CITY OF DEL RIO, TEXAS
CITY COUNCIL SPECIAL MEETING
COUNCIL CHAMBERS - CITY HALL
109 WEST BROADWAY
TUESDAY, JANUARY 13, 2026 - 5:30 P.M.

AGENDA

ITEM NO.	DESCRIPTION

1. CALL TO ORDER

2. ROLL CALL

3. PLEDGE OF ALLEGIANCE & PLEDGE OF ALLEGIANCE TO THE TEXAS FLAG

4. **OTHER BUSINESS**
(ACTION MAY BE TAKEN ON THESE MATTERS)

   a. R:2026-001 Resolution Approving the Execution and Delivery of a Principal Forgiveness Agreement for a Lead Service Line Replacement Program; And Resolving Other Matters Relating to the Subject.

   b. O:2026-001 An Ordinance Authorizing the Issuance and Sale of $590,000 City of Del Rio, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2026A to the Texas Water Development Board to Fund Water System Improvement Projects; Levying Ad Valorem Taxes for the Payment of Such Certificates; And Enacting Other Matters Relating to the Subject

   c. O:2026-002 An Ordinance Authorizing the Issuance and Sale of Approximately $265,000 City of Del Rio, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Series 2026B to the Texas Water Development Board to Fund Water System Improvement Projects; Levying Ad Valorem Taxes for the Payment of Such Certificates; And Enacting Other Matters Relating to the Subject.

   d. O:2026-003 Discuss and Take Action on an Ordinance Authorizing the Issuance, Sale and Delivery of Approximately $17,005,000 in Aggregate Principal Amount of Combination Tax and Revenue Certificates of Obligation, Series 2026 to the Texas Military Preparedness Commission for Water System Improvements; Securing the Payment Thereof by Authorizing the Levy of an Annual Ad Valorem Tax; Approving and Authorizing the Execution of All Instruments and Procedures Related thereto, Including a Loan Agreement; Declaring an Effective Date; and Ordaining Other Matters Related Thereto.

5. **ADJOURNMENT**

* NOTE: The Council reserves the right to retire into executive session concerning any of the items listed on this Agenda, whenever it is considered necessary and legally justified under the Open Meetings Act.

I, Maria C. Acosta, City Secretary, hereby certify that the above agenda was posted on the bulletin board in the Municipal Building and on the bulletin board immediately outside the Municipal Building on or before 6:00 p.m. on the 7th day of January 2026.

Maria C. Acosta, City Secretary

AIS-15395 **4. a.**

City Council Special Meeting

Meeting Date: 01/13/2026

Presented By: Roxy Soto, Asst. Finance Director

Submitted By: Roxy Soto, Asst. Finance Director

Information

SUBJECT:

R:2026-001 Resolution Approving the Execution and Delivery of a Principal Forgiveness Agreement for a Lead Service Line Replacement Program; And Resolving Other Matters Relating to the Subject.

SUMMARY:

The City Council will consider a resolution approving the execution and delivery of a Principal Forgiveness Agreement for the Lead Service Line Replacement Program and resolving other matters relating to the subject.

BACKGROUND:

The Texas Water Development Board (TWDB) provides financial assistance to many Texas cities at below-market rates. In 2024, the City applied for and was awarded funds from the Drinking Water State Revolving Fund (DWSRF) Lead Service Line Replacement (LSLR) program. This program allows the City to replace more than 8,800 lead service lines through the City of Del Rio. This program provides funding (51% principal forgiveness, 49% low-interest loan) to complete lead service line inventory or remove and replace lead service lines.

DISCUSSION:

The City of Del Rio has received approval from the Texas Water Development Board (TWDB) for $1,204,082 in financial assistance. This funding includes $590,000 in the City's combination tax and surplus revenue certificates of obligation, Taxable Series 2026A, along with $614,082 in principal forgiveness.

PROS:

By approving this resolution, the City will authorize entering into an agreement with the Texas Water Development Board to secure significant financial relief for the lead service line inventory.

CONS:

There are no cons associated.

RECOMMENDATION:

Approval of this resolution.

Fiscal Impact

Fund:

Account Number:

Account Name:

Budgeted Amount:

Requested Amount:

Summary:

The City will enter into an agreement in which the Texas Water Development Board will provide the City with $614,082 in principle forgiveness and $590,000 through certificates of obligation to fund the lead service line inventory infrastructure project.

Attachments

R2025-001

Agreement

RESOLUTION NO. R: 2026-001

RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF A PRINCIPAL FORGIVENESS AGREEMENT FOR LEAD SERVICE LINE REPLACEMENT PROGRAM; AND RESOLVING OTHER MATTERS RELATING TO THE SUBJECT

THE STATE OF TEXAS '
COUNTY OF VAL VERDE '
CITY OF DEL RIO '

WHEREAS, the City of Del Rio, Texas (the "City") has received approval from the Texas Water Development Board ("TWDB") for financial assistance from TWDB to the City in the amount of $1,204,082 (the "Loan"), consisting of the City's Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2026A, in the amount of $590,000 and Principal Forgiveness in the amount of $614,082;

WHEREAS, TWDB has presented to the City a Principal Forgiveness Agreement (the "Principal Forgiveness Agreement") in connection with the Loan, in which the City agrees to certain conditions with respect to the Loan;

WHEREAS, this City Council hereby finds and determines that it is a public benefit to and in the best interests of the City and its residents to enter into the Principal Forgiveness Agreement in order to obtain the Loan to fund needed water system improvements within the City; and

WHEREAS, it is officially found, determined and declared that the meeting at which this Resolution has been adopted was open to the public, and public notice of the date, hour, place and subject of said meeting, including this Resolution, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code; Now, Therefore

BE IT RESOLVED BY THE CITY COUNCIL OF CITY OF DEL RIO, TEXAS THAT:

1. 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.

2. The Principal Forgiveness Agreement, in substantially the form presented at this meeting, is hereby approved and the Mayor or Mayor Pro-Tem of the City Council and the City Manager are each hereby authorized and directed to execute and deliver the Principal Forgiveness Agreement. The Escrow Agreement relating to the Principal Forgiveness Agreement between the City and the escrow agent named therein (the "Escrow Agent"), substantially in the form and content presented at this meeting, is hereby approved and the Mayor or Mayor Pro-Tem of the City Council and the City Manager are each hereby authorized and directed to execute the Escrow Agreement on behalf of the City. The Escrow Agent named in the Escrow Agreement is hereby appointed as the Escrow Agent pursuant to such Escrow Agreement.

3. The Mayor, Mayor Pro-Tem, City Manager and City Secretary of the City, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to take such actions and to execute and deliver in the name and on behalf of the City all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution.

4. This Resolution shall become effective immediately upon adoption.

DULY PASSED AND APPROVED by the City Council of the City of Del Rio, Texas, on January 13, 2026.

_____
ALVARO ARREOLA
Mayor

ATTEST:

_____
MARIA C. ACOSTA
City Secretary

REVIEWED FOR ADMINISTRATION:

_____
SHAWNA D. BURKHART
City Manager

REVIEWED AS TO FORM AND LEGALITY:

_____
ANA MARKOWSKI SMITH
City Attorney

Resolution Approving the Execution and Delivery of a
Principal Forgiveness Agreement – Drinking Water State Revolving Fund
Between the Texas Water Development Board and the City of Del Rio, Texas

Principal Forgiveness Agreement
Drinking Water State Revolving Fund

TEXAS WATER DEVELOPMENT BOARD

AND

CITY OF DEL RIO

VAL VERDE COUNTY, TEXAS

TWDB COMMITMENT NO. LF1002107

TWDB PROJECT NO. 63057 (IUP FISCAL YEAR 2023)

TWDB RESOLUTION NO. 25-120

CFDA # 66.468

CITY OF DEL RIO
TWDB COMMITMENT NO. LF1002107
TWDB PROJECT NO. 63057
TWDB RESOLUTION NO. 25-120

PRINCIPAL FORGIVENESS AGREEMENT

TABLE OF CONTENTS

EXHIBITS

THE STATE OF TEXAS §
COUNTY OF TRAVIS §

TWDB Commitment No. LF1002107

PRINCIPAL FORGIVENESS AGREEMENT
BETWEEN THE
TEXAS WATER DEVELOPMENT BOARD
AND THE
CITY OF DEL RIO

WHEREAS, the City of Del Rio, Texas (City), located in Val Verde County, has filed an application with the Texas Water Development Board (TWDB) for financial assistance in the amount of $1,204,082 from the Drinking Water State Revolving Fund (DWSRF) to finance water system improvements identified as Project No. 63057; and

WHEREAS, on August 21, 2025, the TWDB determined that the City qualifies for principal forgiveness to conduct an the inventory of certain lead service lines pursuant to 31 TAC § 371.17 and the criteria set forth in the 2023 DWSRF-LSLR Intended Use Plan (IUP) and agreed, pursuant to the TWDB Resolution to provide financial assistance in the amount of $1,204,082 to the City and further agreed that $614,082 will be forgiven; and

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

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

ARTICLE I. DEFINITIONS

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

Agreement means this Principal Forgiveness Agreement and the attached exhibits.

CFR means the Code of Federal Regulations.

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

Construction Account means an account dedicated to the payment of Project costs, as defined by 31 TAC § 371.1(17) and required by the TWDB Resolution.

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

§§ 300f *et seq.*; applicable federal regulations; Texas Water Code, Chapter 15, §§ 15.601 – 15.618; and 31 TAC Chapter 371.

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

Emergency Preparedness Evaluation means a plan or audit that outlines future needs to ensure compliance with statutory and regulatory standards of emergency operations that directly affect operation of a public water system during an extended power outage from severe weather that impacts the system.

EPA means the U.S. Environmental Protection Agency.

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

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

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

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

IUP means the Intended Use Plan, State Fiscal Year 2023, approved by the TWDB and the EPA in which the Project was prioritized for funding.

Obligations means the $590,000 City of Del Rio, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Series 2025C, together with all authorizing documents, which evidence the portion of the financial assistance that is not forgiven, identified as L1002106.

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

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

Principal Forgiveness Funds means the portion of the Financial Assistance that is forgiven identified as LF1002107, in an amount not to exceed $614,082.

Project means the project for which the TWDB is providing financial assistance under this Agreement and as further described in the TWDB Resolution and identified as Project No. 63057.

State means the State of Texas.

TWDB Resolution means TWDB Resolution No. 25-120, dated August 25,2025, approving the application for financial assistance filed by the City and authorizing the execution of this Agreement.

ARTICLE II. AUTHORITY AND RECITALS

2.01. AUTHORITY. This Agreement is authorized and required by the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.*, and is also governed by terms of the IUP; Texas Water Code, Chapter 6; Texas Water Code; Chapter 15, §§ 15.601 – 15.618; 31 TAC Chapter 371; and the TWDB Resolution.

