Section 240.15c (2)-12) as of their respective dates.

SECTION 15. APPROVAL OF PAYING AGENT/REGISTRAR AGREEMENT. Attached hereto as Exhibit "B" is a substantially final form of Paying Agent/Registrar Agreement. The Mayor or Mayor Pro-tem is hereby authorized to amend, complete or modify such agreement as necessary and are further authorized to execute such agreement and the City Secretary is hereby authorized to attest such agreement.

SECTION 16. CONTINUING DISCLOSURE UNDERTAKING. (a) Annual Reports. The City shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the City ending in or after 2020, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by Section 13 of this Ordinance, being information of the type described in Exhibit "C" hereto, including financial statements of the City if audited financial statements of the City are then available, and (2) if not provided as part of 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 "C" hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in the Official Statement, 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 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.

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

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the City;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) 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

(16) 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 (12) 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 (15) and (16) and the definition of Financial Obligation in this Section 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 file notice with the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection.

(c) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with Section 7 of this Ordinance that causes the Bonds to be no longer outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City makes no representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

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

BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

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

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

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

(d) Format, Identifying Information, and Incorporation by Reference. All financial information, operating data, financial statements, and notices required by this Section to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB.

Financial information and operating data to be provided pursuant to subsection (a) of 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) available to the public on the MSRB's Internet Web site or filed with the SEC.

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

“*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.

SECTION 17. AMENDMENT OF ORDINANCE. The City hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The City may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the holders, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, (v) obtain insurance or ratings on the Bonds, (vi) obtain the approval of the Attorney General of the State Texas, or (vii) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be inconsistent with the provisions of this Ordinance and that shall not in the opinion of the City's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, any bond insurer of the Bonds (the "Bond Insurer") and the holders of Bonds aggregating in principal amount 51% of the aggregate principal amount of then outstanding Bonds that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the holders in aggregate principal amount of the then outstanding Bonds, and the Bond Insurer, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Bonds so as to:

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

- (5) Change the minimum percentage of the principal amount of any series of Bonds necessary for consent to such amendment.

(c) If at any time the City shall desire to amend this Ordinance under this Section, the City shall send by U.S. mail to each registered owner of the affected Bonds a copy of the proposed amendment and cause notice of the proposed amendment to be published at least once in a financial publication published in The City of New York, New York or in the State of Texas. Such published notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the City for inspection by all holders of such Bonds.

(d) Whenever at any time within one year from the date of publication of such notice the City shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all of the Bonds then outstanding that are required for the amendment, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the City may adopt the amendment in substantially the same form.

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

(f) Any consent given by the holder of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six months from the date of the publication of said notice by the holder who gave such consent, or by a successor in title, by filing notice with the City, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the affected Bonds then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

SECTION 18. APPROVAL OF ESCROW AGREEMENT, ESTABLISHMENT OF ESCROW FUND AND TRANSFER OF FUNDS. (a) The Mayor or Mayor Pro-tem of the City is hereby authorized and directed to execute and deliver and the City Secretary of the City is hereby authorized and directed to attest the Escrow Agreement, dated August 3, 2020, in substantially the form attached hereto as Exhibit "E" (the "Escrow Agreement"). A portion of the proceeds of the Bonds, together with a cash contribution from the interest and sinking funds for the Refunded Obligations, in an amount necessary to refund the Refunded Obligations shall be deposited in the Escrow Fund created and governed by the terms of the Escrow Agreement. In addition, the Mayor, the City Manager and Director of Finance are each hereby authorized to execute such subscriptions or other documentation for the purchase of securities and to authorize the transfer of such funds of the City, as may be necessary for the Escrow Fund.

SECTION 19. NOTICES OF REDEMPTION. Attached to this Ordinance, as Exhibit "D", and made a part hereof for all purposes, are copies of notices of deposit and prior redemption for the Refunded Obligations in substantially final form, and such Refunded Obligations described

in said notice of prior redemption are hereby called for redemption and shall be redeemed prior to maturity on the dates, places, and at the prices set forth therein. The Mayor, the City Manager and the Director of Finance are each hereby authorized to amend, complete or modify such notices as necessary to call such Refunded Obligations for redemption.

The Refunded Obligations described in Exhibit "D" attached hereto are so called for redemption, and the paying agents for the Refunded Obligations are each hereby directed to make appropriate arrangements so that such Refunded Obligations may be redeemed on their respective redemption dates. A copy of such notices of redemption shall be delivered to the paying agents so mentioned in such notices.

SECTION 20. NO RECOURSE AGAINST CITY OFFICIALS. No recourse shall be had for the payment of principal of or interest on the Bonds or for any claim based thereon or on this Ordinance against any official of the City or any person executing any Bonds.

SECTION 21. PAYMENT OF ATTORNEY GENERAL FEE. The City hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of the Bonds or (ii) \$9,500, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code. The appropriate member of the City's staff is hereby instructed to take the necessary measures to make this payment. The City is also authorized to reimburse the appropriate City funds for such payment from proceeds of the Bonds.

SECTION 22. FURTHER ACTIONS. The officers and employees of the City are hereby authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Bonds, the initial sale and delivery of the Bonds, the Paying Agent/Registrar Agreement, the Purchase Agreement, any insurance commitment letter or insurance policy and the Official Statement. In addition, prior to the initial delivery of the Bonds, the Mayor, the City Manager or Assistant City Manager, the City Attorney and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies or satisfy requirements of the Bond Insurer or (iii) obtain the approval of the Bonds by the Texas Attorney General's office.

In case any officer of the City whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 23. INTERPRETATIONS. All terms defined herein and all pronouns used in this Ordinance shall be deemed to apply equally to singular and plural and to all genders. The

titles and headings of the articles and sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Bonds and the validity of the lien on and pledge of the ad valorem taxes granted by the City under Section 6 of this Ordinance to secure the payment of the Bonds.

SECTION 24. 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 25. INTERESTED PARTIES. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City and the registered owners of the Bonds.

SECTION 26. SEVERABILITY. The provisions of this Ordinance are severable; and in case any one or more of the provisions of this Ordinance or the application thereof to any person or circumstance should be held to be invalid, unconstitutional, or ineffective as to any person or circumstance, the remainder of this Ordinance nevertheless shall be valid, and the application of any such invalid provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

SECTION 27. REPEALER. All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

SECTION 28. EFFECTIVE DATE. This Ordinance shall become effective upon the final passage of this Ordinance.

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IN ACCORDANCE WITH SECTION 1201.028, Texas Government Code, passed and approved on the first and final reading on June 23, 2020.

CITY OF GRANITE SHOALS, TEXAS


By: Mayor
City of Granite Shoals, Texas

ATTEST:

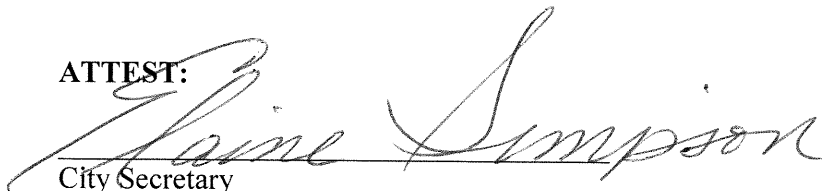

City Secretary
City of Granite Shoals, Texas



EXHIBIT "A"
PURCHASE AGREEMENT

DRAFT

\$ _____
CITY OF GRANITE SHOALS, TEXAS
GENERAL OBLIGATION AND REFUNDING BONDS, SERIES 2020

PURCHASE CONTRACT

June __, 2020

The Honorable Mayor and City Council
City of Granite Shoals, Texas
2221 N. Phillips Ranch Road
Granite Shoals, Texas 78654

Ladies and Gentlemen:

The undersigned (the *Underwriter*), acting solely in the capacity described below, offers to enter into the following agreement (this *Purchase Contract*) with the City Council (the *Governing Body*) of the City of Granite Shoals, Texas (the *City* or the *Issuer*) which, upon your acceptance of this offer, will be binding upon you and upon the Underwriter.

The offer contained herein is made subject to your acceptance of this Purchase Contract on or before 10:00 P.M., Central Time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the City by the Underwriter at any time prior to the acceptance hereof by the City. Unless specified otherwise herein, capitalized terms not defined herein relating to the Obligations (defined herein) shall have the meanings assigned in the hereinafter-defined Ordinance or the Official Statement.

In as much as this purchase and sale represents a negotiated transaction, the City understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the City, but rather is acting solely in its individual capacity as underwriter for its own account as further described in Section 21 hereof.

1. Purchase and Sale of the Obligations. Upon the terms and conditions and upon the basis of the respective representations, warranties, and covenants set forth herein, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell and deliver to the Underwriter, all (but not less than all) of an aggregate of \$ _____ original principal amount of "CITY OF GRANITE SHOALS, TEXAS GENERAL OBLIGATION AND REFUNDING BONDS, SERIES 2020" (the *Obligations*). The Obligations shall be dated August 1, 2020 (the *Dated Date*) and shall have the stated maturities, be offered at the prices, be subject to redemption, and bear interest from the date of Closing (defined herein) at the rates per annum, all as set forth in the Ordinance and Schedule I hereto, and as described in the Official Statement. Interest on the Obligations will be payable on February 1 and August 1 of each year, commencing February 1, 2021, until stated maturity or prior redemption. The purchase price for the Obligations is \$ _____ (representing an aggregate principal amount of \$ _____, plus a [net] reoffering

premium of \$_____ pertaining to the Obligations, less an Underwriter's discount of \$_____), and no accrued interest.

The Obligations are being issued pursuant to the Constitution and general laws of the State of Texas (the *State*), including Chapters 1207, 1251, and 1331, as amended, Texas Government Code (collectively, the *Act*), for the purposes described in the Official Statement, are secured under the provisions of an Ordinance authorizing their issuance and sale adopted by the Governing Body on June 23, 2020 (the *Ordinance*), and shall have the terms and features (including those with respect to price and rates) as set forth in the Ordinance.

Certain proceeds from the sale of the Obligations, along with certain other funds of the City, if any, shall be deposited with UMB Bank, N.A., Austin, Texas (the *Escrow Agent*), under and pursuant to an escrow agreement (the *Escrow Agreement*) referred to in the Ordinance for the purpose of depositing cash sufficient, together with the investments earnings thereon, to pay the principal of, premium, if any, and interest on the Refunded Obligations when due at their date of redemption.

2. Public Offering. The Underwriter agrees to make a bona fide initial public offering of all the Obligations at prices or yields not in excess of the initial offering prices or yields set forth in the Official Statement; provided, however, that expressly subject to Section 3 of this Purchase Contract relating to the issue price of the Obligations, the Underwriter may change such initial offering prices or yields as they deem necessary in connection with the offering of the Obligations without any requirement of prior notice, and may offer and sell the Obligations to certain institutions (including dealers depositing the Obligations into investment trusts) at prices or yields lower than those stated in the Official Statement. The Underwriter also reserves the right to: (i) over-allot or effect transactions that stabilize or maintain the market price of the Obligations at levels above those that might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time without prior notice. The provisions of this Section are qualified in all respects to those of Section 3 hereof. In the event of conflict between the provisions of such Section, the provisions of Section 3 shall control.

3. Establishment of Issue Price of the Obligations. Notwithstanding any provision of this Purchase Contract to the contrary, the following provisions related to the establishment of the issue price of the Obligations apply:

(a) Definitions. For purposes of this Section, the following definitions apply:

- i. "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Participating Underwriter or a Related Party to a Participating Underwriter.
- ii. "Participating Underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the Underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Obligations to the Public (including a member of a

selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the public).

- iii. “Related Party” means any two or more persons who are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).
- iv. “Sale Date” means the date of execution of this Purchase Contract by all parties.

(b) Issue Price Certificate. The Underwriter agrees to assist the City in establishing the issue price of the Obligations and to execute and deliver to the City at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as *Exhibit C*, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Bond Counsel, to accurately reflect, as applicable, the initial offering price (the *Initial Offering Price*) or prices or the sales price or prices to the Public of the Obligations.

(c) Substantial Amount Test. Other than those maturities of the Obligations which are designated by the Underwriter in writing in the attached Schedule II (the *Hold-the-Price Maturities*), the City will treat the first price at which at least ten percent (a *Substantial Amount*) in principal amount of each maturity of the Obligations is sold to the Public as of the Sale Date (the *Substantial Amount Test*) as the issue price of that maturity (or each separate CUSIP number within that maturity). At or promptly after the execution of this Purchase Contract, the Underwriter will report to the City the price or prices at which the Participating Underwriters have offered and sold to the Public each maturity of the Obligations.