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

A. The TWDB may provide financial assistance in the form of additional subsidization, such as principal forgiveness, for all or a portion of the Project costs in an amount which the TWDB has determined to be eligible.

B. On August 21, 2025, the TWDB considered an application filed by the City for financial assistance from the DWSRF program. Based on the representations made by the City in that Application, the TWDB adopted the TWDB Resolution in which the TWDB:

1. determined that the City qualifies for principal forgiveness and is eligible for financial assistance; and

2. made a commitment to provide financial assistance through the purchase of bonds in an amount not to exceed $590,000 for the inventory Project and to provide additional subsidization in the form of principal forgiveness to the City in an amount not to exceed $614,082 as Principal Forgiveness Funds without the expectation of repayment.

C. The TWDB and the City enter this Agreement to memorialize and set forth the terms and conditions for the Principal Forgiveness Funds in an amount not to exceed $614,082. The Executive Administrator is authorized to execute this Agreement on behalf of the TWDB pursuant to the TWDB Resolution, which is attached to this Agreement as **EXHIBIT A**. The City is authorized to execute this Agreement through its authorized representative designated in a resolution duly adopted by the governing body of the City, a copy of which is attached hereto as **EXHIBIT B**.

D. Nothing in this Agreement supersedes or affects any provisions of the Obligations relating to the Financial Assistance amount not forgiven.

ARTICLE III. LEGAL REQUIREMENTS

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

A. the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.*, and the EPA regulations at 40 CFR Part 35;

B. all federal laws and regulations identified on **EXHIBIT C**;

C. Texas Water Code; Chapter 15, §§ 15.601 – 15.618;

D. 30 TAC Chapter 290; and

E. 31 TAC Chapter 371.

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

A. Equal Employment Opportunity. The City shall comply with U.S. Department of Labor regulations at 41 CFR Chapter 60, relating to Office of Federal Contract Compliance, EEO. The City shall include this provision in any contract or subcontract in excess of $10,000 as required by 40 CFR § 31.36.

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

C. Contract Work Hours and Safety Standards Act. The City shall ensure that its contractors and subcontractors comply with the Contract Work Hours and Safety Standards Act, 40 U.S.C. §§ 3701 - 3708 and 29 CFR Part 5.

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

3.04. IRON AND STEEL. The City will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States as required by 31 TAC § 371.4, related EPA SRF Policy Guidelines and the TWDB American Iron and Steel Guidance, unless the City has requested and obtained a waiver from EPA pertaining to the Project. This section applies in a manner consistent with United States obligations under international agreements. If the City is a signatory to such an agreement, then the City is under the obligation to determine its applicability and requirements and document the actions taken to comply for the TWDB. The City will abide by all applicable requirements related to the Build America, Buy America Act, Public Law 117-58.

3.05. PROCUREMENT. The City shall comply with the following when procuring goods and services for work on the Project according to the requirements in this section.

A. Debarred and Suspended Vendors. Prior to selecting any contractor, the City shall ensure that the contractor is not listed on the federal Excluded Parties List System and is not suspended or disbarred by either the State or the federal government. See the following websites for lists of suspended and debarred federal and State vendors: www.window.state.tx.us/procurement/prog/vendor_performance/debarred and www.sam.gov.

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

C. Disadvantaged Business Enterprises. The City agrees to comply with 40 CFR Part 33, relating to Participation by Disadvantaged Business Enterprises in United States Environmental Protection Agency Programs.

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

3.07. ASSURANCES RELATED TO STATE FUNDS. The City certifies that it is not prohibited from receiving state funds under Texas Penal Code § 1.10(d) (related to federal laws regulating firearms,

firearm accessories, and firearm ammunition). The City also agrees that, during the term of this Agreement, the City will immediately notify TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f).

ARTICLE IV. PLANNING AND CONSTRUCTION

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

A. Plans and Specifications. The City shall perform the Project in accordance with the plans and specifications as sealed by a State licensed engineer and as approved by the Executive Administrator in compliance with 31 TAC §§ 371.60 – 371.63.

B. Changes to Plans and Specifications. The City shall not make or implement any changes to the scope of the Executive Administrator's approved Project or to the specifications for the Project without the written approval of the Executive Administrator.

C. Project Schedule. The City shall adhere to the TWDB approved Project schedule, attached as **EXHIBIT E**, and shall timely and expeditiously use funds and complete the Project. The City shall not exceed or revise the Project schedule except upon written approval from the TWDB. The City shall not delay the Project completion date except by Amendment to this Agreement.

D. Project Budget. The City shall be solely responsible for all costs that exceed the TWDB approved Project budget, attached as **EXHIBIT F**. The City shall notify the Executive Administrator immediately when it appears that the Project budget may not be sufficient to complete the Project. The City shall not exceed the Project budget except by Amendment to this Agreement.

E. Environmental Compliance. The City shall comply with all environmental conditions and shall implement environmental mitigation measures as required through TWDB environmental review under 31 TAC Chapter 371, Subchapter E.

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

ARTICLE V. SPECIAL COVENANTS AND REPRESENTATIONS

5.01. CONDITIONS FOR DISBURSEMENT OF PRINCIPAL FORGIVENESS FUNDS. No Principal Forgiveness Funds shall be deposited into the Escrow Account or released until the applicable requirements and conditions in the TWDB Resolution and 31 TAC § 371.72, relating to Disbursement of Funds, are met. Construction funds shall not be released unless the City has complied with 31 TAC Chapter 371, Subchapter E, relating to Environmental Reviews and Determinations, and 31 TAC §§ 371.60 – 371.63, relating to Engineering Review and Approval. If

other conditions affect the release of funds, the Parties agree to negotiate in good faith regarding any new or different terms or conditions that become applicable to the release of Principal Forgiveness Funds.

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

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

1. TWDB Outlay Report forms identifying:

   a. the total amount of expenses incurred by the City for the period covered by the Outlay Report; and

   b. invoices, receipts or other documentation satisfactory in form and in substance to the TWDB sufficient to establish the requested amount as an eligible expense incurred by the City.

2. Outlay Report forms are due to TWDB quarterly during the inventory phase of the Project until the completion of the Project.

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

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

5.04. FINAL ACCOUNTING. The City shall provide a final accounting of funds expended on the Project pursuant to 31 TAC § 371.86 and return any remaining Principal Forgiveness Funds in a manner determined by the Executive Administrator.

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

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

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

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

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

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

ARTICLE VI. NON-PERFORMANCE AND REMEDIES

6.01. STOP WORK ORDERS.

A. Stop Work Order (SWO). The Executive Administrator may issue a written SWO to the City at any time for failure to comply with any provision of this Agreement. The SWO shall provide the City with notice of the facts supporting the determination to issue the SWO. The SWO may require cessation of work immediately or at a definite future date. The SWO shall provide the City with a specified time to cure.

B. City's Response. The City shall provide a written response to the SWO and shall provide the Executive Administrator with a detailed plan to address and cure the conditions causing the SWO. The City shall provide the response within five business days from its receipt of the SWO.

C. Executive Administrator's Reply. The Executive Administrator may accept, reject or amend the City's plan and shall provide notice of such action to the City within five business days of receipt of the plan. The Executive Administrator may issue an amended SWO that allows resumption of work contingent upon the City's execution of the plan to cure. The Executive Administrator may modify the City's plan to cure only in a manner consistent with the terms and conditions of this Agreement.

D. City's Option. The City shall notify the Executive Administrator within five business days whether it accepts the amended plan. If the City does not accept the amended plan, the Executive Administrator may terminate this Agreement. Upon successful completion of the plan to cure the conditions causing the SWO, the City shall continue work to complete all obligations under this Agreement.

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

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

6.03. SURVIVAL OF TERMS AND CONDITIONS.

A. Termination or expiration of this Agreement for any reason shall not release either Party from any liabilities or obligations set forth in this Agreement that:

1. the Parties have expressly agreed shall survive any such termination or expiration, if any; or

2. by their nature, would be intended to be applicable following any such termination or expiration.

B. The Parties expressly agree that the following terms and conditions survive the termination or expiration of this Agreement.

1. Article V, Sections 5.03, 5.04, 5.05, 5.07 and 5.08.

2. Article VII, General Terms and Conditions.

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

6.05. REMEDIES.

A. The City shall have all remedies available in law or equity.

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

ARTICLE VII. GENERAL TERMS AND CONDITIONS

7.01. INSURANCE AND INDEMNIFICATION.

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

B. The City is solely responsible for liability resulting from acts or omissions of the City, its employees, contractors, or agents. The City shall indemnify and hold the TWDB and the State harmless, to the extent that the City may do so in accordance with State law.

C. Principal Forgiveness proceeds shall not be used by the City when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The City agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law.

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

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

A. Duty to Maintain Records. The City shall maintain financial accounting records relating to the Project in accordance with Generally Accepted Accounting Principles. The City shall also require its contractors to maintain financial accounting records consistent with Generally Accepted Accounting Principles and with State laws applicable to government accounting. All accounting and other financial documentation shall be accurate, current, and shall reflect recordation of the transactions at or about the time the transactions occurred;

1. Single Audit Act, 31 U.S.C. §§ 7501 - 7507. The City shall comply with the Single Audit Act and with Office of Management and Budget (OMB) Circular A-133, ensuring an audit is conducted in accordance with OMB Circulars.

B. Duty to Retain Records. The City shall retain all financial records and supporting documents and any other documents pertinent to the Project in accordance with the requirements of 31 TAC § 371.87, relating to Records Retention. The TWDB requires the City to retain all records related to this Agreement for a period of three (3) years after the Obligations are paid in full.

C. Public Records. The City understands and agrees that all documents relating to this Agreement are subject to the Public Information Act, Texas Government Code, Chapter 552, and that such documents may not be withheld from public disclosure, except in accordance with law and with the rulings of the Texas Attorney General. The City is required to make any information created or exchanged pursuant to this Agreement, and not otherwise excepted from disclosure under the Texas Public Information Act, available in a format that is accessible by the public at no additional charge. The City shall promptly respond to a request by the TWDB for copies of any of the City's records related to this Agreement.

D. Access to Records.

1. State Auditor. By executing this Agreement, the City accepts the authority of the Texas State Auditor's Office to conduct audits and investigations in connection with all Principal Forgiveness Funds received pursuant to this Agreement. The City shall comply with directives from the Texas State Auditor and shall cooperate in any such investigation or audit. The City agrees to provide the Texas State Auditor with access to any information the Texas State Auditor considers relevant to the investigation or audit. The City also agrees to include a provision in any contract or subcontract related to this Agreement that requires the contractor and the subcontractor to submit to audits and investigations by the Texas State Auditor's Office in connection with all Principal Forgiveness Funds received pursuant to the contract or subcontract.

2. TWDB, EPA, and Comptroller General of the United States. The City agrees that the TWDB, the EPA, and the Comptroller General of the United States shall have full access to any books, documents, papers, and records which are related to the funds expended under this Agreement and that further these federal entities may audit, examine, copy excerpts, and make transcriptions of any such books, documents, papers, and records. The standards of administration, property management, audit procedures, procurement and financial management, and the records and facilities of the City and its contractors are subject to audit and inspection by the TWDB and by the EPA and by any other authorized state or federal entity. All books, documents, papers, and records of the City related to this Agreement shall be made available for audit, examination, excerption, and transcription by the staff of the TWDB within a reasonable time after a request from the TWDB. The City understands and agrees that the EPA's Regional Administrator may, after a thirty-day written notice, review any records the Regional Administrator deems necessary to determine compliance with all requirements concerning the Principal Forgiveness Funds provided under this

Agreement.

7.04. UPDATING INFORMATION. The City shall provide the TWDB with updated information, reports, statements, and certifications as requested by the Executive Administrator relating to the financial condition of the City or the Project and the use of Principal Forgiveness Funds. The City shall promptly notify the TWDB of any material change in the activities, prospects or conditions of the City relating to the Project, or its ability to observe and perform its duties, covenants, obligations, and agreements under this Principal Forgiveness Agreement.

7.05. FORCE MAJEURE. Unless otherwise provided, neither the City nor the TWDB nor any agency of the State shall be liable to the other for any delay in or failure of performance of a requirement contained in this Agreement caused by *Force Majeure*. The existence of such causes of delay or failure shall extend the period of performance until after the causes of delay or failure have been removed provided the non-performing Party exercises all reasonable due diligence to perform. Each Party must inform the other in writing with proof of receipt within five (5) business days of the existence of such *Force Majeure* or otherwise waive this right as a defense.

7.06. NON-ASSIGNABILITY. The terms and conditions of the financial assistance provided by this Agreement may not be assigned, transferred, or subcontracted in any manner without the express written consent of the TWDB.

7.07. ENTIRE AGREEMENT AND AMENDMENT. This Agreement, which incorporates all attached Exhibits, constitutes the entire agreement between the Parties. This Agreement may be amended only in writing signed by the Parties. The changes allowed under Section 4.01 do not require an amendment to this Agreement unless a change to the Project Schedule, **EXHIBIT E** or the Project Budget, **EXHIBIT F**, results in a different project completion date or total budget amount.

7.08. NO WAIVER. The failure of any Party to insist upon the strict performance of any of the terms, provisions, or conditions of this Agreement shall not be construed as a waiver or relinquishment for the future of the strict performance of any such term, provision, or condition or any other term, provision, or condition.

7.09. NO DEBT CREATED. Each Party agrees and understands that, by this Agreement, the State, acting through the TWDB, is not lending its credit or in any manner creating a debt on behalf of the State. To the extent that the City is not securing the Obligations with ad valorem taxes, each Party agrees and understands that, pursuant to this Agreement, the City is not lending its credit or in any other manner creating a debt on behalf of the City.

7.10. LAW AND VENUE. The validity, operation, and performance of this Agreement shall be governed and controlled by the laws of the State of Texas and applicable federal regulations, and the terms and conditions of this Agreement shall be construed and interpreted in accordance with the laws of the State. The Parties understand and agree that this Agreement is for the provision of financial assistance for the planning, design, acquisition and construction of the Project and as such all or part of the performance of the terms and obligations of the Agreement will be performed in Val Verde County, Texas. Notwithstanding the location of the Project, the Parties understand and agree that any proceeding brought for any breach of this Agreement involving the TWDB shall be in

Travis County, Texas. This section does not waive the sovereign immunity of the State or the TWDB.

7.11. NOTICES. All notices, notifications, or requests required or permitted by this Agreement shall be in writing and shall be transmitted by personal delivery or transmitted by United States certified mail, return receipt requested, postage prepaid, to the addresses of the Parties shown below. Notice shall be effective when received by the Party to whom notice is sent.

Texas Water Development Board Attn: Executive Administrator Physical Address: 1700 N. Congress Ave., 6th Floor Austin, Texas 78701-1496 Mailing Address: P.O. Box 13231 Austin, Texas 78711-3231	City of Del Rio Attn: Mayor Physical and Mailing Address: 109 W. Broadway St. Del Rio, Texas 78840

7.12. TERM. This Agreement is effective on the date signed by the Executive Administrator. The Agreement shall expire upon the successful completion of the Project and Final Accounting in accordance with Section 5.04 of this Agreement.

[remainder of page left intentionally blank]

TEXAS WATER DEVELOPMENT BOARD

_____
Bryan McMath
Executive Administrator

Date_____

CITY OF DEL RIO

_____
Alvaro Arreola
Mayor

Date_____

EXHIBIT A
TWDB Resolution No. 25-120

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
$1,204,082 TO THE CITY OF DEL RIO
FROM THE DRINKING WATER STATE REVOLVING FUND
THROUGH THE PROPOSED PURCHASE OF
$590,000 CITY OF DEL RIO, TEXAS COMBINATION TAX AND
SURPLUS REVENUE CERTIFICATES OF OBLIGATION,
PROPOSED SERIES 2025C
AND
$614,082 IN PRINCIPAL FORGIVENESS

(25-120)

Recitals:

The City of Del Rio (City), located in Val Verde County, has applied for financial assistance in the amount of $1,204,082 from the Drinking Water State Revolving Fund-Lead Service Line Replacement Program (DWSRF-LSLR) to finance the inventory of certain lead service lines identified as Project No. 63057.

The City seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of $590,000 City of Del Rio, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2025C (Obligations), (together with all authorizing documents), and the execution of a Principal Forgiveness Agreement in an amount of $614,082, all as is more specifically set forth in the application and in recommendations of the TWDB's staff.

The City has offered a pledge of ad valorem taxes and surplus net revenue of the City's waterworks and sewer system as sufficient security for the repayment of the Obligations.

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

Findings:

1. The revenue or taxes pledged by the City will be sufficient to meet all the Obligations assumed by the City, in accordance with Texas Water Code § 15.607.

2. The application and assistance applied for meet the requirements of the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.* and Pub. L. 117-58, 135 Stat. 1400-1401, as well as state law, in accordance with Texas Water Code § 15.607.

3. The term of the Obligations does not exceed the expected useful life of the project proposed by the City.

4. The City has adopted and implemented a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques, or technology prescribed by

the Texas Water Code and TWDB's rules.

5. The City has completed a current water audit required by Texas Water Code § 16.0121 and 31 TAC § 358.6 and filed it with the TWDB in accordance with Texas Water Code § 16.053(j).

6. The City is therefore eligible for principal forgiveness through the DWSRF-LSLR in a total amount not to exceed $614,082[and financial assistance in the amount of $590,000 with a reduced interest rate of zero percent.

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

A commitment is made by the TWDB to the City of Del Rio for financial assistance in the amount of $1,204,082 from the Drinking Water State Revolving Fund through the TWDB's proposed purchase of $590,000 City of Del Rio, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2025C and the execution of a Principal Forgiveness Agreement in the amount of $614,082. This commitment will expire on August 31, 2026.

The commitment is conditioned as follows:

Standard Conditions:

1. This commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand as determined by the TWDB. If the financial assistance is funded with available cash-on-hand, the TWDB reserves the right to change the designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution.

2. This commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that all the requirements of the laws under which the Obligations were issued have been complied with; that the Obligations were issued in conformity with the Constitution and laws of the State of Texas; and that the Obligations are valid and binding obligations of the City.

3. This commitment is contingent upon the City's compliance with all applicable requirements contained in 31 TAC Chapter 371.

4. The Obligations must provide that the City agrees to comply with all the conditions set forth in the TWDB Resolution.

5. The Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after ten years from the dated date of the Obligations at a redemption price of par.

6. The City, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the City's Obligations, or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with

requirements for continuing disclosure on an ongoing basis substantially in the manner required by the Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of the rule, this continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the City's Obligations, if the TWDB sells or otherwise transfers the Obligations, and the beneficial owners of the TWDB's bonds if the City is an obligated person with respect to those bonds under SEC Rule 15c2-12.

7. The Obligations must contain a provision requiring the City to levy a tax or maintain and collect sufficient rates and charges, as applicable, to produce system funds in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Obligations.

8. The Obligations must include a provision requiring the City to use any financial assistance proceeds from the Obligations that are determined to be remaining unused funds, which are those funds unspent after the original approved project is completed, for enhancements to the original project explicitly approved by the Executive Administrator, or, if no enhancements are authorized by the Executive Administrator, requiring the City to submit a final accounting and disposition of any unused funds.

9. The Obligations must include a provision requiring the City to use any financial assistance proceeds from the Obligations determined to be surplus funds in a manner approved by the Executive Administrator. Surplus funds are funds remaining after completion of the project and completion of a final accounting.

10. The Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.

11. Proceeds of this commitment are public funds. Therefore, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257.

12. Proceeds of this commitment must not be used by the City when sampling, testing, removing, or disposing of contaminated soils or media at the project site, except for an LSLR project or associated activity directly connected to the identification, planning, design, and replacement of lead service lines or for an EC project to address PFAs or any contaminant listed on EPA's Contaminant Candidate Lists. The Obligations must include an environmental indemnification provision wherein the City agrees, and agrees to cause its construction contractors, to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action, or damages arising from activities performed by the City or its construction contractors, including their officials and employees, in connection with the project, to the extent permitted by law.

13. Before closing, the City shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or the levy of an interest and sinking tax rate (if applicable) sufficient for the repayment of all system debt service requirements.

14. Before closing, and if not previously provided with the application, the City shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel contracts for the project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator.

15. Before closing, when any portion of the financial assistance is to be held in escrow or in trust, the City shall execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB.

16. The Executive Administrator may require the City to execute a separate financing agreement in form and substance acceptable to the Executive Administrator.

17. The TWDB retains the option to purchase the Obligations in separate lots or on an installment basis, with delivery of the purchase price for each installment to be paid against delivery of the relevant installment of Obligations as approved by the Executive Administrator.

18. The Obligations must provide that the City will comply with all applicable TWDB laws and rules related to the use of the financial assistance.

19. The Obligations must provide that the City must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued including the standard emergency discovery conditions for threatened and endangered species and cultural resources.

20. The Obligations must contain a provision requiring the City to maintain insurance coverage sufficient to protect the TWDB's interest in the project.

21. The City must immediately notify TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f) (related to federal laws regulating firearms, firearm accessories, and firearm ammunition).

22. The Obligations must provide that the City will submit annually an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.

State Revolving Fund Conditions:

23. The City shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines.

24. The Obligations must include a provision stating that all laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The City, all contractors, and all sub-contractors shall ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with the financial assistance made available shall insert in full in any contract in excess of $2,000 the contracts clauses as provided by the TWDB.