(d) Hold-the-Price Restriction. The Underwriter agrees that each Participating Underwriter will neither offer nor sell any unsold Obligations of the Hold-the-Price Maturities to any person at a price that is higher than the applicable Initial Offering Price for such maturity during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Participating Underwriters have sold a Substantial Amount of such a Maturity to the Public at a price that is no higher than the Initial Offering Price of such Maturity (the *Hold-the-Price Restriction*).

The Underwriter shall promptly advise the City when the Participating Underwriters have sold a Substantial Amount of each such Hold-The-Price Maturity to the Public at a price that is no higher than the applicable Initial Offering Price applicable to such Hold-The-Price Maturity, if that occurs prior to the close of the fifth business day after the Sale Date.

The City acknowledges that, in making the representation set forth in this subparagraph, the Underwriter will rely on (A) the agreement of each Participating Underwriter to comply with the Hold-The-Price Restriction, as set forth in an agreement among underwriters and the related pricing wires, (B) in the event a selling group has been created in connection with the sale of the Obligations to the Public, the agreement of each dealer who is a member of the selling group to comply with the Hold-The-Price Restriction, as set forth in a selling group agreement and the related pricing wires, and (C) in the event that a Participating Underwriter is a party to a third-party distribution agreement that was employed in connection with the sale of the Obligations, the agreement of each such underwriter, dealer or broker-dealer that is a party to such agreement to comply with the Hold-The-Price Restriction, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each Participating Underwriter will be solely liable for its failure to comply with its agreement regarding the Hold-the-Price Restriction and that no Participating Underwriter will be liable for the failure of any other Participating Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the Hold-The-Price Restriction as applicable to the Obligations.

(e) Agreements Among Participating Underwriters. The Underwriter confirms that:

- i. any agreement among underwriters, any selling group agreement and each third-party distribution agreement to which the Underwriter is a party relating to the initial sale of the Obligations to the Public, together with related pricing wires, contains or will contain language obligating each Participating Underwriter, each dealer who is a member of any selling group, and each broker-dealer that is a party to any such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Obligations of each maturity allocated to it until it is notified by the Underwriter that either the Substantial Amount Test has been satisfied as to the Obligations of that maturity or all Obligations if that maturity have been sold to the Public, (B) comply with the Hold-the-Price Restriction, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the relating pricing wires, and (C) acknowledge that, unless otherwise advised by the Participating Underwriter, the Underwriter will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and
- ii. any agreement among underwriters relating to the initial sale of the Obligations to the Public, together with related pricing wires, contains or will contain language obligating each Participating Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Obligations to the Public to require each underwriter or broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the Public the unsold Obligations of each maturity allotted to it until it is notified by the Underwriter or the applicable Participating Underwriter that either the Substantial Amount Test has been satisfied as to the Obligations of that maturity or all Obligations of that maturity have been sold to the Public and (B) comply with the Hold-the-Price

Restriction, if applicable, in each case if and for so long as directed by the Underwriter or the applicable Participating Underwriter and as set forth in the relating pricing wires, and

(f) Sale to Related Party not a Sale to the Public. The Participating Underwriters acknowledge that sales of any Obligations to any person that is a Related Party to a Participating Underwriter do not constitute sales to the Public for purposes of this Section. If a Related Party to a Participating Underwriter purchases during the initial offering period all of a Hold-The-Price Maturity, the related Participating Underwriter will notify the Underwriter and will take steps to confirm in writing that such Related Party will either (i) hold such Obligations for its own account, without present intention to sell, reoffer, or otherwise dispose of such Obligations for at least five business days from the Sale Date, or (ii) comply with the Hold-The-Price Restriction.

4. Official Statement. The Obligations are described in the final Official Statement dated the date hereof. Such final Official Statement, being a finalized version of the hereinafter defined Preliminary Official Statement and together with the appendices and schedules thereto, as further amended or supplemented only in the manner hereinafter provided, is herein referred to as the “Official Statement”.

The City hereby authorizes and approves the distribution and use by the Underwriter of the Official Statement in connection with the offering and sale of the Obligations. In addition, the City hereby confirms that in the Ordinance, the City ratified and approved the distribution of the Preliminary Official Statement, dated June __, 2020, relating to the Obligations (the *Preliminary Official Statement*) in a “designated electronic format” (as defined in Rule G-32 (*Rule G-32*) of the Municipal Securities Rulemaking Board (the *MSRB*)) and its use by the Underwriter prior to the date hereof in connection with the offering and sale of the Obligations. The City shall within seven days of the date hereof (exclusive of Saturdays, Sundays, and legal holidays) provide the Official Statement, or cause the Official Statement to be provided, (i) in a “designated electronic format” consistent with the provisions of Rule G-32 and (ii) in a printed format in such number as the Underwriter may reasonably request in order to enable the Underwriter to comply with its obligations set forth in 17 C.F.R. Section 240.15c2-12 (*Rule 15c2-12*) and the rules of the MSRB. In the event that the number of additional copies of the Official Statement supplied to the Underwriter pursuant to the immediately preceding sentence shall prove to be insufficient to enable the Underwriter to comply with its obligations under paragraph (b) of Rule 15c2-12, the City agrees to make available from time to time such additional printed or photostatic copies of the Official Statement as may be required to enable the Underwriter to comply with its obligations under Rule 15c2-12 and the rules of the MSRB. The City hereby represents and warrants that the Preliminary Official Statement was deemed final by the City as of its date, except for the omission of such information which is dependent upon the final pricing of the Obligations for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12. Lastly, the Governing Body hereby authorizes or ratifies and approves, as applicable, the execution by an authorized City official (a *Designated Official*) of a Rule 15c2-12 Certificate pertaining to the distribution of the Preliminary Official Statement.

5. Security Deposit. Delivered to the City herewith is a corporate check of the Underwriter payable to the order of the City in the amount of \$83,800. The City agrees to hold such check uncashed until the Closing to ensure the performance by the Underwriter of its

obligations to purchase, accept delivery of, and pay for the Obligations at the Closing. Concurrently with the payment by the Underwriter of the purchase price of the Obligations at the Closing, the City shall return such check to the Underwriter. Should the City fail to deliver the Obligations at the Closing, or should the City be unable to satisfy the conditions of the obligations of the Underwriter to purchase, accept delivery of, and pay for the Obligations, as set forth in this Purchase Contract (unless waived by the Underwriter), or should such obligations of the Underwriter be terminated for any reason permitted by this Purchase Contract, such check shall immediately be returned to the Underwriter. In the event the Underwriter fails (other than for a reason permitted hereunder) to purchase, accept delivery of, and pay for the Obligations at the Closing as herein provided, such check shall be retained and cashed by the City as and for full liquidated damages for such failure of the Underwriter and for any defaults hereunder on the part of the Underwriter. Acceptance of such check by the City shall constitute a full release and discharge of all claims and damages for such failure and for any and all such defaults, and neither the City nor any other person shall have any further action for damages, specific performance, or any other legal or equitable relief against the Underwriter. The Underwriter and the City understand that in such event the City's actual damages may be greater or may be less than such amount. Accordingly, the Underwriter hereby waives any right to claim that the City's actual damages are less than such amount, and the City's acceptance of this offer shall constitute a waiver of any right the City may have to additional damages from the Underwriter for its failure to purchase, accept delivery of, and pay for the Obligations. The Underwriter hereby agrees not to stop or cause payment on said check to be stopped unless the City has breached any of the terms of this Purchase Contract.

6. Representations and Warranties of the City. The City hereby represents and warrants to the Underwriter as follows:

(a) The City is a home-rule municipality, a political subdivision of the State and a governmental agency and a body politic and corporate, duly created, organized and existing under the laws of the State and its Home Rule Charter, and has full legal right, power, and authority to enter into this Purchase Contract, to adopt the Ordinance, to sell the Obligations, and to issue and deliver the Obligations to the Underwriter as provided herein and to carry out and consummate all other transactions described in the Official Statement and this Purchase Contract.

(b) The City (i) has the power and is authorized under the laws of the State, including particularly the Act, to (1) issue the Obligations for the purposes for which they are to be issued, and (2) enter into and perform this Purchase Contract and the Escrow Agreement, and (ii) at the Closing, will be in compliance in all respects with the terms of the Act, the Ordinance, the Escrow Agreement, and this Purchase Contract.

(c) The City has the requisite right, power, and authority (i) to adopt the Ordinance authorizing the issuance of the Obligations and the execution and delivery of this Purchase Contract, and the Escrow Agreement, (ii) to execute, deliver, and perform its obligations under this Purchase Contract, and the Escrow Agreement, and (iii) to consummate the transactions described in such instruments and in the Official Statement, and the City has complied in all material respects with all provisions of applicable law in all matters relating to such transactions.

(d) The information with respect to the City and the Obligations contained in the Preliminary Official Statement is as of the date thereof and hereof, and the information contained in the Official Statement, at the time of the City's acceptance through the date of Closing, will be true and correct in all material respects, and such information does not contain and will not contain any untrue statement of a material fact and does not omit and will not omit to state a material fact required to be stated therein or necessary to make the statements in the Preliminary Official Statement, as of the date thereof and hereof, or in the Official Statement, at the time of the City's acceptance through the date of Closing, in light of the circumstances under which they were made, not misleading; provided, however, that for all purposes of this Purchase Contract and any certificate delivered by the City in accordance herewith, the City makes no representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York (*DTC*), its book-entry-only system.

(e) The City has duly authorized all necessary action to be taken by it for (i) the issuance and sale of the Obligations upon the terms set forth herein, in the Official Statement, and in the Ordinance; (ii) the approval of the Official Statement (which the City represents has been reviewed and approved by the Governing Body or a designated official of the Governing Body and the final form of which has been authorized to be distributed in a "designated electronic format", as such term is defined in Rule G-32) and the signing of the Official Statement, which may be in a designated electronic format, by the Mayor and the City Secretary, respectively; and (iii) the execution, delivery, and receipt of this Purchase Contract, the Paying Agent/Registrar Agreement, the Escrow Agreement, the Obligations, and any and all such other agreements and documents as may be required to be executed, delivered, and received by the City in order to carry out, give effect to, and consummate the transactions described herein and in the Obligations, the Ordinance, and the Official Statement.

(f) The Ordinance is, and on the date of the Closing will be, in full force and effect. The Ordinance is, and on the date of the Closing will represent, a legal and valid act of the City, and, assuming the due authorization, execution, and delivery of such instruments by the other parties thereto and their authority to perform such instruments, this Purchase Contract, the Escrow Agreement, and the Paying Agent/Registrar Agreement are and, on the date of the Closing, will be the legal, valid, and binding agreements on behalf of the parties thereto, enforceable in accordance with their respective terms (except to the extent that such enforceability may be limited by principles of governmental immunity applicable to political subdivisions, bankruptcy, insolvency, reorganization, and similar laws affecting creditors' rights generally and general principles of equity which permit the exercise of judicial discretion).

(g) The Obligations, when issued, delivered, and paid for as herein provided, will have been duly authorized, executed, and issued and will constitute legal, valid, and binding obligations of the City entitled to the benefits of the Ordinance, and the Obligations and the Ordinance are enforceable in accordance with their terms (except to the extent that such enforceability may be limited by principles of governmental immunity applicable to political subdivisions, bankruptcy, insolvency, reorganization, and similar laws affecting creditors' rights generally and general principles of equity which permit the exercise of judicial discretion).

(h) Except as may be disclosed in the Official Statement, there is no action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any court, public board, or

body pending against the City or, to the knowledge of the City, threatened against or affecting the City (or, to the knowledge of the City, any basis therefor) contesting the due organization and valid corporate existence or boundaries of the City or the validity of the Obligations or the limited ad valorem tax pledged as the security therefor or the levy or imposition of such taxes, or wherein an unfavorable decision, ruling, or finding would adversely affect (i) the transactions described herein or in the Official Statement, (ii) the validity or due adoption of the Ordinance, or the validity, due authorization, and execution of the Obligations, this Purchase Contract, the Escrow Agreement, the Paying Agent/Registrar Agreement, or any agreement or instrument to which the City is a party and which is to be used in the consummation of the transactions described herein or in the Official Statement, or (iii) the federal tax-exempt status of the interest on the Obligations. Except as described in the Official Statement, the City is not a party to any litigation or other proceeding pending or, to its knowledge, threatened, in any court, agency, or other administrative body (either state or federal) which, if decided adversely to the City, would have a materially adverse effect on the financial condition of the City.