25. The Obligations must include a provision stating that the City shall provide the TWDB with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252. The City shall obtain a Unique Entity Identification Number and shall register with System for Award Management (SAM), and maintain current registration at all times during which the Obligations are outstanding.

26. The Obligations shall provide that all financial assistance proceeds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and shall provide that the City will adhere to the approved project schedule.

27. The Obligations and Principal Forgiveness Agreement must contain a covenant that the City will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by 31 TAC § 371.4 and related State Revolving Fund Policy Guidelines.

28. The Obligations or Principal Forgiveness Agreement must contain a covenant that the City shall abide by the prohibition on certain telecommunications and video surveillance services or equipment as required by 2 CFR § 200.216.

29. The Obligations and Principal Forgiveness Agreement must contain a covenant that the City will abide by all applicable requirements related to the Build America, Buy America Act, Public Law 117-58 and 2 CFR part 184.

Drinking Water State Revolving Fund Conditions:

30. The City shall pay at closing an origination fee approved by the Executive Administrator of the TWDB pursuant to 31 TAC Chapter 371.

31. Before closing, the Texas Commission on Environmental Quality, must make a determination, the form and substance of which is satisfactory to the Executive Administrator, that the City has demonstrated the necessary financial, managerial,

and technical capabilities to proceed with the project or projects to be funded with the proceeds of these Obligations.

32. Before the release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the City must provide documentation that it has met all applicable state procurement requirements as well as all federal procurement requirements under the Disadvantaged Business Enterprises program.

Pledge Conditions:

33. The Obligations must contain a provision that provides as follows:

    a. if system revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied and collected may be reduced to the extent and by the amount of revenues then on deposit in the Interest and Sinking Fund; or

    b. if surplus revenues are based upon budgeted amounts:

        i. the Obligations must include a requirement that the City transfer and deposit in the Interest and Sinking Fund each month an amount of not less than 1/12th of the annual debt service on the Obligations until the amount on deposit in the Interest and Sinking Fund equals the amount required for annual debt service on the Obligations; further, that the ordinance authorizing the issuance of the Obligations must include a requirement that the City shall not transfer any funds from the City's pledged system revenues to any fund other than the Interest and Sinking Fund until an amount equal to the annual debt service on the Obligations for the then-current fiscal year has been deposited in the Interest and Sinking Fund;

        ii. the Obligations must include a requirement that for each year the Obligations are outstanding, and before the time taxes are to be levied for that year, the City shall establish, adopt, and maintain an annual budget that provides for either the monthly deposit of sufficient surplus pledged revenues or tax revenues or both, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, or a combination of these, into the Interest and Sinking Fund for the repayment of the Obligations; and

        iii. the Obligations must include a requirement that the City shall at all times maintain and collect sufficient rates and charges in conjunction with any other legally available funds so that after payment of the costs of operating and maintaining the system, it produces revenues in an amount not less than 1.10 times debt service requirements of all outstanding Obligations of the City and other obligations of the City

which are secured in whole or in part by the pledged revenues, for which the City is budgeting the repayment of the Obligations, or the City shall provide documentation which evidences the levy and collection of an ad valorem tax rate dedicated to the Interest and Sinking Fund, in conjunction with any other legally available funds, sufficient for the repayment of debt service requirements.

Special Conditions:

34. Before closing, the City shall execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator.

35. The Principal Forgiveness Agreement must include a provision stating that the City shall return any principal forgiveness funds that are determined to be surplus funds.

APPROVED and ordered of record this 21st day of August 2025.

TEXAS WATER DEVELOPMENT BOARD

L'Oreal Stepney

L'Oreal Stepney, P.E., Chairwoman

DATE SIGNED: 8/25/25

ATTEST:

Kathleen R. Hignett for

Bryan McMath, Executive Administrator

EXHIBIT B
City of Del Rio's Resolution

RESOLUTION NO.___

RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF A PRINCIPAL FORGIVENESS AGREEMENT FOR LEAD SERVICE LINE REPLACEMENT PROGRAM; AND RESOLVING OTHER MATTERS RELATING TO THE SUBJECT

THE STATE OF TEXAS '
COUNTY OF VAL VERDE '
CITY OF DEL RIO '

WHEREAS, the City of Del Rio, Texas (the "City") has received approval from the Texas Water Development Board ("TWDB") for financial assistance from TWDB to the City in the amount of $1,204,082 (the "Loan"), consisting of the City's Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2026A, in the amount of $590,000 and Principal Forgiveness in the amount of $614,082;

WHEREAS, TWDB has presented to the City a Principal Forgiveness Agreement (the "Principal Forgiveness Agreement") in connection with the Loan, in which the City agrees to certain conditions with respect to the Loan;

WHEREAS, this City Council hereby finds and determines that it is a public benefit to and in the best interests of the City and its residents to enter into the Principal Forgiveness Agreement in order to obtain the Loan to fund needed water system improvements within the City; and

WHEREAS, it is officially found, determined and declared that the meeting at which this Resolution has been adopted was open to the public, and public notice of the date, hour, place and subject of said meeting, including this Resolution, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code; Now, Therefore

BE IT RESOLVED BY THE CITY COUNCIL OF CITY OF DEL RIO, TEXAS THAT:

1. 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.

2. The Principal Forgiveness Agreement, in substantially the form presented at this meeting, is hereby approved and the Mayor or Mayor Pro-Tem of the City Council and the City Manager are each hereby authorized and directed to execute and deliver the Principal Forgiveness Agreement. The Escrow Agreement relating to the Principal Forgiveness Agreement between the City and the escrow agent named therein (the "Escrow Agent"), substantially in the form and content presented at this meeting, is hereby approved and the Mayor or Mayor Pro-Tem of the City Council and the City Manager are each hereby authorized and directed to execute the Escrow Agreement on behalf of the City. The Escrow Agent named in the Escrow Agreement is hereby appointed as the Escrow Agent pursuant to such Escrow Agreement.

3. The Mayor, Mayor Pro-Tem, City Manager and City Secretary of the City, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to take such actions and to execute and deliver in the name and on behalf of the City all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution.

4. This Resolution shall become effective immediately upon adoption.

DULY PASSED AND APPROVED by the City Council of the City of Del Rio, Texas, on January 13, 2026.

_____	_____
Maria Acosta	Alvaro "Al" Arreola
City Secretary, City of Del Rio, Texas	Mayor, City of Del Rio, Texas

(SEAL)

EXHIBIT C
List of Federal Laws and Authorities (Cross-Cutters)

The basic rules for complying with cross-cutting federal authorities are set-out in the CWSRF regulations at 40 C.F.R. § 35.3145 and in the CWSRF regulations at 40 C.F.R. § 35.3575. A list of and link to these authorities is provided below and also available from the Environmental Protection Agency (EPA) at: http://water.epa.gov/grants_funding/CWSRF/xcuts.cfm. A handbook on the applicability of the cross-cutting federal authorities is available from EPA at https://www.epa.gov/grants/epa-subaward-cross-cutter-requirements

Environmental Authorities

- Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended
- Clean Air Act, Pub. L. 84-159, as amended
- Coastal Barrier Resources Act, Pub. L. 97-348
- Coastal Zone Management Act, Pub. L. 92-583, as amended
- Endangered Species Act, Pub. L. 93-205, as amended
- Floodplain Management, Executive Order 12148
- Farmland Protection Policy Act, Pub. L. 97-98
- Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- National Historic Preservation Act of 1966, PL 89-665, as amended
- Safe Drinking Water Act, Pub. L. 93-523, as amended
- Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

Economic and Miscellaneous Authorities

- Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended
- Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans
- Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended

Social Policy Authorities

- Age Discrimination Act of 1975, Pub. L. 94-135
- Title VI of the Civil Rights Act of 1964, Pub. L. 88-352 (2)
- Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)
- Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112
- The Drug-Free Workplace Act of 1988, Pub. L. 100-690 (applies only to the capitalization grant recipient)
- Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590
- Anti-Lobbying Provisions (40 CFR Part 34) [applies only to capitalization grant recipients]

The Civil Rights Act and related anti-discrimination statutes apply to all the operations of the SRF program.

EXHIBIT D

Davis-Bacon Contract and Subcontract Provisions

(a) GENERAL CONTRACT AND SUBCONTRACT PROVISIONS.

The subrecipient(s) shall insert in full in any contract in excess of $2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in 29 CFR § 5.1 and the Consolidated Appropriations Act, 2016 (or subsequent federal law), the following clauses:

(1) Minimum Wages

(i) All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics.

Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(iv) of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in 29 CFR § 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, that the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph (a)(1)(ii) of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

Subrecipients may obtain wage determinations from the U.S. Department of Labor's web site, www.dol.gov.

(ii)(A) The subrecipient(s), on behalf of EPA, shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The State award official shall approve a request for an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(2) The classification is utilized in the area by the construction industry; and

(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the subrecipient(s) agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), documentation of the action taken and the request, including the local wage determination shall be sent by the subrecipient (s) to the State award official. The State award official will transmit the request, to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210 and to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification request within 30 days of receipt and so advise the State award official or will notify the State award official within the 30-day period that additional time is necessary.

(C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the subrecipient(s) do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the award official shall refer the request and the local wage determination, including the views of all interested parties and the recommendation of the State award official, to the Administrator for determination. The request shall be sent to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt of the request and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(D) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs (a)(1)(ii)(B) or (C) of this section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

(2) Withholding

The subrecipient(s), shall upon written request of the EPA Award Official or an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work, all or part of the wages required by the contract, the (Agency) may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

(3) Payrolls and basic records

(i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall

maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(A) The contractor shall submit weekly, for each week in which any contract work is performed, a copy of all payrolls to the subrecipient, that is, the entity that receives the sub-grant or loan from the State capitalization grant recipient. Such documentation shall be available on request of the State recipient or EPA. As to each payroll copy received, the subrecipient shall provide written confirmation in a form satisfactory to the State indicating whether or not the project is in compliance with the requirements of 29 CFR 5.5(a)(1) based on the most recent payroll copies for the specified week. The payrolls shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on the weekly payrolls. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at http://www.dol.gov/whd/forms/wh347instr.htm or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker and shall provide them upon request to the subrecipient(s) for transmission to the State or EPA if requested by EPA, the State, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the subrecipient(s).

(B) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under § 5.5 (a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under § 5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph (a)(3)(ii)(B) of this section.

(D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the State, EPA or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency or State may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

(4) Apprentices and trainees

(i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions

of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) Equal employment opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of 29 CFR part 30.

(5) Compliance with Copeland Act requirements

The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.

(6) Subcontracts.

The contractor or subcontractor shall insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as the EPA determines may by appropriate, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

(7) Contract termination; debarment.

A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

(8) Compliance with Davis-Bacon and Related Act requirements.

All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.

(9) Disputes concerning labor standards.

Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and Subrecipient(s), State, EPA, the U.S. Department of Labor, or the employees or their representatives.

(10) Certification of eligibility.

(i) By entering into this contract, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

b. CONTRACT PROVISIONS FOR CONTRACTS IN EXCESS OF $100,000

Contract Work Hours and Safety Standards Act. The subrecipient shall insert the following clauses set forth in paragraphs (a)(1), (2), (3), and (4) of this section in full in any contract in an amount in excess of $100,000 and subject to the overtime provisions of the Contract

Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by Item 3, above or 29 CFR 4.6. As used in this paragraph, the terms laborers and mechanics include watchmen and guards.

(1) Overtime requirements

No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

(2) Violation; liability for unpaid wages; liquidated damages.

In the event of any violation of the clause set forth in paragraph (b)(1) of this section the contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (b)(1) of this section, in the sum of $10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (b)(1) of this section.

(3) Withholding for unpaid wages and liquidated damages

The subrecipient**,** upon written request of the EPA Award Official or an authorized representative of the Department of Labor, shall withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (b)(2) of this section.

(4) Subcontracts

The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (b)(1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (b)(1) through (4) of this section.

(c) MAINTENANCE OF RECORDS

In addition to the clauses contained in Section (a), above, in any contract subject only to the Contract Work Hours and Safety Standards Act and not to any of the other statutes cited in 29 CFR 5.1, the Subrecipient shall insert a clause requiring that the contractor or subcontractor shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three years from the completion of the contract for all laborers and mechanics, including guards and watchmen, working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Further, the Subrecipient shall insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the (write the name of agency) and the Department of Labor, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

(d) COMPLIANCE VERIFICATION

(1) The subrecipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The subrecipient must use Standard Form 1445 (SF 1445) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.

(2) The subrecipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract.[1] Subrecipients must conduct more frequent interviews if the initial interviews or other information indicated that there is a risk that the contractor or subcontractor is not complying with DB. Subrecipients shall immediately conduct interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence.

(3) The subrecipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The subrecipient shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion

[1] The provision that read "At a minimum, the subrecipient should conduct interviews with a representative group of covered employees within two weeks of each contractor or subcontractor's submission of its initial weekly payroll data and two weeks prior to the estimated completion date for the contract or subcontract" was issued a waiver in EPA Class Deviation memo dated November 16, 2012.

date the contract or subcontract. Subrecipients must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. In addition, during the examinations the subrecipient shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.

(4) The subrecipient shall periodically review contractors and subcontractors use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.

(5) Subrecipients must immediately report potential violations of the DB prevailing wage requirements to the EPA Region 6 DB Coordinator, TWDB, and to the appropriate DOL Wage and Hour District Office listed at http://www.dol.gov/whd/america2.htm.

EXHIBIT E
Project Schedule

PROJECT SCHEDULE

Task	Schedule Date
Inventory Complete	May 31,2026

EXHIBIT F
Project Budget

TEXAS WATER DEVELOPMENT BOARD

Project Data Summary
City of Del Rio
63057 - Lead Service Line Replacement

Budget Items	TWDB Funds	Total
Basic Engineering Services		
LSLR Inventory	$1,102,513.00	$1,102,513.00
Subtotal for Basic Engineering Services	**$1,102,513.00**	**$1,102,513.00**
Fiscal Services		
Bond Counsel	$60,000.00	$60,000.00
Financial Advisor	$15,000.00	$15,000.00
Loan Origination Fee	$11,569.00	$11,569.00
Subtotal for Fiscal Services	**$86,569.00**	**$86,569.00**
Other		
Administration	$15,000.00	$15,000.00
Subtotal for Other	**$15,000.00**	**$15,000.00**
Total	$1,204,082.00	$1,204,082.00

EXHIBIT G
Escrow Agreement

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (Agreement), is made as of January 13, 2026 by and between City of Del Rio, Texas, a political subdivision of the State of Texas in Val Verde County, Texas, (City), and BOFK, NA, as Escrow Agent together with any successor in such capacity;

W I TN E S S E T H:

WHEREAS, pursuant to a Resolution adopted on January 13, 2026 (Resolution), the City by authorizing execution of a Principal Forgiveness Agreement in the amount of $614,082 accepts certain contractual obligations (Obligations) to obtain financial assistance from the Texas Water Development Board (TWDB) for the purpose of funding water system improvements (Project); and

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

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

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

SECTION 1: ESCROW ACCOUNT(S). Upon the delivery of the Obligations described above, the Proceeds identified under TWDB Commitment Number LF1002107 shall be deposited to the credit of a special escrow account(s) or escrow subaccount (Escrow Account) maintained at the Escrow Agent on behalf of the City and the TWDB and shall not be commingled with any other accounts or with any other proceeds or funds. The Proceeds received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the City, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement.

The Escrow Account(s) shall be entitled "TWDB LF1002107 Del Rio Escr Acct" and shall not be subject to warrants, drafts or checks drawn by the City but shall be disbursed or withdrawn to pay the costs of the Project for which the Obligations were issued or other purposes in accordance with the Obligations and solely upon written authorization from the Executive

Administrator or his/her designated representative. The Escrow Agent shall provide to the City and to the TWDB the Escrow Account(s) bank statements upon request.

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

SECTION 3: INVESTMENTS. While the Proceeds are held in escrow, the Escrow Agent shall only invest escrowed Proceeds as directed in writing by the City in investments that are authorized by the Public Funds Investment Act, Texas Government Code, Chapter 2256 (PFIA). It is the City's responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the PFIA but also with its own written investment policy. In the absence of written investment direction from the City, the Proceeds and any interest or income earned thereon shall be held un-invested.

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

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

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

SECTION 7: LIABILITY OF ESCROW AGENT. To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or willful misconduct. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Obligations or any recitation contained in the Obligations. In the event of a question regarding any disbursement or a disagreement between the undersigned or TWDB or any other person resulting in adverse claims being made upon the amounts in the Escrow Account, the Escrow Agent shall be protected and shall not be liable to the

City or any other person if it follows the written direction of the Executive Administrator or of a final order or judgment of a court of competent jurisdiction. The City agrees to indemnify and save Escrow Agent harmless from all losses, costs, liabilities, actual damages, fees and expenses (including, but not limited to, reasonable attorney's fees and expenses) suffered or incurred by Escrow Agent arising from the performance of its obligations under this Agreement ("Acts"), except such Acts as arise from or attributable to the negligence or willful misconduct of Escrow Agent. Escrow Agent may consult with legal counsel in the event of any dispute or question as to the construction of any of the provisions hereof or its duties hereunder, and, to the extent it acts in good faith without negligence or willful misconduct, it shall be fully protected in acting in accordance with the opinion and instructions of such counsel. The Escrow Agent may resign at any time by providing such termination notices in accordance with Section 11.

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

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

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

SECTION 11: TERMINATION. In the event that this Agreement is terminated by either the City or by the Escrow Agent, the Escrow Agent must report said termination in writing to the TWDB within five business days of such termination. The City is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the City and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this Agreement; and (d) the City must forward a copy of the executed escrow agreement with the

successor escrow agent within five business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent. If the City has not appointed a successor escrow agent within thirty (30) days of the notice of termination, the Escrow Agent may petition any court of competent jurisdiction in Texas for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the City. Whether appointed by the City or a court, the successor escrow agent and escrow agreement must be approved by the TWDB for the appointment to be effective. The Escrow Agent is responsible for performance under this Agreement until a successor has been approved by the TWDB and has signed an acceptable escrow agreement.

SECTION 12: EXPIRATION. This Agreement shall expire upon final transfer of the funds in the Escrow Account(s) to the City.

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

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

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

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

SECTION 15: ASSIGNABILITY. This Agreement shall not be assignable by the parties hereto, in whole or in part, and any attempted assignment shall be void and of no force and effect.

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

SECTION 17: VALIDITY OF PROVISIONS. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the

remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

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

SECTION 19: CERTIFICATIONS REGARDING TEXAS GOVERNMENT CODE.
The Escrow Agent makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Escrow Agent within the meaning of Securities and Exchange Commission Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Agreement, notwithstanding anything in this Agreement to the contrary.

(a) Not a Sanctioned Company. The Escrow Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Escrow Agent and 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.

(b) No Boycott of Israel. The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

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

(d) No Boycott of Energy Companies. The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if

any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

SECTION 20: TAX MATTERS/PATRIOT ACT & BANK SECRECY ACT. The City agrees that, for tax reporting purposes, all interest or other income, if any, attributable to the amounts held in escrow by the Escrow Agent pursuant to this Agreement shall be allocable to the City. Tax reporting will be completed by the City. The City agrees to provide the Escrow Agent completed Forms W-9 (or Forms W-8, in the case of non-U.S. Persons) and other forms and documents that the Escrow Agent may reasonably request at the time of execution of this Agreement, and any information reasonably requested by the Escrow Agent to comply with the USA Patriot Act of 2001, as amended from time to time or the Bank Secrecy Act, as amended from time to time. The City understands that if such documentation is not so certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code, as it may be amended from time to time, to withhold a portion of any interest or other income earned on the investment of monies or other property held by the Escrow Agent pursuant to this Agreement.

SECTION 21: COUNTERPARTS/ELECTRONIC TRANSACTIONS. The parties hereto agree that the transactions described herein may be conducted and related documents may be sent, received, and stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

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

[Remainder of this page intentionally left blank.]

City of Del Rio, Texas

By: _____
Authorized Representative

Date: _____

City of Del Rio, Texas
109 West Broadway
Del Rio, Texas 78840

BOKF, NA,
as Escrow Agent

By: _____
Title: _____

Date: _____

BOKF, NA
5956 Sherry Lane, Suite 900
Dallas, Texas 75225

EXHIBIT A

Fee Schedule

(See attached)

AIS-15396 **4. b.**

City Council Special Meeting

Meeting Date: 01/13/2026

Presented By: Roxy Soto, Asst. Finance Director

Submitted By: Roxy Soto, Asst. Finance Director

Information

SUBJECT:

O:2026-001 An Ordinance Authorizing the Issuance and Sale of $590,000 City of Del Rio, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2026A to the Texas Water Development Board to Fund Water System Improvement Projects; Levying Ad Valorem Taxes for the Payment of Such Certificates; And Enacting Other Matters Relating to the Subject

SUMMARY:

An ordinance authorizing the issuance and sale of $590,000 City of Del Rio, Texas, combination tax and surplus revenue certificates of obligation, taxable series 2026A to the Texas Water Development Board to fund water system improvement projects; levying ad valorem taxes for the payment of such certificates; and enacting other matters relating to the subject.