(i) The authorization, execution, and delivery by the City of the Official Statement, this Purchase Contract, the Obligations, the Escrow Agreement, the Paying Agent/Registrar Agreement, and the other documents described herein and in the Official Statement, the adoption of the Ordinance by the City, the consummation of the transactions described herein and therein, and compliance by the City with the provisions of such instruments, do not and will not conflict with or constitute on the part of the City a material breach of or a default under any provision of the Constitution of the State or the Act or any other existing law, court or administrative decision, regulation, decree, or order or any agreement, indenture, mortgage, lease, or other instrument by which the City or its properties are or, on the date of Closing, will be bound or affected.

(j) Other than the opinions of the Attorney General of the State (the *Attorney General*) approving the Obligations as required by law and the registration of the Obligations by the Comptroller of Public Accounts of the State (the *Texas Comptroller*) (which approval and registration shall have been duly obtained or effected on or before the date of the Closing), and other than such permits, consents, licenses, notices, and filings, if any, as may be required under the securities or blue sky laws of any jurisdiction as may be reasonably requested by the Underwriter (all of which, subject to Section 12(c) hereof, shall have been duly made or obtained by the Underwriter on or before the date of the Closing), no permit, consent, license, notice, or filing with governmental authorities is necessary or required (i) to permit the City to execute and deliver this Purchase Contract, the Escrow Agreement, or the other instruments and documents described herein or therein, to perform its obligations hereunder and thereunder, or to consummate the transactions described herein or therein, or (ii) to issue and deliver the Obligations as described herein and in the Official Statement, or to perform in accordance with the terms hereof and thereof, or (iii) to adopt and enact the Ordinance, or to perform in accordance with the terms thereof, or to issue and sell the Obligations as therein and in the Official Statement provided.

(k) The financial statements of the City included in Appendix C to the Official Statement present fairly the financial position and the results of operations of the City at the respective dates and for the respective periods indicated thereon, in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods presented. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or conditions, financial or otherwise, of the City.

(l) The City, to the extent heretofore requested in writing by the Underwriter, has delivered to the Underwriter true, correct, complete, and legible copies of all information, applications, reports, or other documents of any nature whatsoever submitted to any rating agency for the purpose of obtaining a rating for the Obligations and true, correct, complete, and legible copies of all correspondence or other communications relating, directly or indirectly, thereto.

(m) If, after the date of this Purchase Contract to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) 90 days from the end of the underwriting period (as defined in Rule 15c2-12) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the end of the underwriting period for the Obligations), the City becomes aware of any fact or event which might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the City will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time reasonably request), and if, in the reasonable judgment of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the City will forthwith prepare in a "designated electronic format" and furnish, at the City's own expense (in a manner approved by the Underwriter and which approval will not be unreasonably withheld), such amendment or supplement to the Official Statement so that the statements in the Official Statement, as so amended and supplemented, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the City shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(n) Between the date of this Purchase Contract and the date of the Closing, the City shall disclose to, discuss with, and provide any information reasonably requested by the Underwriter in connection with any material breach, default, or failure to comply, of whatever nature and of which the City has knowledge, regarding any law, loan agreement, indenture, or other agreement to which the City is a party or to which the City or any of the property or assets of the City is otherwise subject which are directly related to the Obligations or the security therefor.

(o) The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is a bond issuer whose arbitrage certificates may not be relied upon.

(p) To the knowledge and belief of the City, the Preliminary Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Obligations; and the City has entered into previous continuing disclosure undertakings in a written contract or agreement as specified in subsection (b)(5)(i) of Rule 15c2-12 and, except as disclosed

in the Official Statement, has not failed to comply with any such undertaking in any material respect during the past five years.

(q) The Obligations and the Ordinance conform to the descriptions thereof contained in the Official Statement under the caption “THE BONDS”; the proceeds of the sale of the Obligations will be applied generally as described in the Official Statement under the subcaptions “THE BONDS – PURPOSE” and “SOURCES AND USES OF BOND PROCEEDS”, and the continuing disclosure undertaking of the City to comply with Rule 15c2-12 included in the Ordinance (the *Undertaking*) conforms to the applicable description thereof, in its entirety, contained in the Official Statement under the caption “CONTINUING DISCLOSURE OF INFORMATION”.

(r) The City will apply, or cause to be applied, the proceeds from the sale of the Obligations as provided in and subject to all of the terms and provisions of the Ordinance and as described in the Official Statement under the caption “SOURCES AND USES OF BOND PROCEEDS” and the City will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Obligations.

(s) The City is not in material breach of or default under any applicable provision, law, or administrative regulation of the State or the United States or any applicable judgment or decree pertaining to the power of the City to borrow money or otherwise obtain credit or any loan agreement, indenture, bond, note, order, resolution, agreement, mortgage, lease, or other instrument to which the City is a party pertaining to the power of the City to borrow money or otherwise obtain credit, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the City under such agreement.

7. Representations and Covenants of the Underwriter.

(a) The Underwriter hereby agrees to timely file, or cause to be filed, in a format prescribed by the MSRB, the Official Statement (and any amendment or supplement to the Official Statement prepared in accordance with Section 6(m) above) with (i) the MSRB or its designee (including the MSRB’s Electronic Municipal Market Access System) or (ii) other repositories approved from time to time by the United States Securities and Exchange Commission (the *SEC*) (either in addition to or in lieu of the filing referred to in clause (i) of this Section. Unless otherwise notified in writing by the Underwriter, the City can assume that the “end of the underwriting period” for purposes of Rule 15c2-12 is the date of the Closing.

(b) In addition, the Underwriter has delivered the Certificate of Interested Parties Form 1295 (*Form 1295*) and certification of filings generated by the Texas Ethics Commission’s electronic portal, signed by an authorized agent, prior to the execution of this Purchase Contract by the City and the Underwriter. The Underwriter and the City understand that neither the City nor its consultants have the ability to verify the information included in Form 1295, and neither the City nor its consultants have an obligation, nor have undertaken any responsibility, for advising the Underwriter with respect to the proper completion of Form 1295 other than, with respect to the City, providing the identification number required for the completion of Form 1295.

(c) The Underwriter 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 Purchase Contract is a contract for goods or services, will not boycott Israel during the term of this Purchase Contract. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, as amended, and to the extent such section does not contravene applicable State or 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 Underwriter understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit.

(d) The Underwriter represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended, and posted on any of the following pages of such officer’s Internet website:

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

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, as amended, and to the extent such Section does not contravene applicable State or federal law and excludes the Underwriter and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Underwriter understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit.

8. Delivery of, and Payment for, the Obligations. The consummation of the sale of the Obligations to the Underwriter (the *Closing*) shall be held at the offices of Bond Counsel located at 600 Congress Ave., Suite 1800, Austin, Texas 78701. The Closing shall be held at 10:00 a.m., Central time, on August 3, 2020 (the *Closing Date*), or at such other time or date and closing method (including telephonic) as shall be mutually agreed upon by the City and the Underwriter.

Subject to the conditions stated herein, at the Closing the City will deliver, or cause to be delivered, the Obligations to the Underwriter (being one initial Obligation) in temporary form, duly executed and registered as hereinafter provided, together with the other documents hereinafter mentioned, and the Underwriter will accept such delivery and pay the purchase price of the Obligations as set forth in Section 1 hereof in immediately available funds by federal funds wire transfer to or for the account of the City. It is anticipated that the definitive Obligations (replacing the cancelled initial Obligation) shall be issued in the form of one typewritten or printed certificate for each maturity, registered in the name of Cede & Co., as the registered owner and nominee for DTC in the same aggregate principal amount of the Obligations. Delivery of the definitive

Obligations as aforesaid shall be made at the place in New York, New York, designated by DTC or to the Paying Agent/Registrar acting on behalf of DTC. If not DTC, the City will have the opinion of Bond Counsel attached to or accompany the Obligations. The definitive Obligations shall be in fully registered form, bear proper CUSIP numbers, and be in authorized denominations and registered in such names and in such amounts as the Underwriter may request. The definitive Obligations shall be made available to the Underwriter for review not less than 24 hours prior to the Closing. In lieu of the foregoing, such Obligations shall be held in safe custody by the Paying Agent/Registrar or any authorized agent for the Paying Agent/Registrar. The Paying Agent/Registrar shall release or authorize the release of such Obligations at the Closing from safe custody to the Underwriter upon receipt by the City of payment for the Obligations as provided herein. The Obligations will be delivered pursuant DTC's FAST delivery system.

In addition, the City and the Underwriter agree that there shall be a preliminary closing held at such place as the City and the Underwriter shall mutually agree, commencing at least 24 hours prior to the Closing; provided, however, in lieu of this preliminary closing Bond Counsel may provide the counsel to the Underwriter with a complete transcript of proceedings acceptable to the Underwriter, relating to the Obligations, at least 24 hours prior to Closing. Drafts of all documents to be delivered at the Closing shall be prepared and distributed to the parties and their counsel for review at least two business days prior to the Closing.

9. Certain Conditions to Underwriter's Obligations. The obligations of the Underwriter hereunder are subject to the satisfaction on or before the date of the Closing of each of the following conditions (unless waived by the Underwriter in writing):

(a) The representations and warranties of the City contained herein or in any certificate or other document delivered pursuant to the provisions hereof shall be true on and as of the date of the Closing as though such representations and warranties were made on and as of the date of the Closing.

(b) The City shall have performed and complied with all agreements and conditions required by this Purchase Contract and the Ordinance to be performed or complied with by it prior to or on the date of the Closing.

(c) At the time of the Closing, the Ordinance shall be in full force and effect, and the Ordinance shall not have been amended, modified, or supplemented, and the Official Statement shall not have been amended, modified, or supplemented, except as may have been agreed to in writing by the Underwriter.

(d) At the time of the Closing, all official action of the City related to the Ordinance shall be in full force and effect and shall not have been amended, modified, or supplemented, except as may have been agreed to in writing by the Underwriter.

(e) The City shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money.

(f) Except as described in the Official Statement, no suit, action, investigation, or legal or administrative proceeding shall be threatened or pending before any court or governmental agency which is likely to result in the restraint, enjoinder, prohibition, or the obtaining of damages

or other relief in connection with the issuance of the Obligations or the consummation of the transactions described herein, or the assessment, collection, or application of the levy or impositions, charge, collection, or application of the taxes pledged to pay the principal of and interest on the Obligations, or which, in the reasonable judgment of the Underwriter, would have a material adverse effect on financial condition of the City, its ability to pay the principal of and interest on the Obligations, or its ability to consummate the transactions described herein.

(g) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions described in this Purchase Contract shall be reasonably satisfactory in legal form and effect to counsel for the Underwriter.

(h) At or prior to the Closing, the Underwriter or counsel to the Underwriter shall have received one (1) executed copy of each of the following documents:

(1) the opinion, dated the date of the Closing, of Bond Counsel, delivered to the Underwriter, relating to, among other things, the validity of the Obligations, the tax-exempt status of the interest on the Obligations for federal income tax purposes, and the defeasance of the Refunded Obligations, in substantially the form attached as Appendix D to the Official Statement;

(2) the supplemental opinion, dated the date of the Closing, of Bond Counsel attached in substantially final form as Exhibit A hereto including reliance language with respect to the Bond Counsel opinion referenced in Section 9(h)(1) hereof;

(3) an opinion, dated the date of the Closing, of Norton Rose Fulbright US LLP, counsel for the Underwriter, in substantially the form of Exhibit B hereto;

(4) a certificate of the City, dated the date of the Closing and signed on its behalf by a Designated Official, acting solely in their official capacity, in form satisfactory to counsel to the Underwriter, to the effect that (a) the representations and warranties of the City herein, or in any certificate or document delivered by the City pursuant to the provisions hereof, are true and correct in all material respects on and as of the date of the Closing as though such representations and warranties were made on and as of the date of the Closing, (b) all agreements or conditions to be performed or complied with by the City hereunder on or prior to the date of the Closing have been performed or complied with, and (c) there has not been any materially adverse change or any development involving a prospective change in the financial condition or otherwise of the City since September 30, 2019, the latest date as of which audited financial information is available;

(5) the Official Statement executed (or approved as evidenced by a conformed copy thereof) on behalf of the City by the Mayor and the City Secretary;

(6) a copy of the Ordinance and all other ordinances or resolutions or other proceedings of the City authorizing the issuance and sale of the Obligations and the execution and delivery of this Purchase Contract, the Escrow Agreement, the Paying Agent/Registrar Agreement, and the Official Statement, and including the Undertaking, in each case certified by the City Secretary of the City, as having been duly adopted and being in full force and effect and as being true, accurate, and complete copies thereof;

(7) an unqualified opinion, dated on or prior to the date of the Closing, of the Attorney General, relating to the legality and validity of the Obligations and approving the Obligations as required by law;

(8) evidence satisfactory to the Underwriter that the Obligations have been registered by the Texas Comptroller as required by law;

(9) a letter from S&P Global Ratings (*S&P*) indicating a rating for the Obligations which is not lower than “___” without regard to credit enhancement;

(10) an executed copy of the Escrow Agreement;

(11) a sufficiency certificate of the financial advisor to the City certifying as to the sufficiency of the amount initially deposited to pay the principal and interest on the Refunded Obligations on the redemption date;

(12) a certificate, dated the date of the Closing, executed by a Designated Official to the effect that (i) except to the extent disclosed in the Official Statement, no suit, action, investigation, or legal or administrative proceeding is pending or, to the knowledge of such person, threatened, before any court or governmental agency (A) to restrain, enjoin, prohibit, or obtain damages or other relief in connection with the issuance and delivery of the Obligations, the consummation of the transactions described herein or the assessment, collection or application of the levy, imposition, charge, collection or application of the taxes pledged to pay the principal of and interest on the Obligations, or the pledge thereof or that would otherwise adversely affect in a material manner the financial condition of the City to pay the principal of and interest on the Obligations or its ability to consummate the transactions described herein; (B) contesting or questioning the corporate existence or boundaries of the City nor the right to hold office of any member of the Governing Body or any other elected or appointed official of the City; or (C) in any way contesting or affecting the validity of the Obligations, the Ordinance, the Escrow Agreement, the Paying Agent/Registrar Agreement, or this Purchase Contract, the powers of the City to issue the Obligations, the authorization of the Obligations, this Purchase Contract or the Ordinance, or the accuracy, completeness, or fairness of the Preliminary Official Statement (to the extent not modified by the Official Statement) or the Official Statement; and (ii) to the best of such person’s knowledge, no event affecting the City has occurred since the date of the Official Statement which should be disclosed therein for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading in any respect;

(13) a certificate of the City, dated the date of the Closing, and signed by an appropriate official of the City, in the form approved by Bond Counsel and satisfactory to Underwriter and Underwriter’s counsel, with respect to arbitrage matters; and

(i) The City shall have returned the corporate check of the Underwriter delivered to the City pursuant to Section 5 hereof.

(j) The Underwriter shall receive such additional legal opinions, certificates, proceedings, instruments, and other documents as counsel to the Underwriter or Bond Counsel

may reasonably request to evidence compliance by the City with legal requirements, the truth and accuracy, as of the time of Closing, of the representations and warranties of the City contained herein, and the due performance or satisfaction by the City and the Escrow Agent at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the City and the Escrow Agent.

(k) At the time of Closing, there shall not have occurred any change or any development involving a prospective change, in the condition, financial or otherwise, of the City from that set forth in the Official Statement that in the reasonable judgment of the Underwriter, is material and adverse and that makes it, in the reasonable judgment of the Underwriter, impracticable to market the Obligations on the terms and in the manner described in the Official Statement.

All such opinions, certificates, letters, agreements, and documents will be in compliance with the provisions hereof only if they are reasonably satisfactory in form and substance to the Underwriter, counsel to the Underwriter, and to Bond Counsel. The Underwriter shall be entitled to receive such conformed copies or photocopies of such opinions, certificates, letters, agreements, and documents with respect to the Obligations as the Underwriter may reasonably request.

10. Conditions to Obligations of the City. The obligations of the City hereunder to deliver the Obligations shall be subject to receipt on or before the date of the Closing of the purchase price set forth in Section 1 hereof, the opinions of Bond Counsel described in Section 9(h)(1) hereof, and the opinions of the Attorney General described in Section 9(h)(7) hereof.

11. Termination. The Underwriter shall have the right to cancel the its obligation to purchase the Obligations (to be evidenced by a written notice to the City terminating the obligation of the Underwriter to accept delivery of and pay for the Obligations) if, between the date hereof and the Closing, the market price or marketability of the Obligations or the ability of the Underwriter to enforce contracts for the sale of the Obligations shall be materially adversely affected, in the reasonable judgment of the Underwriter, by the occurrence of any of the following:

i. legislation shall be enacted or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a Court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation, or statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service, or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose directly or indirectly federal income taxation upon interest received on obligations of the general character of the Obligations or upon income of the general character to be derived by the City, or

ii. there shall exist any event which either (a) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (b) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein, in light of the circumstances under which they were made, not misleading in any material respect or adverse respect, or

iii. there shall have occurred any national or international calamity or crisis, including, without limitation, financial crisis, or a financial crisis or a default with respect to the debt obligations of, or the institution of proceedings under the federal or the state bankruptcy laws by or against the State or any political subdivision, agency, or instrumentality of the State or a downgrade of the sovereign debt rating of the United States by any major credit rating agency or payment default on the United States Treasury Obligations, or that affect the financial markets of the United States, or

iv. there shall have occurred any (a) new material outbreak of hostilities involving the United States (including, without limitation, an act of terrorism) or (b) new material other national or international calamity or crisis, or any material adverse change in the financial, political, or economic conditions affecting the United States, including, but not limited to, an escalation of hostilities that existed prior to the date hereof and any such event shall affect the financial markets of the United States, such that it would make it impracticable, in the reasonable judgment of the Underwriter, for the Underwriter to sell the Obligations on the terms and in the manner described in the Official Statement, or

v. there shall be in force a general suspension of trading on the New York Stock Exchange, or

vi. a general banking moratorium shall have been declared by either federal, Texas, or New York authorities authorized to do so, or

vii. there shall have occurred any materially adverse change, or any development involving a prospective materially adverse change, in the affairs or financial condition of the City, except for changes which the Official Statement discloses have occurred or may occur, or

viii. legislation shall be enacted or any action shall be taken by the United States Securities and Exchange Commission which, in the opinion of counsel for the Underwriter, has the effect of requiring the contemplated distribution of the Obligations to be registered under the Securities Act of 1933, as amended, or requiring the Obligations or the Ordinance or any other document relating to the Obligations or transactions described herein to be qualified under the Trust Indenture Act of 1939, as amended, or

ix. a stop order, ruling, regulation, or official statement by or on behalf of the United States Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering, or sale of the Obligations, or of obligations of the general character of the Obligations, is in violation of any provision of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939, as amended, or

x. any state blue sky or securities commission or other governmental agency or body in any jurisdiction wherein at least 15% of the Obligations were offered or sold shall have withheld registration, exemption, or clearance of the offering of the Obligations as described herein, or issued a stop order or similar ruling relating thereto, or

xi. the Constitution of the State shall be amended, or an amendment shall be proposed, or legislation shall be enacted, or a decision shall have been rendered as to matters of State law, or any order, ruling, or regulation shall have been rendered as to or on behalf of the State by an official, agency, or department thereof, affecting the tax status of the City, its property or income, its bonds (including the Obligations), or the interest thereon, or

xii. there shall be established any new restriction on transactions in securities materially affecting the free market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a change to the net capital requirements of, underwriters established by the New York Stock Exchange, the United States Securities and Exchange Commission, any other federal or state agency or the Congress of the United States, or by Executive Order of the President of the United States, or

xiii. there shall have occurred any downgrading or published negative credit watch or similar published information from any rating agency that at the date of this Purchase Contract has published a rating (or has been asked to furnish a rating) on the Obligations or on any of the City's debt obligations that are secured in a like manner as the Obligations, which action reflects a downgrade or possible downgrade, in the ratings accorded any such obligations of the City, or

xiv. a material disruption in securities settlement, payment or clearance services in the United States shall have occurred.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of, and to pay for the Obligations contained in this Purchase Contract, or if the obligations of the Underwriter to purchase, to accept delivery of, and to pay for the Obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and be of no further force or effect, and neither the Underwriter nor the City shall be under further obligation hereunder, except that the respective obligations of the City and the Underwriter set forth in Sections 13, 14, 15, 17, and 18 hereof shall continue in full force and effect. In addition, the City shall promptly return the corporate check of the Underwriter delivered to the City pursuant to Section 5 hereof.

12. Particular Covenants of the City. The City covenants and agrees with the Underwriter as follows:

(a) Up to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the Official Statement pursuant to Rule 15c2-12, the City shall cooperate with the Underwriter in amending or supplementing the Official Statement whenever requested by the Underwriter if, in the reasonable judgment of the Underwriter, such amendment or supplement is required.

(b) The City shall not revise, amend, or supplement the Official Statement unless such revision, amendment, or supplement has been previously approved by the Underwriter, which approval shall not be unreasonably withheld.

(c) The City shall cooperate with the Underwriter and its counsel in any endeavor to qualify the Obligations for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request, and the City shall use its best efforts to assist the Underwriter to effect such qualifications and to maintain them in effect until the distribution of the Obligations described in the Official Statement shall have been completed; provided, however, the City shall not be required with respect to the offer or sale of the Obligations to file a general or special written consent to suit or to file a general or special written consent to service of process in any jurisdiction, will not be required to qualify as a foreign corporation, and will not bear any expense in connection with any such qualification. The City consents to the use of the Ordinance, the Preliminary Official Statement, and the Official Statement by the Underwriter in obtaining such qualifications.

(d) Any certificate or other instrument or document signed by an authorized officer or agent of the City and delivered to the Underwriter pursuant to the terms and provisions hereof shall be deemed to be a representation and warranty made by the City to the Underwriter as to the statements made therein.

(e) From and after the date of this Purchase Contract through and including the time of Closing, the City will not, except as disclosed in the Official Statement, without the prior written consent of the Underwriter (which consent may not be unreasonably withheld), issue any additional bonds, notes, or other obligations for borrowed money, other than in the ordinary course of business, and the City will not incur any material liabilities, direct or contingent, relating to the City.

(f) If, at any time prior to the time of the Closing as herein provided, an event occurs affecting the City which is materially adverse for the purpose for which the Official Statement is to be used and is not disclosed in the Official Statement, the City shall notify the Underwriter, and if, in the reasonable judgment of the City and the Underwriter, such event requires a supplement or amendment to the Official Statement, the City shall supplement or amend, in a “designated electronic format”, the Official Statement in a form and in a manner approved by the Underwriter, counsel to the Underwriter, and Bond Counsel to the City.

13. Survival of Representations. All representations, warranties, and agreements of the City hereunder or in any certificate delivered pursuant hereto shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter, and shall survive the delivery of and payment for the Obligations and any termination of this Purchase Contract by the Underwriter pursuant to the terms hereof.

14. Payment of Expenses. Costs related to the issuance and sale of the Obligations, including, but not limited to, costs of preparation, printing, and mailing of the Obligations, the Preliminary Official Statement, and the Official Statement, postage, the fees and expenses (including without limitation for meals, transportation and lodging) of any persons employed or retained by the City relating to this transaction, the cost of obtaining credit ratings on the Obligations, the fees of the Attorney General, the fees and expenses of RBC Capital Markets, LLC, as independent registered municipal advisor to the City, the fees and costs of the Escrow Agent, the fees and costs of the paying agent for the Refunded Obligations, the fees and costs of the Paying Agent/Registrar, any other persons retained by the City relating to this transaction, and the fees

and disbursements of Bond Counsel shall be paid by the City of the proceeds of the Obligations or other funds of the City. The Underwriter shall pay (from the expense allocation of the underwriting discount) for their costs related to the purchase of the Obligations, including, without limitation, appropriate advertising expenses, and the fees and expenses of its legal counsel, and other expenses incurred at the Underwriter's discretion. The City acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Obligations.

The City acknowledges that the Underwriter will pay from the Underwriter's expense allocation of the underwriting discount certain fees, including the applicable per bond assessment charged by the Municipal Advisory Council of Texas. The Municipal Advisory Council of Texas is a non-profit corporation whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities.

15. No Personal Liability. None of the members of the Governing Body, nor any officer, agent, or employee of the City, shall be charged personally by the Underwriter with any liability, or be held liable to the Underwriter under any term or provision of this Purchase Contract, or because of execution or attempted execution, or because of any breach or attempted or alleged breach, of this Purchase Contract.