BACKGROUND:

The City Council adopted a resolution on February 18, 2025, authorizing and directing the City Secretary to give notice of intention to issue certificates of obligations in connection with: (a) designing, planning, acquiring, constructing, purchasing, renovating, enlarging, equipping and improving the City's waterworks system, including lead service line inventory and replacement; and (b) legal, fiscal and engineering fees in connection with such projects.

DISCUSSION:

By approving this ordinance, the City will issue one series of certificates and sell them to the Texas Water Development Board (TWDB). To repay these certificates, the City proposes using two sources of revenue:

- Ad Valorem Taxes — these are property taxes collected within the City. The repayment will comply with all applicable tax laws.
- Surplus Water and Sewer Revenues — after covering all operating costs, maintenance, debt service, and reserve requirements for existing water/sewer obligations, any remaining funds will be pledged toward repayment. This applies only to surplus revenues—not those already committed to other bonds or obligations.

This structure ensures the City maintains financial responsibility while leveraging available resources to support infrastructure investment.

PROS:

By approving this ordinance, the City grants authority to issue certificates of obligation to fund projects outlined in the City's Capital Improvement Projects Plan.

CONS:

If this ordinance is not approved, the funding is not secured.

RECOMMENDATION:

Approval of this ordinance.

Fiscal Impact

Fund:

Account Number:

Account Name:

Budgeted Amount:

Requested Amount:

Summary:

The certificates of obligation is self-supported and funded by the Water Fund. This project is included in the Capital Improvement Plan.

Attachments

O2026-001

ORDINANCE NO. O: 2026-001

ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF $590,000 CITY OF DEL RIO, TEXAS COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2026A TO THE TEXAS WATER DEVELOPMENT BOARD TO FUND WATER SYSTEM IMPROVEMENT PROJECTS; LEVYING AD VALOREM TAXES FOR THE PAYMENT OF SUCH CERTIFICATES; AND ENACTING OTHER MATTERS RELATING TO THE SUBJECT

STATE OF TEXAS §
COUNTY OF VAL VERDE §
CITY OF DEL RIO §

WHEREAS, the City Council of the City of Del Rio , Texas (the "City" or the "Issuer") deems it advisable to issue certificates of obligation (the "Certificates of Obligation" or the "Certificates") in the amount of $590,000 for the purpose of paying all or a portion of the City's contractual obligations incurred in connection with: (i) designing, planning, acquiring, constructing, purchasing, renovating, enlarging, equipping and improving the City's waterworks system, including lead service line inventory and replacement; and (ii) legal, fiscal and engineering fees in connection with such projects.

WHEREAS, the City Council adopted a resolution on February 18, 2025, authorizing and directing the City Secretary to give notice of intention to issue Certificates of Obligation; and

WHEREAS, said notice has been duly published in the *San Antonio Express-News*, which is a newspaper of general circulation in said City, in its issues of November 22, 2025 and November 29, 2025; and

WHEREAS, the City received no petition from the qualified electors of the City protesting the issuance of such Certificates of Obligation; and

WHEREAS, the Certificates of Obligation hereinafter authorized and designated are to be issued and delivered for cash pursuant to Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Chapter 1502, Government Code, as amended, and are being sold to the Texas Water Development Board (the "TWDB"); and

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

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DEL RIO, TEXAS:

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE CERTIFICATES. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section. The Certificates of Obligation of the City of Del Rio, Texas are hereby authorized to be issued and delivered in the aggregate principal amount of $590,000 for the purpose of paying all or a portion of the City's contractual obligations incurred in connection with: (i) designing, planning, acquiring, constructing, purchasing, renovating, enlarging, equipping

and improving the City's waterworks system, including lead service line inventory and replacement; and (ii) legal, fiscal and engineering fees in connection with such projects. (collectively, the "Project").

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND MATURITIES OF THE CERTIFICATES. Each Certificate of Obligation issued pursuant to this Ordinance shall be designated: "CITY OF DEL RIO, TEXAS COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026A" and initially there shall be issued, sold and delivered hereunder one fully registered certificate, without interest coupons, dated February 1, 2026, in the aggregate principal amount stated above and in the denominations hereinafter stated, numbered T-1, with certificates issued in replacement thereof being in the denominations and principal amounts hereinafter stated and numbered consecutively from R-1 upward, payable to the respective Registered Owners thereof (with the initial certificate being made payable to the initial purchaser as described in Section 12 hereof), or to the registered assignee or assignees of said certificate or any portion or portions thereof (in each case, the "Registered Owner"). The Certificates of Obligation shall mature on June 1 in the years and in the principal amounts and interest rates set forth below:

Years	Principal Amounts	Interest Rates	Years	Principal Amounts	Interest Rates
2027	$	%	2034	$	%
2028	$		2035	$	
2029	$		2036	$	
2030	$		2037	$	
2031	$		2038	$	
2032	$		2039	$	
2033	$		2040	$	

Section 3. CHARACTERISTICS OF THE CERTIFICATES. (a) Registration, Transfer, Conversion and Exchange; Authentication. The City shall keep or cause to be kept at the corporate trust office of BOKF, NA, in Dallas, Texas (the "Paying Agent/Registrar"), books or records for the registration of the transfer, conversion and exchange of the Certificates of Obligation (the "Registration Books"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, 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 Certificate of Obligation to which payments with respect to the Certificates of Obligation 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 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 City shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Certificate or Certificates. Registration of assignments,

transfers, conversions and exchanges of Certificates of Obligation shall be made in the manner provided and with the effect stated in the FORM OF CERTIFICATE set forth in this Ordinance. Each substitute Certificate of Obligation shall bear a letter and/or number to distinguish it from each other Certificate.

Except as provided in Section 3(c) of this Ordinance, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate of Obligation, date and manually sign said Certificate, and no such Certificate of Obligation shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Certificates and Certificates surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing conversion and exchange of any Certificate of Obligation or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Certificates of Obligation in the manner prescribed herein, and the Certificates of Obligation shall be printed or typed on paper of customary weight and strength. Pursuant to Chapter 1201, Texas Government Code, as amended, the duty of conversion and exchange of Certificates of Obligation as aforesaid is hereby imposed upon the Paying Agent/Registrar and, upon the execution of said Certificate of Obligation, the converted and exchanged Certificate shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Certificates of Obligation that initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General and registered by the Texas Comptroller of Public Accounts.

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

(c) In General. The Certificates (i) shall be issued in fully registered form, without interest coupons, with the principal of such Certificates to be payable only to the Registered Owners thereof, (ii) may be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar by the City at least 35 days prior to any such redemption date), (iii) may be converted and exchanged for other Certificates, (iv) may be transferred and assigned, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of the Certificates shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Certificates, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF CERTIFICATE set forth in this Ordinance. The Certificate 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 Certificate issued in conversion of and exchange for any Certificate or Certificates issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF CERTIFICATE.

(d) Book-Entry Only System. The Certificates issued in exchange for the Certificate initially issued to the initial purchaser specified herein shall be initially issued in the form of a

separate single fully registered Certificate for each of the maturities thereof. Upon initial issuance, the ownership of each such Certificate shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and except as provided in subsection (f) hereof, all of the outstanding Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner of Certificates, as shown on the Registration Books, of any notice with respect to the Certificates, or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner of Certificates, as shown in the Registration Books of any amount with respect to principal of or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Registration Books as the absolute owner of such Certificate for the purpose of payment of principal and interest with respect to such Certificate, for the purpose of registering transfers with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Certificates only to or upon the order of the 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 Certificates to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Certificate evidencing the obligation of the City to make payments of principal 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., the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(e) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the representations letter of the City to DTC or that it is in the best interest of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Certificates and transfer one or more separate certificated Certificates to DTC Participants having Certificates credited to their DTC accounts; provided that while the TWDB is the holder of the Certificates, the DTC services shall not be discontinued by the City until the City has received the written consent thereto of the Board. In such event, the Certificates shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee

of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Registered Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

(f) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificate is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to such Certificate and all notices with respect to such Certificate shall be made and given, respectively, in the manner provided in the representations letter of the City to DTC.

(g) Successor Paying Agents. The City covenants with the Registered Owners of the Certificates that at all times while the Certificates are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other entity having trust powers to act as and perform the services of Paying Agent/Registrar for the Certificates under this Ordinance, and that the Paying Agent/Registrar will be a single entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 50 days written notice to the Paying Agent/Registrar, to be effective not later than 30 days prior to the next principal payment 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 Certificates, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Certificates, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(h) Cancellation of Initial Certificates. On the closing date, one initial Certificate representing the entire principal amount of the Certificates, payable in stated installments to the purchaser designated in Section 12 or its designee, executed by manual or facsimile signature of the Mayor or the Mayor Pro-Tem and City Secretary of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to such purchaser or its designee. Upon payment for the initial Certificates, the Paying Agent/Registrar shall cancel the initial Certificate and deliver to the Depository Trust Company on behalf of such purchaser one registered definitive Certificate for each year of maturity of the Certificates, in the aggregate principal amount of all of the Certificates for such maturity.

(i) Conditional Notice of Redemption. With respect to any optional redemption of the Certificates, unless certain prerequisites to such redemption required by the Ordinance have been met and moneys sufficient to pay the principal of the Certificates to be redeemed shall have been received by the Paying Agent 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 Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

Section 4. FORM OF CERTIFICATES. The form of the Certificates, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Certificates 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.

(a) [Form of Certificate]

NO. R-___	UNITED STATES OF AMERICA STATE OF TEXAS CITY OF DEL RIO, TEXAS COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026A	PRINCIPAL AMOUNT $_____

Interest Rate	Dated Date	Maturity Date	CUSIP No.
_____%	_____, 20__	_____, 20__	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

ON THE MATURITY DATE specified above, the City of Del Rio, in Val Verde County, Texas (the "City"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), the Principal Amount specified above.

THE PRINCIPAL OF this Certificate are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate at maturity, or upon the date fixed for its redemption prior to maturity, at the corporate trust office of BOKF, NA in Dallas, Texas, which is the "Paying Agent/Registrar" for this Certificate; provided, however, that if this Certificate of Obligation is owned by the Texas Water Development Board, principal will be paid by wire transfer or other method acceptable to the Texas Water Development Board, and there will be no charge.

THE CITY COVENANTS WITH THE REGISTERED OWNER of this Certificate that on or before each principal payment date for this Certificate it will make available to the Paying

Agent/Registrar, from the "Interest and Sinking Fund" created by the Certificate Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of the Certificates, when due.

IF THE DATE for the payment of the principal of this Certificate shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the designated 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 that 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 CERTIFICATE is one of a series of Certificates dated as of February 1, 2026, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of $590,000 for the purpose of paying all or a portion of the City's contractual obligations incurred in connection with: (i) designing, planning, acquiring, constructing, purchasing, renovating, enlarging, equipping and improving the City's waterworks system, including lead service line inventory and replacement; and (ii) legal, fiscal and engineering fees in connection with such projects.