16. Continuing Disclosure Agreement. The City has agreed in the Ordinance to provide certain periodic information and notices of certain events in accordance with Rule 15c2-12, as described in the applicable description, in its entirety, in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION" and referred to elsewhere herein as the Undertaking. The Underwriter has reviewed the agreement as set forth in the Ordinance and the Underwriter's obligation to accept and pay for the Obligations is conditioned upon delivery to the Underwriter or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

17. Notices. Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing at its address set forth above, Attention: City Manager, and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to Mr. Duane Westerman, SAMCO Capital Markets, Inc., 1020 N.E. Loop 410, Suite 640, San Antonio, Texas 78209.

18. Parties in Interest; Entire Agreement. This Purchase Contract shall constitute the entire agreement and is made solely for the benefit of the City and the Underwriter (including the successors or assigns of the Underwriter), and no other person shall acquire or have any right hereunder or by virtue hereof. The Underwriter shall have the right to assign its rights, duties, and obligations under this Purchase Contract. This Purchase Contract may not be assigned by the City. All of the City's representations, warranties and agreements contained in this Purchase Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Obligations pursuant to this Purchase Contract; and (iii) any termination of this Purchase Contract.

19. Governing Law and Choice of Law. This Purchase Contract shall be governed by and construed in accordance with the laws of the State and the United States of America.

20. Business Day. For purposes of this Purchase Contract, business day means any day on which the New York Stock Exchange is open for trading.

21. Status of the Underwriter. The City acknowledges and agrees that (i) the transaction described in this Purchase Contract is an arm's length transaction between the City and the Underwriter; (ii) the Underwriter has financial and other interests that differ from those of the City; (iii) the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the City, (iv) the Underwriter has not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto irrespective of whether the Underwriter has provided or is currently providing other services to the City on other matters; (v) the only obligations the Underwriter has to the City with respect to the transaction described herein expressly are set forth in this Purchase Contract; and (vi) the Underwriter has provided to the City prior disclosures regarding (a) its role as Underwriter, (b) its compensation, (c) any potential or actual material conflicts of interest, (d) material financial characteristics and material financial risks associated with the transactions described herein, and (e) Rule G-17 of the MSRB, which have been received by the City. The City represents that it is capable of independently evaluating the disclosures and/or the City has consulted its own financial, municipal, legal, accounting, tax and/or other advisors, as applicable, to the extent it deems appropriate.

22. Severability. If any provision of this Purchase Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision or provisions of any constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Purchase Contract invalid, inoperative or unenforceable to any extent whatever.

23. General. This Purchase Contract may be executed in several counterparts, each of which shall be regarded as an original and all of which will constitute one and the same instrument. The section headings of this Purchase Contract are for convenience of reference only and shall not affect its interpretation. This Purchase Contract shall become effective upon your acceptance hereof and delivery of a signed copy of this Purchase Contract to the Underwriter.

[The remainder of this page intentionally left blank.]

Very truly yours,



SAMCO CAPITAL MARKETS, INC.

By: _____

Name: _____

Accepted and agreed to as of 7:00 p.m., Central Time,
on the 23rd day of June, 2020:

CITY OF GRANITE SHOALS, TEXAS

By: 
Title: 

Signature Page of the Purchase Contract for the
City of Granite Shoals, Texas General Obligation and Refunding Bonds, Series 2020

SCHEDULE I

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS

\$ _____
CITY OF GRANITE SHOALS, TEXAS
GENERAL OBLIGATION AND REFUNDING BONDS, SERIES 2020

Maturity (Aug. 1)	Principal Amount (\$)	Interest Rate (%)	Initial Yield (%)	Price
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(Interest to accrue from the Delivery Date)

*Yield calculated on the assumption the Obligations denoted and sold at premium will be redeemed August 1, 20__, the first optional call date for such Obligations, at a price of par plus accrued interest to the date of redemption.

Optional Redemption. The City reserves the right, at its option, to redeem the Obligations maturing on August 1, 20__ in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

SCHEDULE II

MATURITIES 10% OF WHICH NOT INITIALLY SOLD

\$ _____

CITY OF GRANITE SHOALS, TEXAS

GENERAL OBLIGATION AND REFUNDING BONDS, SERIES 2020

Maturity (Aug. 1)	Principal Amount (\$)	Interest Rate (%)	Initial Yield (%)	Price
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Schedule II-1

EXHIBIT A

[Form of Supplemental Opinion of Bond Counsel to be provided by Bond Counsel]

EXHIBIT B

[Letterhead of Norton Rose Fulbright US LLP]

_____, 2020

SAMCO Capital Markets, Inc.
1020 N.E. Loop 410, Suite 640
San Antonio, Texas 78209

Ladies and Gentlemen:

We have acted as your counsel in connection with the purchase by you on this date of \$_____ aggregate original principal amount of “City of Granite Shoals, Texas General Obligation and Refunding Bonds, Series 2020” (the *Obligations*) pursuant to a Purchase Contract dated June 23, 2020 (the *Purchase Contract*) between you and the City of Granite Shoals, Texas (the *City*). This opinion is being furnished to you pursuant to Section 9(h)(3) of the Purchase Contract. Unless otherwise expressly provided herein, capitalized terms used in this opinion shall have the meanings ascribed to them in the Purchase Contract.

We have examined a printed copy of the Preliminary Official Statement and the Official Statement and executed copies of the Ordinance, the Escrow Agreement, the Paying Agent/Registrar Agreement, and we have examined and rely upon the certificates and opinions referred to in Section 9(h) of the Purchase Contract.

In our examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents, and the accuracy of the statements contained in such certificates.

Based upon the foregoing, and subject to the qualifications and exceptions hereinafter set forth, we are of the opinion that under applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Obligations are exempted securities within the meaning of the Securities Act of 1933, as amended, and it is not necessary in connection with the offer and sale of the Obligations to the public to register the Obligations under the Securities Act of 1933, as amended, or to qualify the Obligations, the Ordinance, or any other instrument or document under the Trust Indenture Act of 1939, as amended. We express no opinion as to any requirements as to the registration of any other security or qualification of any other instrument under such Acts.

2. We have not verified the information contained in the Preliminary Official Statement or the Official Statement. However, as your counsel we have participated in discussions with respect to the Preliminary Official Statement and the Official Statement with representatives of the City, McCall, Parkhurst & Horton L.L.P., bond counsel to the City (*Bond Counsel*), RBC Capital Markets, LLC, as financial advisor to the City, and you, and as stated above, we have reviewed the Preliminary Official Statement and the Official Statement. In the course of such discussions and review, nothing has come to our attention which leads us to believe that the

Preliminary Official Statement, as of its date, or the Official Statement, as of its date or as of the date hereof (except with respect to the information relating to The Depository Trust Company and its Book-Entry-Only System as appearing under the heading "BOOK-ENTRY-ONLY-SYSTEM" financial statements and other financial and statistical data included therein and in the Appendices thereto, including but not limited to the financial statements appearing in Appendix C thereto as to which we have not been requested to express a view and as to which we express no view) contained or contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

In addition, based upon (i) our understanding of Rule 15c2-12 of the United States Securities and Exchange Commission (the *Rule*) and interpretive guidance published by the United States Securities and Exchange Commission relating thereto; (ii) our review of the continuing disclosure undertakings of the City contained in the Ordinance; and (iii) the inclusion in the Official Statement of a description of the specifics of such undertakings, and in reliance on the opinion of Bond Counsel that the Ordinance has been duly adopted by the City and constitutes a valid and legally binding obligation of the City enforceable in accordance with its terms, we have no reason to believe that such undertakings do not meet the requirements of paragraph (b)(5)(i) of the Rule and, accordingly, we advise you that such undertakings provide a suitable basis for you, as the Underwriter, and any other broker, dealer, or municipal securities dealer acting as Participating Underwriters (as defined in the Rule) in connection with the offering of the Obligations, to make a reasonable determination that the City has met the qualifications of paragraph (b)(5)(i) of the Rule.

In addition to the limitations set forth in the preceding paragraphs, we have not been requested to review, nor have we reviewed, any records or contracts of the City or the basis for any representations made by representatives of the City, and the foregoing is subject to the material, statements, and other data contained in the records or contracts of the City and any such representations, to the extent they are reflected in the Official Statement, not containing any untrue statement of a material fact or omitting to state a material fact necessary to make the statements contained in the Official Statement, in light of the circumstances under which they were made, not misleading.

We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Obligations.

This legal opinion expresses the professional judgment of this firm as to the legal issues explicitly addressed herein. In rendering a legal opinion, we do not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction; nor does the rendering of our opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

This opinion is furnished solely for your benefit and may be relied upon only by the addressees hereof or anyone to whom specific permission is given in writing by us.

Very truly yours,

EXHIBIT C

Form of Issue Price Certificate

\$ _____
CITY OF GRANITE SHOALS, TEXAS
GENERAL OBLIGATION AND REFUNDING BONDS, SERIES 2020

ISSUE PRICE CERTIFICATE

The undersigned, as the duly authorized representative of SAMCO Capital Markets, Inc. ("Purchaser"), with respect to the \$ _____ General Obligation and Refunding Bonds, Series 2020 (the "Obligations") issued by the City of Granite Shoals, Texas ("Issuer"), hereby certifies, based on its records and information, as follows:

(a) [Other than the Obligations maturing in _____ ("Hold-the-Price Maturities"), the][The first price at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Obligations having the same credit and payment terms (a "Maturity") was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (the "Public") is set forth in the final Official Statement relating to the Obligations.

(Add (b) and (c) only if there are Hold-the-Price maturities)

(b) On or before the first day on which the Purchase Contract is entered into (the "Sale Date"), the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective initial offering prices (the "Initial Offering Prices"), as listed in the final Official Statement relating to the Obligations.

(c) As set forth in the Purchase Contract the Purchaser represents that each member of the Syndicate] agreed in writing that (i) the Purchaser would retain the unsold Obligations of each Hold-the-Price Maturity and not allocate any such Obligations to any other Underwriter, and (ii) the Purchaser would neither offer nor sell any unsold Obligations of the Hold-the-Price Maturities to any person at any higher price than the respective Initial Offering Price for such Maturity until a date that is the earlier of the close of the fifth business day after the Sale Date or the date on which the Underwriter sells a Substantial Amount of a Maturity of the Obligations to the Public at no higher price than the Initial Offering Price for such Maturity.

A copy of the pricing wire or equivalent communication for the Obligations is attached to this Certificate as Schedule A.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the Public) to participate

in the initial sale of the Obligations to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

[Signature Page Follows]

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Obligations, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Obligations. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _____, 2020.

SAMCO Capital Markets, Inc., as Purchaser

By: _____

Name: _____

SCHEDULE A
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

EXHIBIT "B"

PAYING AGENT/REGISTRAR AGREEMENT

EXHIBIT "C"

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 16 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 (and included in the Appendix or under the headings of the Official Statement referred to) below:

- (1) Appendix A - Table 1 - Valuations, Exemptions and Tax Supported Debt
- (2) Appendix A - Table 3 - Taxable Assessed Valuation by Category
- (3) Appendix A - Table 4 - City Sales Tax History
- (4) Appendix A - Table 5 - Valuation and Tax Supported Debt History
- (5) Appendix A - Table 6 - Tax Rate, Levy and Collection History
- (6) Appendix A - Table 7 - Other Obligations
- (7) Appendix A - Table 8 - Ten Largest Taxpayers
- (8) Appendix A - Table 9 - Outstanding Limited Tax General Obligation Debt Service Requirements
- (9) Appendix A - Table 10 - Tax Adequacy for General Obligations
- (10) Appendix A - Table 11 - General Fund Revenues and Expenditures
- (11) Appendix A - Table 12 - Current Investments
- (12) Appendix B

Accounting Principles

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

EXHIBIT "D"

NOTICES OF DEFEASANCE AND REDEMPTION

NOTICE OF REDEMPTION/DEFEASANCE

NOTICE IS HEREBY GIVEN that the following obligations (the "Obligations") issued by the City of Granite Shoals, Texas (the "City") have been defeased and called for redemption prior to their scheduled payment dates, at a price of par and accrued interest to the date of redemption, August 7, 2020 (the "Redemption Date") to-wit:

City of Granite Shoals, Texas Combination Tax and Limited Revenue Certificate of Obligation, Series 2010 payable in principal installments on August 1 in the years 2021 through 2028, inclusive, aggregating \$430,000 in principal amount:

<u>Payment Date (August 1)</u>	<u>Principal Installment Amount</u>	<u>Current Interest Rate</u>
2021	\$45,000	
2022	45,000	
2023	50,000	
2024	50,000	
2025	55,000	
2026	60,000	
2027	60,000	
2028	65,000	

The redemption price for the above Obligations is par plus accrued interest to the date fixed for redemption. Such Obligations shall be redeemed on and shall not longer bear interest after the Redemption Date. Due provision for the payment of the obligations described above has been made with TIB-The Independent Bankers Bank (the "Bank"), and said obligations shall be presented for payment either in person or by mail, at the following addresses:

First Class/Registered/Certified Mail
TIB The Independent BankersBank, N.A
11701 Luna Road
Farmers Branch, TX 75234

By Overnight or Courier
TIB The Independent BankersBank,
N.A
11701 Luna Road
Farmers Branch, TX 75234

By Hand
TIB The Independent BankersBank,
N.A
11701 Luna Road
Farmers Branch, TX 75234

In compliance with section 3406 of the Internal Revenue Code of 1986, as amended, payors making certain payments due on debt securities may be obligated to deduct and withhold a portion of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of this withholding tax, such payees should submit a certified taxpayer identification number when surrendering the Obligations for redemption.

CITY OF GRANITE SHOALS, TEXAS

CONDITIONAL NOTICE OF REDEMPTION AND DEFEASANCE

CONDITIONAL NOTICE IS HEREBY GIVEN that the following obligations (the "Obligations") issued by the City of Granite Shoals, Texas (the "City") are being defeased and called for redemption on August 7, 2020 (the "Redemption Date") prior to their scheduled maturity at a redemption price of par plus accrued interest to the Redemption Date, to-wit:

CITY OF GRANITE SHOALS, TEXAS GENERAL OBLIGATION BOND, SERIES 2018, payable in principal installments on August 1 in each of the years 2021 through 2027, inclusive, aggregating \$2,415,000 in principal amount.

Payment Date (August 1)	Principal Installment Amount	Interest Rate
2021	\$320,000	2.34%
2022	325,000	2.53%
2023	335,000	2.64%
2024	345,000	2.78%
2025	350,000	2.91%
2026	365,000	3.01%
2027	375,000	3.09%

THIS CONDITIONAL NOTICE OF REDEMPTION AND DEFEASANCE and the payment of the principal of and interest on the Obligations on the Redemption Date are subject to the issuance and delivery of the City of Granite Shoals, Texas General Obligation and Refunding Bonds, Series 2020 (the "Refunding Bonds") on or before the Redemption Date. Delivery of the Refunding Bonds is subject to market conditions and other closing requirements. In the event such Refunding Bonds are not issued on or before the Redemption Date, the conditional redemption of the Obligations shall be null and void and of no force and effect, and any Obligations delivered for redemption shall be returned to the respective owners thereof. In such case, said Obligations shall remain outstanding as though this Conditional Notice of Redemption and Defeasance had not been given.

IF THE REFUNDING BONDS ARE DELIVERED, the Obligations will be defeased through a deposit of funds and/or U.S. securities sufficient to pay the principal amount of the Obligations and the interest thereon to the Redemption Date on the date of delivery of the Refunding Bonds, currently scheduled for August 3, 2020, and the Obligations will no longer be outstanding under the ordinance authorizing their issuance but will be secured by and payable solely from amounts deposited with UMB Bank, N.A., Austin, Texas, acting as escrow agent.

If the Obligations are defeased and redeemed as provided in this Conditional Notice of Redemption and Defeasance, due provision for the payment of the Obligations shall have been made with Broadway National Bank (the "Bank"), the paying agent for said obligations, and said obligations shall be presented for payment either in person or by mail, at the following address:

First Class/Registered/Certified

Mail

Broadway National Bank

By Overnight or Courier

Broadway National Bank

By Hand

Broadway National Bank

Interest on the Obligations shall cease to accrue from and after the Redemption Date, if the Obligations are redeemed as provided in this Conditional Notice of Redemption and Defeasance.

In compliance with section 3406 of the Internal Revenue Code of 1986, as amended, payors making certain payments due on debt securities may be obligated to deduct and withhold a portion of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of this withholding tax, such payees should submit a certified taxpayer identification number when surrendering the Obligations for redemption.

CITY OF GRANITE SHOALS, TEXAS

EXHIBIT "E"
ESCROW AGREEMENT

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of August 1, 2020 (herein, together with any amendments or supplements hereto, called the "Agreement") is entered into by and between the City of Granite Shoals, Texas (herein called the "Issuer") and UMB Bank, N.A., Austin, Texas, as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent"). The addresses of the Issuer and the Escrow Agent are shown on Exhibit "A" attached hereto and made a part hereof.

W I T N E S S E T H:

WHEREAS, the Issuer heretofore has issued and there presently remain outstanding the obligations described in Exhibit "B" attached hereto (the "Refunded Obligations"); and

WHEREAS, when firm banking arrangements have been made for the payment of principal and interest to the maturity or redemption dates of the Refunded Obligations, then the Refunded Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, Chapter 1207, Texas Government Code ("Chapter 1207"), authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with any place of payment (paying agent) for any of the Refunded Obligations, and such deposit, if made before such payment dates and in sufficient amounts, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 further authorizes the Issuer to enter into an escrow agreement with any such paying agent for any of the Refunded Obligations, or a trust company or commercial bank that does not act as a depository for the Issuer, with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such paying agent, trust company or commercial bank may agree, provided that such deposits may be invested only in direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and which may be in book entry form, and that mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of principal and interest on the Refunded Obligations when due (the "Escrowed Securities"); and

WHEREAS, the Escrow Agent is a trust company or commercial bank that does not act as a depository for the Issuer;

WHEREAS, this Agreement constitutes an escrow agreement of the kind authorized and required by said Chapter 1207; and

WHEREAS, Chapter 1207 makes it the duty of the Escrow Agent to comply with the terms of this Agreement and timely make available to the other places of payment (paying agents)

for the Refunded Obligations the amounts required to provide for the payment of the principal of and interest on such obligations when due, and in accordance with their terms, but solely from the funds, in the manner, and to the extent provided in this Agreement; and

WHEREAS, the issuance, sale, and delivery of the Issuer's General Obligation and Refunding Bonds, Series 2020 (the "Refunding Obligations") have been issued, sold and delivered for the purpose of obtaining the funds required to provide for the payment of the principal of the Refunded Obligations at their respective maturity dates or dates of redemption and the interest thereon to such dates; and

WHEREAS, the Issuer desires that, concurrently with the delivery of the Refunding Obligations to the purchasers thereof, certain proceeds of the Refunding Obligations, together with certain other available funds of the Issuer, if applicable, shall be applied to purchase Escrowed Securities for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

WHEREAS, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay interest on the Refunded Obligations as it accrues and becomes payable and the principal of the Refunded Obligations on their maturity dates or dates of redemption; and

WHEREAS, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, the Issuer desires to establish the Escrow Fund at the principal corporate trust office of the Escrow Agent; and

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the interest on the Refunded Obligations, the Issuer and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"Code" means the Internal Revenue Code of 1986, as amended, together with any other applicable provisions of any successor federal income tax laws.

"Escrow Fund" means the fund created by this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

"Paying Agent" means Broadway National Bank with respect to the Series 2018 Refunded Obligations and TIB-The Independent Bankers Bank with respect to the Series 2010 Refunded Obligations.

"Series 2010 Refunded Obligations" the portion of the Refunded Obligations consisting of the Issuer's Combination Tax and Limited Revenue Certificate of Obligation, Series 2010 set forth on Exhibit B hereto.

"Series 2018 Refunded Obligations" the portion of the Refunded Obligations consisting of the Issuer's General Obligation Bond, Series 2018 set forth on Exhibit B hereto.

Section 1.02. Other Definitions. The terms "Agreement", "Issuer", "Escrow Agent", "Escrowed Securities", "Refunded Obligations" and "Refunding Obligations" when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.03. Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Obligations in accordance with applicable law.

ARTICLE II

DEPOSIT OF FUNDS AND ESCROWED SECURITIES

Section 2.01. Deposits in the Escrow Fund. Concurrently with the sale and delivery of the Refunding Obligations the Issuer shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the funds and Escrowed Securities described in Exhibit "C" attached hereto, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing.

ARTICLE III

CREATION AND OPERATION OF ESCROW FUND

Section 3.01. Escrow Fund. The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the City of Granite Shoals, Texas General Obligation and Refunding Bonds, Series 2020 Escrow Fund (the "Escrow Fund"). The Escrow Agent hereby agrees that upon receipt thereof it will irrevocably deposit to the credit of the Escrow Fund the funds and the Escrowed Securities described in Exhibit "C" attached hereto. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the

principal of and interest on the Refunded Obligations, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Obligations, any balance then remaining in the Escrow Fund shall be transferred to the Issuer and used by the Issuer to pay debt service, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.02. Payment of Principal and Interest. The Escrow Agent is hereby irrevocably instructed to transfer from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the principal of the Refunded Obligations at the redemption date and interest thereon to such redemption date in the amounts and at the times shown in Exhibit "D" attached hereto.

Section 3.03. Sufficiency of Escrow Fund. The Issuer represents that the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Refunded Obligations as such interest comes due and the principal of the Refunded Obligations as the Refunded Obligations come due, all as more fully set forth in Exhibit "D" attached hereto. Upon such initial deposit, such principal and interest shall be payable solely from the Escrow Fund and thereafter the Issuer will have no further responsibility with respect to amounts available to such Paying Agent for the payment of the Refunded Obligations, including any insufficiency therein caused by the failure of the Paying Agent to receive payment when due on the Refunded Obligations. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund.

Section 3.04. Trust Fund. The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Obligations; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Obligations shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the Refunded Obligations. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right to title with respect thereto except as an Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer or, except to the extent expressly herein provided, by the Paying Agent.

Section 3.05. Security for Cash Balances. Cash balances from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

ARTICLE IV

LIMITATION ON INVESTMENTS

Section 4.01. Except as provided in Section 4.03 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer or otherwise dispose of the Escrowed Securities.

Section 4.02. Reserved.

Section 4.03. Substitutions and Reinvestments. At the discretion of the Issuer, the Escrow Agent shall invest cash balances held in the Escrow Fund when directed by the Issuer in writing in Escrowed Securities, all of which shall mature on or before the first payment date for any of the Refunded Obligations as reflected in Exhibit "D."

The Escrow Agent shall have no responsibility or liability for loss or otherwise with respect to investments made at the direction of the Issuer.

Section 4.04. Arbitrage. The Issuer hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Escrowed Securities to be used directly or indirectly to acquire any securities or obligations if the exercise of such power or the acquisition of such securities or obligations would cause any Refunding Obligations or Refunded Obligations to be an "arbitrage bond" within the meaning of the Code.

ARTICLE V

APPLICATION OF CASH BALANCES

Section 5.01. In General. Except as provided in Sections 3.02 and 4.03 hereof, no withdrawals, transfers or reinvestment shall be made of cash balances in the Escrow Fund.

ARTICLE VI

RECORDS AND REPORTS

Section 6.01. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the Issuer and the owners of the Refunded Obligations.

Section 6.02. Reports. While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the Issuer a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Refunded Obligations or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

ARTICLE VII

CONCERNING THE PAYING AGENTS AND ESCROW AGENT

Section 7.01. Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 7.02. Limitation on Liability. The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Obligations shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, neither the Escrow Agent nor the Paying Agent shall have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the Issuer as promptly as practicable of any such occurrence.

The recitals herein and in the proceedings authorizing the Refunding Obligations shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the proceedings authorizing the Refunding Obligations or the Refunded Obligations and is not responsible for nor bound by any of the provisions thereof (except as a place of payment and paying agent and/or a Paying Agent/Registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or willful misconduct.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own willful misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Issuer at any time.