ON JUNE 1, 2037, or on any date thereafter, the Certificates may be redeemed prior to their scheduled maturities, at the option of the City, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the City shall select and designate the maturity or maturities and the amount that is to be redeemed, and if less than a whole maturity is to be called, the City shall direct the Paying Agent/Registrar to call by lot (provided that a portion of a Certificate may be redeemed only in an integral multiple of $5,000), at the redemption price of the principal amount thereof.

AT LEAST 30 days prior to the date fixed for any redemption of Certificates or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption, to the Registered Owner of each Certificate to be redeemed at its address as it appeared on the 45th day prior to such redemption date; provided, however, that the failure of the Registered Owner to 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 Certificate. 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 Certificates or portions thereof that are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Certificates or portions thereof that 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 Certificate shall be redeemed, a substitute Certificate or Certificates 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 Certificate Ordinance.

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

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

IT IS HEREBY certified, recited and covenanted that this Certificate has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Certificate have been performed, existed and been done in accordance with law; that this Certificate is a general obligation of the City, issued on the full faith and credit thereof; and that annual ad valorem taxes sufficient to provide for the payment of the principal of this Certificate, as such interest comes due and 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, and that this Certificate is additionally secured by and payable from a pledge of the revenues of the City's Waterworks and Sewer System (the "System") described below, to wit: the Surplus Revenues of the System, which are the revenues of the System that remain (i) after payment of all operation and maintenance expenses thereof (constituting the "Net Revenues" of

the System) and (ii) after payment of all debt service, reserve and other requirements in connection with all of the City's revenue obligations (now or hereafter outstanding) that are payable from the Net Revenues, all as provided in the Certificate Ordinance.

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

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

_____ _____

City Secretary Mayor

(SEAL)

(b) [Form of Delivery Certificate]

DELIVERY CERTIFICATE

This Certificate of Obligation was delivered to and paid for by the Purchaser thereof on _____.

(c) [Form of Paying Agent/Registrar's Authentication Certificate]

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Certificate is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

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

Dated: _____

BOKF, NA
Dallas, Texas
Paying Agent/Registrar

By: _____

Authorized Representative

(d) [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 Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Certificate 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 an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

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

(e) [Form of Registration Certificate of the Comptroller of Public Accounts]

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I hereby certify that there is on file and of record in my office a true and correct copy of the opinion of the Attorney General of the State of Texas approving this Certificate and that this Certificate has been registered this day by me.

Witness my signature and seal this

_____

Acting Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

(f) [Initial Certificate Insertions]

(i) The initial Certificate shall be in the form set forth is paragraph (a) of this Section, except that:

A. immediately under the name of the Certificate, 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:

"THE CITY OF DEL RIO , TEXAS, in Val Verde County, Texas (the "City"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on _____ in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Years	Principal Amounts	Interest Rates

(Information from Section 2 to be inserted)"

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

Section 5. INTEREST AND SINKING FUND. A special "Interest and Sinking Fund" has been created and shall be established and maintained by the City at an official depository bank of the City. Said Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the principal of the Certificates. All ad valorem taxes levied and collected for and on account of the Certificates shall be deposited, as collected, to the credit of said Interest and Sinking Fund. During each year while any of the Certificates are outstanding and unpaid, the governing body of the City shall compute and ascertain a rate and amount of ad valorem tax that will be sufficient to raise and produce the money required to provide and maintain a sinking fund adequate to pay the principal of the Certificates as such principal matures (but never less than 2% of the original amount of the Certificates as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the City, with full allowances being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the City, for each year while any of the Certificates are outstanding and unpaid, and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Certificates, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

Section 6. PLEDGE OF SURPLUS REVENUES. (a) The Certificates, together with other obligations of the City, are additionally secured by a pledge of the revenues of the City's Waterworks and Sewer System (the "System") that remain (i) after payment of all operation and maintenance expenses of the System (constituting the "Net Revenues" of the System) and (ii) after payment of all debt service, reserve and other requirements in connection with all of the City's revenue obligations (now or hereafter outstanding) that are payable from the Net Revenues (such revenues, constituting the "Surplus Revenues" of the System). The Surplus Revenues are hereby pledged to secure the payment of the Certificates. The City shall maintain sufficient rates and

charges for the payment of System operations and, if Surplus Revenues are used in lieu of ad valorem taxes for the payment of the debt service requirements of System debt, such rates and charges shall produce sufficient Surplus Revenues therefor. If Surplus Revenues are required for the payment of debt service on the Certificates, the City shall deposit Surplus Revenues to the credit of the Interest and Sinking Fund created pursuant to Section 5, to the extent necessary to pay the principal of the Certificates.

(b) Notwithstanding the requirements of Section 5, if Surplus Revenues or other lawfully available funds of the City are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied pursuant to Section 5 may be reduced to the extent and by the amount of the revenues then on deposit in the Interest and Sinking Fund.

(c) Notwithstanding the requirements of Section 5 and Section 6(b), if Surplus Revenues and/or other lawfully available funds of the City are not on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, but there are budgeted for collection revenues ("Budgeted Revenues") in sufficient amounts to pay the principal coming due on the Certificates in any year, then, subject to the requirements set forth below, the amount of taxes which otherwise would have been required to be levied pursuant to Section 5 may be reduced to the extent and by the amount of the Budgeted Revenues. In the event that Budgeted Revenues are to be used to pay principal and interest coming due on the Certificates in any year, the City:

(i) shall transfer and deposit in the Interest and Sinking Fund each month an amount of not less than 1/12th of the annual debt service on the Certificates until the amount on deposit in the Interest and Sinking Fund equals the amount required for annual debt service on the Certificates; further, the City shall not transfer any funds from the City's Waterworks and Sewer System Fund to any fund other than the Interest and Sinking Fund until such time as an amount equal to the annual debt service on the Certificates for the then current fiscal year has been deposited in the Interest and Sinking Fund; and, provided further that transfers may be made from the Waterworks and Sewer System Fund to an interest and sinking fund, debt service reserve fund, contingency fund or other fund or account established for the benefit of any revenue obligations of the City that are secured by a pledge of the Net Revenues (which transfers shall be made in accordance with the provisions of the Ordinance pursuant to which such obligations were issued or incurred) and to any other interest and sinking fund established for the benefit of any revenue obligations of the City that are secured by a pledge of the Surplus Revenues (and any such transfers shall be made on a pro rata basis as the transfers made for the benefit of the Certificates);

(ii) shall establish, adopt and maintain an annual budget that provides for either the monthly deposit of sufficient Surplus Revenues and/or tax revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, or a combination thereof, into the Interest and Sinking Fund for the repayment of the Certificates; and

(iii) shall at all times maintain and collect sufficient System rates and charges in conjunction with any other legally available funds that, after payment of the costs of operating and maintaining the System, produce revenues in an amount not less than 1.10 times debt service requirements of all outstanding System revenue obligations of the City and other obligations of the City which are secured in whole or in part by a pledge of revenues of the System, for which the City is budgeting the repayment of such obligations from the revenues of the System, or the City shall prepare and provide documentation to any holder of a Certificate who requests same, which evidences the levy of an ad valorem tax rate dedicated to the Interest and Sinking Fund, in conjunction with any other legally available funds except System rates and charges, sufficient for the repayment of System debt service requirements.

Section 7. DEFEASANCE OF CERTIFICATES. (A) Any Certificate of Obligation and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Certificate") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Certificate, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased Certificates shall have become due and payable. At such time as a Certificate of Obligation shall be deemed to be a Defeased Certificate hereunder, as aforesaid, such Certificate of Obligation and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged or the pledge of the Surplus Revenues as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Certificates that is made in conjunction with the payment arrangements specified in subsection 7(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the City expressly reserves the right to call the Defeased Certificates for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Certificates immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 7(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Certificates, with respect to which such money has been so deposited, shall be remitted to the City or deposited as directed in writing by the City.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by Texas law that are eligible to discharge obligations such as the Certificates.

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

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

(f) In the event that the City establishes a defeasance escrow for the Certificates in accordance with Section 7, written notice thereof shall be promptly given to the TWDB.

Section 8. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATES. (a) Replacement Certificates. In the event any outstanding Certificate is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new certificate of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Certificate, in replacement for such Certificate in the manner hereinafter provided.

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

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

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

(e) Authority for Issuing Replacement Certificates. In accordance with Chapter 1201, Texas Government Code, as amended, this Section 8 of this Ordinance shall constitute authority for the issuance of any such replacement certificate without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such certificates is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Certificates in the form and manner and with the effect, as provided in Section 3(a) of this Ordinance for Certificates issued in conversion and exchange for other Certificates.

Section 9. CUSTODY, APPROVAL AND REGISTRATION OF CERTIFICATES; BOND COUNSEL'S OPINION; CUSIP NUMBERS; AND CONTINGENT INSURANCE PROVISION, IF OBTAINED. The Mayor (or in the Mayor's absence, the Mayor Pro-Tem) of the City is hereby authorized to have control of the Certificates initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Certificates pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Certificates said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall sign the Comptroller's Registration Certificate attached to such Certificates, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the City's Bond Counsel and the assigned CUSIP numbers may, at the option of the City, be printed on the Certificates 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 Certificates. In addition, if bond insurance is obtained, the Certificates may bear an appropriate legend as provided by the insurer. The officers, employees and agents of the City, and each of them, shall be and each is expressly authorized, empowered and directed from time to time and at any time to do and perform all acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the City all certificates, financing statements, instruments, agreements and other papers, whether or not herein mentioned, as they may determine to be necessary or desirable in order to carry out the terms and provisions of this Ordinance. In the absence of the Mayor, the Mayor Pro-Tem is directed to sign as Mayor on behalf of the City.

Section 10. NOT TAX-EXEMPT OBLIGATIONS. The Certificates shall not constitute obligations within the meaning of Section 103 of the United States Internal Revenue Code of 1986.

Section 11. METHOD OF AMENDMENT. 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, or (v) 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 materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the holders of Certificates aggregating in principal amount 51% of the aggregate principal amount of then outstanding Certificates 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 Certificates, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Certificates so as to:

(1) Make any change in the maturity of any of the outstanding Certificates;

(2) Reduce the rate of interest borne by any of the outstanding Certificates;

(3) Reduce the amount of the principal of, or redemption premium, if any, payable on any outstanding Certificates;

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

(5) Change the minimum percentage of the principal amount of the Certificates 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 Certificates 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 Certificates.

(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 Certificates 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 Certificates shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the holder of a Certificate 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 Certificate 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 Certificates then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

For the purposes of establishing ownership of the Certificates, the City shall rely solely upon the registration of the ownership of such Certificates on the registration books kept by the Paying Agent/Registrar.