Section 7.03. Compensation. (a) Concurrently with the sale and delivery of the Refunding Bonds, the Issuer shall pay to the Escrow Agent, as a fee for performing the services hereunder and for all expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement, the amount set forth in Exhibit "E" attached hereto, the sufficiency of which is hereby acknowledged by the Escrow Agent. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the Issuer hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the Issuer for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

(b) The Issuer covenants to timely pay for all future paying agency services of the Paying Agent for the Refunded Obligations in accordance with the paying agent fee schedule now

in effect through the final payment of the Refunded Obligations, the sufficiency of which is hereby acknowledged by the Paying Agent. Additionally, the Paying Agent has agreed to look only to the Issuer for the payment of such fees and reimbursement of such expenses, and for the benefit of the registered owners of the Refunded Obligations, to perform the services as Paying Agent without regard to the future payment of such fees and expenses. The Paying Agent shall in no event assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Paying Agent, or in any other capacity, or for reimbursement for any of its expenses.

(c) **TO THE EXTENT PERMITTED BY LAW, THE ISSUER AGREES TO INDEMNIFY THE ESCROW AGENT FOR, AND HOLD IT HARMLESS AGAINST, ANY LOSS, LIABILITY, OR EXPENSE INCURRED WITHOUT NEGLIGENCE OR BAD FAITH ON ITS PART, ARISING OUT OF OR IN CONNECTION WITH ITS ACCEPTANCE OR ADMINISTRATION OF ITS DUTIES HEREUNDER, INCLUDING THE COST AND EXPENSE AGAINST ANY CLAIM OR LIABILITY IN CONNECTION WITH THE EXERCISE OR PERFORMANCE OF ANY OF ITS POWERS OR DUTIES UNDER THIS AGREEMENT.**

Section 7.04. Notice of Redemption. The Paying Agent is hereby authorized and directed to cause notice of defeasance and redemption of the Refunded Obligations to be given at the time and in the form and manner prescribed in the proceedings that authorized the issuance of the Refunded Obligations.

Section 7.05. Acknowledgment of Notice of Redemption. The Escrow Agent, by its execution hereof, as paying agent/registrar for the Refunded Obligations, acknowledges receipt of written notice of the redemption of the Refunded Obligations, as required by the proceedings that authorized the issuance of the Refunded Obligations, and agrees to provide or cause to be provided notice of defeasance and redemption of such Refunded Obligations as required by the proceedings that authorized the issuance of such Refunded Obligations.

Section 7.06. Successor Escrow Agents. If at any time the Escrow Agent or its legal successor or successors should become unable, through operation or law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer within 60 days, the Escrow Agent, at the expense of the Issuer, has the right to petition a court of competent jurisdiction to appoint a successor under the Agreement, a successor may be appointed by the owners of a majority in principal amount of the Refunded Obligations then outstanding by an instrument or instruments in writing filed with the Issuer, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the Escrow Agent or the owner of any Refunded Obligation may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be: (i) a corporation, bank or banking association organized and doing business under the laws of the United States or the State of Texas; (ii) be authorized under such laws to exercise corporate trust powers; (iii) be authorized under Texas law to act as an escrow agent; (iv) have its principal office and place of business in the State of Texas; (v) have a combined capital and surplus of at least \$5,000,000; and (vi) be subject to the supervision or examination by Federal or State authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trust hereby created by giving not less than sixty (60) days' written notice to the Issuer specifying the date when such resignation will take effect. No such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the owners of the Refunded Obligations or by the Issuer as herein provided and shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

Under any circumstances, the Escrow Agent shall pay over to its successor Escrow Agent proportional parts of the Escrow Agent's fee and, if applicable, its Paying Agent's fee hereunder. Any expenses incurred in connection with the appointment of a successor Escrow Agent will not be paid from the Escrow Fund.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notice. Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the Issuer or the Escrow Agent at the address shown on Exhibit "A" attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof. Prior written notice of any amendment to this Agreement contemplated pursuant to Section 8.08 and immediate written notice of any incidence of a severance pursuant to Section 8.04 shall be sent to Moody's Investors Service, Attn: Public Finance Rating Desk/Refunded Obligations, 99 Church Street, New York, New York 10007 and Standard & Poor's Corporation, Attn: Municipal Bond Department, 25 Broadway, New York, New York 10004.

Section 8.02. Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the owners of the Refunded Obligations or to any other person or persons in connection with this Agreement.

Section 8.03. Binding Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Obligations, the Issuer, the Escrow Agent and their respective successors and legal representatives.

Section 8.04. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 8.05. Texas Law Governs. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

Section 8.06. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 8.07. Effective date of Agreement. This Agreement shall be effective upon receipt by the Escrow Agent of the funds described in Exhibit "C" attached hereto and the Escrowed Securities, together with the specific sums stated in subsections (a) and (b) of Section 7.03 for Escrow Agent and paying agency fees, expenses, and services.

Section 8.08. Amendments. This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the Refunded Obligations.

Section 8.09. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original for all purposes, and all counterparts shall together constitute one and the same instrument.

Section 8.10. Anti-Boycott. The Escrow Agent represents and warrants, for purposes of Chapter 2271 of the Texas Government Code, that at the time of execution and delivery of this Agreement, neither the Escrow Agent, nor any parent company, wholly- or majority-owned subsidiaries or affiliates of the same, if any, boycotts Israel or will 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, "boycotts Israel" and "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 8.11. Terrorist Organizations. The Escrow Agent represents that, neither the Escrow Agent, nor any parent company, wholly- or majority-owned subsidiaries or affiliates of the same, if any, are companies 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>.

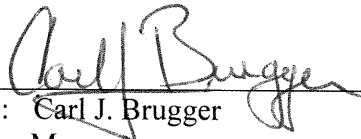
The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Escrow Agent and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same,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

Section 8.12. Exemption from Disclosure Form. The Escrow Agent represents and warrants that it is exempt from the requirements of Section 2252.908 of the Texas Government Code, as amended, pursuant to subsection (c)(4) thereof, and, accordingly, the Escrow Agent is not required to file a Certificate of Interested Parties Form 1295 otherwise prescribed thereunder.

(Execution Page Follows)

EXECUTED as of the date first written above.

CITY OF GRANITE SHOALS, TEXAS

By 
Name: Carl J. Brugger
Title: Mayor

[Escrow Agreement Signature Page]

UMB BANK, N.A.

By _____
Authorized Signatory

INDEX TO EXHIBITS

Exhibit "A"	Addresses of the Issuer and the Escrow Agent
Exhibit "B"	Description of the Refunded Obligations
Exhibit "C"	Description of Beginning Cash Deposit (if any) and Escrowed Securities
Exhibit "D"	Escrow Fund Cash Flow
Exhibit "E"	Compensation of Escrow Agent

EXHIBIT "A"

ADDRESSES OF THE ISSUER AND THE ESCROW AGENT

Issuer

City of Granite Shoals, Texas
2221 N. Phillips Ranch Road
Granite Shoals, Texas 78654
Attn: City Manager

Escrow Agent

UMB Bank, N.A.
Corporate Trust and Escrow Group
6034 West Courtyard Drive, Suite 370
Austin, Texas 78730

EXHIBIT "B"

DESCRIPTION OF THE REFUNDED OBLIGATIONS

CITY OF GRANITE SHOALS, COMBINATION TAX AND LIMITED REVEENUE CERTIFIATE OF OBLIGATION, SERIES 2010, the outstanding obligations payable in principal installments on August 1 in the years 2021 through and including 2028, inclusive, aggregating \$430,000 in principal amount:

Payment Date (August 15)	Principal Installment Amount	<u>Interest Rate</u>⁽¹⁾
2021	\$45,000	5.92%
2022	45,000	5.92%
2023	50,000	5.92%
2024	50,000	5.92%
2025	55,000	5.92%
2026	60,000	5.92%
2027	60,000	5.92%
2028	65,000	5.92%

-
- (1) Interest on the Series 2010 Refunded Obligations is subject to interest rate adjustment on August 1, 2020 with notice of such adjusted rate not required to be provided until the second business day following such adjustment date which is after the effective date of this Agreement. Interest rate show is the rate in effect prior to such adjustment.

CITY OF GRANITE SHOALS, GENERAL OBLIGATION BOND, SERIES 2018, the outstanding obligations payable in principal installments on August 1 in the years 2021 through and including 2027, inclusive, aggregating \$2,415,000 in principal amount:

Payment Date (August 15)	Principal Installment Amount	<u>Interest Rate</u>
2021	\$320,000	2.34%
2022	325,000	2.53%
2023	335,000	2.64%
2024	345,000	2.78%
2025	350,000	2.91%
2026	365,000	3.01%
2027	375,000	3.09%

EXHIBIT "C"

ESCROW DEPOSIT

Beginning Cash Balance

\$2,846,545.08, representing \$2,845,000.00 in aggregate principal balance of the Refunded Obligations plus accrued interest in the amount of \$1,545.08 to be deposited with the Escrow Agent on August 3, 2020 to pay the redemption price of the Refunded Obligations on their redemption date of August 7, 2020.

EXHIBIT "D"

ESCROW FUND CASH FLOW

Aggregate Escrow Fund:

<u>Dates</u>	<u>Cash</u>	<u>Aggregate Debt service payments on Refunded Obligations*</u>	<u>Cash Balance</u>
August 3, 2020	\$2,846,545.08	-	\$2,846,545.08
August 7, 2020	\$2,846,545.08	\$2,846,545.08	\$0.00*

Portion of Escrow Fund for Series 2010 Refunded Obligations:

<u>Dates</u>	<u>Cash</u>	<u>Debt service payments on Series 2010 Refunded Obligations*</u>	<u>Cash Balance</u>
August 3, 2020	\$430,430.00	-	\$430,430.00
August 7, 2020	\$430,430.00	\$430,430.00	\$0.00*

Portion of Escrow Fund for Series 2018 Refunded Obligations:

<u>Dates</u>	<u>Cash</u>	<u>Debt service payments on Series 2018 Refunded Obligations</u>	<u>Cash Balance</u>
August 3, 2020	\$2,416,115.08	-	\$2,416,115.08
August 7, 2020	\$2,416,115.08	\$2,416,115.08	\$0.00

* Interest on the Series 2010 Refunded Obligations is subject to interest rate adjustment on August 1, 2020 with notice of such adjusted rate not required to be provided until the second business day following such adjustment date which is after the effective date of this Agreement. Accordingly, interest on the Series 2010 Refunded Obligations has been calculated assuming the maximum rate of 6% from August 1, 2020 until the redemption date of August 7, 2020 solely for purposes of establishing firm banking arrangements under this Agreement in accordance with Chapter 1207. The owner of the Series 2010 Refunded Obligations will only be entitled to receive the actual amount of accrued interest to the redemption date of such obligations. The Issuer hereby agrees to notify the Escrow Agent in writing of the final accrued interest amount for such obligations at least four business days prior to the redemption date for such obligations. To the extent that the actual interest rates for such weekly rate periods are less than the maximum rate of 6%, the Escrow Agent will return any excess amounts to the Issuer in accordance with Section 3.01 hereof.

EXHIBIT "E"

COMPENSATION OF ESCROW AGENT

CERTIFICATE FOR ORDINANCE NO. 793

THE STATE OF TEXAS
COUNTY OF BURNET
CITY OF GRANITE SHOALS

§
§
§

We, the undersigned officers and members of the City of Granite Shoals, Texas (the "City"), hereby certify as follows:

1. The City Council of the City convened in a REGULAR MEETING ON THE 23RD DAY OF JUNE, 2020, and the roll was called of the duly constituted officers and members of the City, to-wit:

Carl J. Brugger - Mayor
Jim Davant- Mayor Pro Tem Place 3
Ron Munos - Council Member Place 1
Bruce A. Jones-Council Member Place 2
Steve Hougen, M.D.-Council Member Place 4
Elizabeth Edwards-Council Member Place 5
Will Skinner-Council Member Place 6

and all of the persons were present, except the following absentees: _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written

**ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF GRANITE SHOALS,
TEXAS GENERAL OBLIGATION AND REFUNDING BONDS, SERIES 2020;
AUTHORIZING THE LEVY OF AN AD VALOREM TAX IN SUPPORT OF THE
BONDS; APPROVING AN OFFICIAL STATEMENT, A PURCHASE AGREEMENT,
AN ESCROW AGREEMENT AND A PAYING AGENT/REGISTRAR AGREEMENT;
CALLING CERTAIN OBLIGATIONS FOR REDEMPTION AND AUTHORIZING
OTHER MATTERS RELATED TO THE BONDS**

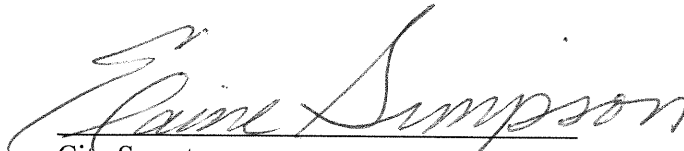
was duly introduced for the consideration of the City. It was then duly moved and seconded that the Ordinance be passed; and, after due discussion, the motion, carrying with it the passage of the Ordinance, prevailed and carried by the following vote:

AYES: 7 NOES: 0

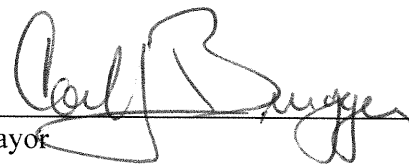
2. A true, full and correct copy of the aforesaid Ordinance passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that the Ordinance has been duly recorded in the City's minutes of the Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the City's minutes of the Meeting pertaining to the passage of the Ordinance; 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 time, place and purpose of the aforesaid Meeting, and that the Ordinance would be introduced and considered for passage at the Meeting, and each of the officers and members consented, in advance, to the holding of the Meeting for such purpose; that the

Meeting was open to the public and public notice of the time, place and purpose of the Meeting was given, all as required by Chapter 551, Government Code, as amended *and as further modified by an order issued by the Governor of the State of Texas on March 16, 2020, suspending certain provisions of the Open Meetings Act in light of his disaster proclamation issued on March 13, 2020, regarding the novel coronavirus (COVID-19).*

SIGNED AND SEALED this June 23, 2020.



City Secretary



Mayor

(SEAL)



GENERAL AND NO-LITIGATION CERTIFICATE

THE STATE OF TEXAS
COUNTY OF BURNET
CITY OF GRANITE SHOALS

§
§
§

We, the undersigned officers of the City, hereby certify as follows:

GENERAL

1. This certificate is executed for and on behalf of the City, for the benefit of the Attorney General of the State of Texas and for the benefit of the Underwriter in connection with the issuance of the Bonds. The words and terms used herein shall have the meanings whenever they are used given in Exhibit "A" attached hereto.

2. Any certificate signed by an official of the City delivered to the Underwriter or the Attorney General of the State of Texas shall be deemed a representation and warranty by the City as to the statement made therein. The Public Finance Division of the Office of the Attorney General of the State of Texas is hereby authorized to date this certificate as of the date of approval of the Bonds and is entitled to rely upon the accuracy of the information contained herein unless notified by telephone or fax to the contrary. The Comptroller of Public Accounts is further authorized to register the Bonds upon receipt of the Attorney General approval. After registration, the Bonds, opinions and registration papers shall be delivered to Richard S. Donoghue at McCall, Parkhurst & Horton L.L.P.

MATTERS RELATING TO THE CITY

3. The City is a duly incorporated home rule city, operating and existing under the Texas Constitution and laws of the State of Texas, including its home rule charter which has not been amended since the issuance of the most recent securities of the City approved by the Attorney General of Texas.

4. No litigation of any nature has been filed or is now pending to restrain or enjoin the issuance or delivery of the Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the proceedings or authority concerning the issuance of the Bonds, 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 the Bonds, and no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded.

6. We officially executed and signed the Bonds with our manual signatures or by causing facsimiles of our manual signatures to be imprinted or copied on the Bonds, and, if appropriate, we hereby adopt such facsimile signatures as our own, respectively, and declare that such facsimile signatures constitute our signatures the same as if we had manually signed the Bonds.

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

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

9. We have caused the official seal of the City to be impressed, or printed, or copied on the Bonds and such seal on the Bonds have been duly adopted as, and is hereby declared to be, the official seal of the City.

10. The currently outstanding tax debt of the City, including the proposed Bonds and excluding the Refunded Obligations, is set forth in Exhibit "B" hereto.

11. The true and correct schedule showing the annual requirements of all the outstanding tax indebtedness of the City, together with the proposed Bonds and excluding the Refunded Obligations, is set forth in Exhibit "C" hereto.

12. The currently effective ad valorem tax rolls of the City are those for the year 2019, being the most recently approved tax rolls of the City; the taxable property in the City has been assessed as required by law; the Tax Assessor of the City has duly verified the tax rolls; and the assessed value of taxable property in the City upon which the annual ad valorem tax of the City has been levied (after deducting the amount of all exemptions, if any, taken or required to be given under the Constitution and laws of the State of Texas), according to the tax rolls for the year, as delivered to the City Secretary, and finally approved and recorded by the City Council of the City, is \$609,431,735.

13. The City has not defaulted in the performance of any of the covenants or other conditions in the ordinances or resolutions authorizing any outstanding obligations.

14. With respect to all land acquired by the City in whole or in part with proceeds of the Bonds, if any, the City will obtain an independent appraisal of such property's market value as required by Section 252.051 of the Local Government Code.

15. The improvements financed with proceeds from the Bonds will be used exclusively by the general public for the intended purposes.

16. The weighted average maturity of the Bonds issued for new money purposes does not exceed 120 percent of the reasonably expected weighted average economic life of the improvements and personal property financed with the Bonds. Attached hereto as Exhibit "D" is a schedule prepared by the City showing the weighted average life of the Bonds issued for new money purposes.

16. None of the Refunded Obligations have ever been held in or purchased for the account of any of the special funds created and maintained under the ordinances authorizing their issuance for payment or security of said Refunded Obligations.

17. The City has received all required disclosure filings, if any, under Section 2252.908 of the Texas Government Code in connection with the authorization and issuance of the Bonds and has acknowledged receipt of such filings with the Texas Ethics Commission ("TEC") in accordance with TEC's rules.

18. The City verifies that, pursuant to Section 2271.002 of the Texas Government Code, that all contracts with a company (as such term is defined in Section 808.001 of the Texas Government Code) within the transcript of proceedings for the Bond, includes a written verification that such company (1) does not "Boycott Israel" (as such term is defined in Section 808.001 of the Texas Government Code) and (2) will not Boycott Israel during the term of the such respective contract.

19. With respect to the contracts contained within the transcript of proceedings that are subject to Section 2252.152, Texas Government Code, the City has verified, as of the date of execution, none of the counter parties to those contracts are listed as scrutinized companies with business operations in Sudan or Iran or that engage in scrutinized business operations with foreign terrorist organizations, or are companies known to have contracts with or provide supplies or services to a "foreign terrorist organization" or "designated foreign terrorist organization" on the lists prepared and maintained pursuant to Texas Government Code Sections 2270.0201 or 2252.153.

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SIGNED AND SEALED this 23rd of June, 2020

Gaine Simpson
City Secretary

Coel Buegger
Mayor

NOTARY ACKNOWLEDGMENT

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

Given under my hand and seal of office this _____.

Notary Public

(Notary Seal)

EXHIBIT A

DEFINITIONS

<i>Bonds -</i>	City of Granite Shoals, Texas General Obligation and Refunding Bonds, Series 2020 dated June 15, 2020 in the aggregate principal amount of \$_____000
<i>City Council -</i>	The City Council of the City.
<i>City -</i>	City of Granite Shoals, Texas.
<i>Closing -</i>	August 3, 2020.
<i>Ordinance -</i>	Ordinance Authorizing the Issuance of City of Granite Shoals, Texas General Obligation and Refunding Bonds, Series 2020; Authorizing the Levy of an Ad Valorem Tax in Support of the Bonds; Approving an Official Statement, a Purchase Agreement, an Escrow Agreement and a Paying Agent/Registrar Agreement; Calling Certain Obligations for Redemption and Authorizing Other Matters Related to the Bonds.
<i>Refunded Obligations-</i>	As defined in the Ordinance.
<i>Underwriter -</i>	SAMCO Capital Markets, Inc.

EXHIBIT B

CURRENTLY OUTSTANDING TAX DEBT⁽¹⁾

Combination Tax and Limited Revenue Certificate of Obligation, Series 2008.....	\$2,455,000
General Obligation Refunding Bonds, Series 2014.....	4,373,000
Limited Tax Note, Series 2019	235,000
General Obligation and Refunding Bonds, Series 2020*	<u> ,000</u>

Total \$ _____,000

(1) Excludes the Refunded Obligations.

*The Bonds in the process of issuance

EXHIBIT C
DEBT SERVICE SCHEDULE

EXHIBIT D
USEFUL LIFE SCHEDULE

PURCHASE CONTRACT CLOSING CERTIFICATE

THE STATE OF TEXAS	§
	§
COUNTY OF BURNET	§
	§
CITY OF GRANITE SHOALS	§

The undersigned, being a Designated Official of the City of Granite Shoals, Texas (the *City*), in conformity with the requirements of the Purchase Contract dated June __, 2020 (the *Purchase Contract*) between the City and SAMCO Capital Markets, Inc. (the *Underwriter*), HEREBY CERTIFY, in relation to the issuance and delivery of obligations designated as “City of Granite Shoals, Texas General Obligation and Refunding Bonds, Series 2020” in the aggregate principal amount of \$_____ (the *Obligations*), and the Official Statement dated June __, 2020 (the *Official Statement*) used by the Underwriter in connection with the offering and sale of the Obligations, certifies as follows:

1. except to the extent disclosed in the Official Statement, no suit, action, investigation, or legal or administrative proceeding is pending or, to my knowledge, threatened, before any court or governmental agency (A) to restrain, enjoin, prohibit, or obtain damages or other relief in connection with the issuance and delivery of the Obligations, the consummation of the transactions described in the Purchase Contract or the assessment, collection or application of the levy, imposition, charge, collection or application of the taxes pledged to pay the principal of and interest on the Obligations, or the pledge thereof or that would otherwise adversely affect in a material manner the financial condition of the City to pay the principal of and interest on the Obligations or its ability to consummate the transactions described in the Purchase Contract; (B) contesting or questioning the corporate existence or boundaries of the City nor the right to hold office of any member of the Governing Body or any other elected or appointed official of the City, or (C) in any way contesting or affecting the validity of the Obligations, the Ordinance, the Escrow Agreement, the Paying Agent/Registrar Agreement, or the Purchase Contract, the powers of the City to issue the Obligations, the authorization of the Obligations, the Purchase Contract or the Ordinance, or the accuracy, completeness, or fairness of the Preliminary Official Statement (to the extent not modified by the Official Statement) or the Official Statement;

2. to the best of my knowledge, no event affecting the City has occurred since the date of the Official Statement which should be disclosed therein for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading in any respect;

3. the representations and warranties of the City contained in the Purchase Contract, or in any certificate or document delivered by the City pursuant

to the provisions thereof, are true and correct in all material respects on and as of the date of the Closing as though such representations and warranties were made on and as of the date of the Closing;

4. all agreements or conditions to be performed or complied with by the City under the Purchase Contract to effect delivery of the Obligations on or prior to the date of the Closing have been performed or complied with; and

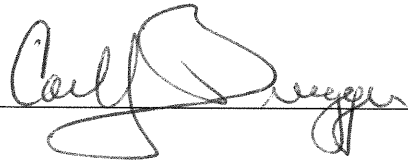
5. there has not been any materially adverse change or any development involving a prospective change in the financial condition or otherwise of the City since September 30, 2019.

Capitalized terms used in this certificate and not defined herein shall have the meanings assigned to them in the Purchase Contract.

* * * *

TO CERTIFY WHICH, witness my hand and the seal of the City this 23rd day of June, 2020.

CITY OF GRANITE SHOALS, TEXAS

By 

CARL J BRUGGER
Name

MAYOR
Title

RULE 15c2-12 CERTIFICATE

The undersigned, being a Designated Official of the City of Granite Shoals, Texas (the *City*), certifies as follows that:

1. The City Council of the City has authorized the undersigned to execute a certificate concerning the distribution of a preliminary official statement pertaining to the issuance and sale of the City's obligations designated as "City of Granite Shoals, Texas General Obligation and Refunding Bonds, Series 2020" in the aggregate principal amount of approximately \$8,980,000 (the *Obligations*), dated August 1, 2020.

2. The preliminary official statement, dated June __, 2020 has been reviewed by the undersigned and is deemed final as of its date (subject to the permissible omissions described in Rule 15c2-12) within the meaning of the provisions of 17 C.F.R. §240.15c2-12(b)(1).

3. Based upon this review, SAMCO Capital Markets, Inc. is authorized to distribute the preliminary official statement in its offering and sale of the Obligations.

4. The undersigned has executed this certificate in the capacity hereinafter shown for and on behalf of the City.

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EXECUTED AND DELIVERED this 23rd of June. 2020

By: Carl Bruggen

Name: CARL J. BRUGGEN

Title: Mayor