(g) Notwithstanding any provision of this Section 11, there shall be no modification of this Ordinance without the written consent of the TWDB (while it is a Registered Owner of the Certificates).

Section 12. SALE OF CERTIFICATES OF OBLIGATION. The Certificates of Obligation are hereby sold and shall be delivered to the TWDB for cash for the principal amount thereof. In accordance with its Resolution No. 25-120 the TWDB will purchase the Certificates, with an amount approved by the TWDB to be deposited to the Construction Fund authorized by Section 13 hereof (the "Construction Fund") upon initial delivery of the Certificates, and the balance of the proceeds to be deposited to the Escrow Account authorized by Section 24 hereof until authorized for transfer to the Construction Fund by the TWDB.

Section 13. CONSTRUCTION FUND. There shall be established by the City a separate fund to be designated the "Taxable Series 2026A CO Construction Fund" (the "Construction Fund") to be held by the City's depository bank, and upon the delivery of the purchase price for the Certificates, the proceeds from the sale of the Certificates shall be deposited into the Construction Fund. The costs of issuance of the Certificates, which include legal, fiscal and engineering fees, may be paid from the Construction Fund. The cost of the construction of the Project will be paid from this Construction Fund upon direction of the City Council of the City. All interest and profits from investments made with moneys in the Construction Fund shall remain on deposit in the Construction Fund as a part thereof. After completion of the payment of all costs of the Project, any residue remaining in the Construction Fund shall be applied in accordance with Section 15 hereof.

Section 14. INVESTMENTS; COLLATERALIZATION OF PROCEEDS. Proceeds of the Certificates shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA"), and the Public Funds Collateral Act, Chapter 2257, Texas Government Code, (the "PFCA").

Section 15. REMAINING FUNDS AND SURPLUS PROCEEDS. The City shall use any proceeds from the Certificates that are determined to be remaining unused funds, which are those funds unspent after the original approved Project is completed, for enhancements to the original Project that are explicitly approved by the Executive Administrator (the "Executive Administrator"), of the TWDB or, if no enhancements are so authorized, the City shall submit a final accounting and disposition of any unused funds. The City shall use any loan proceeds from the Certificates that are determined to be surplus remaining after completion of the project and completion of a final accounting in a manner approved by the Executive Administrator.

Section 16. EFFECTIVE DATE. In accordance with the provisions of Texas Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council of the City.

Section 17. COMPLIANCE WITH THE TEXAS WATER DEVELOPMENT BOARD'S RULES AND REGULATIONS. The provisions of this Section shall apply so long as the Certificates, or any of them, are owned by the TWDB. The City hereby agrees to comply with all conditions set forth in TWDB Resolution No. 25-120, which conditions are incorporated herein.

(a) Annual Audit Reporting. The City shall provide the TWDB with an annual report prepared in accordance with generally accepted auditing standards by a certified public accountant or licensed public accountant, to be submitted without charge within 180 days of the close of each fiscal year.

(b) Covenant to Abide with Rules. The City will abide with all applicable laws of the State of Texas and Rules of the TWDB relating to the loan of funds evidenced by the Certificates and the Project for which the Certificates are issued, sold and delivered.

(c) Water Conservation Program. The City agrees and covenants that it will implement an approved water conservation program in accordance with 31 TAC § 371.71.

(d) Records and Accounts. The City agrees and covenants that it will maintain current, accurate and complete records and accounts regarding the System in accordance with 31 TAC § 371.71.

(e) Environmental Determinations. The City agrees and covenants that it will comply with any special conditions of the environmental determination of the Executive Administrator in accordance with 31 TAC § 371.71, including the standard emergency discovery conditions for threatened and endangered species and cultural resources.

(f) Prohibition on Use of Proceeds. The City covenants and agrees that none of the proceeds of the Certificates will be expended on costs incurred or to be incurred relating to the sampling, testing, removing or disposing of potentially contaminated soils and/or media at the project site, except for a Lead Service Line Replacement project or associated activity directly connected to the identification, planning, design, and replacement of lead service lines or for an Emergency Contaminant project to address PFAs or any contaminant listed on the Environmental Protection Agency's Contaminant Candidate Lists.

(g) Indemnification. The City further agrees, to the extent permitted by law, to indemnify, hold harmless and protect the TWDB from any and all claims or causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, removal and off-site disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the City, its construction contractors, consultants, agents, officials and employees as a result of activities relating to the Project.

(h) Conveyance of Obligations. Prior to any action by the City to convey its obligations under the Certificates to another entity, if permitted by law, the conveyance and the assumption of such obligations must be approved by the TWDB. The City shall notify the Executive Administrator prior to taking any actions to alter its legal status in any manner, such a sale-transfer-merger with another retail public utility.

(i) Davis-Bacon Act Compliance. All laborers and mechanics employed by contractors and subcontractors for the Project who are paid from proceeds of the Certificates on deposit in the Construction Fund shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality of the City in accordance with the federal Davis-Bacon Act and the U.S. Department of Labor's implementing regulations pertaining thereto. The City, all contractors, and all subcontractors shall ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with financial assistance made available as provided herein shall insert in full in any contract in excess of $2,000 the contracts clauses as provided by the TWDB.

(j) Federal Funding Accountability and Transparency Act. The City shall provide the TWD with all information required by the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282. The City shall obtain a Data Universal Numbering System ("DUNS") Number and shall register with System for Award Management ("SAM"), and maintain current registration at all times during which the Certificates are outstanding;

(k) DUNS Number and CAGE Code. The City shall obtain a Data Information Numbering System (DUNS) Number and shall register with the System for Award Management to obtain a Commercial and Government Entity (CAGE) Code, and maintain current registration at all times during which the Certificates are outstanding.

(l) Timely Expenditures. All proceeds of the Certificates will be timely and expeditiously used, as required by applicable federal statutes and U.S. Environmental Protection Agency regulations, and the City shall adhere to a project construction schedule acceptable to the Executive Administrator that facilitates timely use of funds and project completion.

(m) As-Built Plans. The City shall provide to the TWDB a full and complete set of "as-built" plans relating to the Project, promptly upon completion of the Project.

(n) Final Accounting. The City shall render a final accounting of the cost of the Project to the TWDB within 60 days of the completion of the Project. If the total cost of the Project, as finally completed, is less than originally estimated, so that the proper share of the participation by the TWDB in the Project is reduced, such surplus proceeds shall be used in accordance with Section 15 hereof.

(o) Insurance. The City agrees to maintain insurance coverage in an amount sufficient to protect the interest of the TWDB in the Project.

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

(q) American Iron and Steel Requirements. The City will abide by all applicable construction contract requirements related to the use of iron and steel products in the United States, as required by the 31 TAC § 371.4 and related State Revolving Fund Policy Guidelines.

(r) Covenant Regarding Taxes and System Rates. The City hereby agrees that, for so long as the Certificates are outstanding, to levy a tax and/or maintain and collect sufficient rates and charges to produce System revenues in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Certificates.

(s) Outlay Reports. The City shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines.

(t) Build America, Buy America Requirements. The City will abide by all applicable requirements of the Build America, Buy America Act, Public Law 117-58 and CFR part 184.

(u) Telecommunication. The City will abide by the prohibition on certain telecommunications and video surveillance services or equipment as required by 2 CFR § 200.216.

Section 18. ALLOCATION OF CERTIFICATE PROCEEDS. The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for the construction and acquisition of the Project on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the City shall not expend proceeds of the sale of the Certificates or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Certificates, or (2) the date the Certificates are retired, unless the City obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the status, for federal income tax purposes, of the Certificates or the interest thereon. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest on the Certificates, if any.

Section 19. DISPOSITION OF PROJECT. The City covenants that the Project 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 Certificates. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax proposes from gross income of the interest on the Certificates, if any.

Section 20. INTEREST EARNINGS ON CERTIFICATE PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Certificates shall be used along with other Certificate proceeds for the Project; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be used as directed in Section 15. It is further provided, however, that any interest earnings on Certificate proceeds that are required to be rebated to the United States of America pursuant to Section 10 hereof in order to prevent the Certificates from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 21. COMPLIANCE WITH RULE 15c2-12. (a) 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 or any successor to its functions under the Rule.

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

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

(b) Annual Reports.

The City shall provide annually to the MSRB through EMMA, within twelve months after the end of each fiscal year ending in or after 2025, financial information and operating data with respect to the City of the general type described in Exhibit A hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit A hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Issuer shall provide (1) unaudited financial statements for such fiscal year within such twelve month period, and (2) audited financial statements for the applicable fiscal year to the MSRB through EMMA when and if the audit report on such statements become available.

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

The financial information and operating data to be provided pursuant to this paragraph (b) may be set forth in full in one or more documents or may be included by specific reference to any

document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB through EMMA or filed with the SEC.

(c) Notice of Certain Events. (i) The City shall file notice of any of the following events with respect to the Certificates with the MSRB in a timely manner and not more than 10 business days after 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 Certificates, or other material events affecting the tax status of the Certificates;
(7) Modifications to rights of holders of the Certificates, if material;
(8) Certificate calls, if material, and tender offers;
(9) Defeasances;
(10) Release, substitution, or sale of property securing repayment of the Certificates, 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 of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(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, (i) 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 (ii) 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 (b) of this Section by the time required by such Subsection.

(d) Limitations, Disclaimers, and Amendments. (i) The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Certificates within the meaning of the Rule, except that the City in any event will give the notice required by Subsection (a) hereof of any Certificate calls and defeasance that cause the City to no longer be such an "obligated person".

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

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

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

(v) 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 Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners

of the Certificates. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates.

Section 22. PUBLIC NOTICE. It is hereby officially found and determined that public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code, and that no petition was received from the qualified electors of the City protesting the issuance of the Certificates.

Section 23. ESCROW AGREEMENT. The Mayor (or in the Mayor's absence, the Mayor Pro-Tem) is hereby authorized and directed to execute and deliver an Escrow Agreement substantially in the form attached hereto as Exhibit B, with such changes as may be approved by the Mayor (or in the Mayor's absence, the Mayor Pro-Tem), such approval to be evidenced by his execution thereof.

Section 24. ESCROW ACCOUNT. An escrow account is hereby authorized to be created pursuant to the Escrow Agreement referred to in Section 23. Proceeds of the Certificates shall be deposited to the escrow account and disbursed to the Construction Fund created pursuant to Section 13 upon the authorized release of moneys from the escrow account in accordance with the Escrow Agreement.

Section 25. 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 (an "Event of Default"):

(i) the failure to make payment of the principal of or interest on any of the Certificates 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, 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.

Section 26. REMEDIES FOR DEFAULT. (a) Upon the happening of any Event of Default, then and in every case, any Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the City for the purpose of protecting and enforcing the rights of the 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 Owners hereunder or any combination of such remedies.

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

Section 27. REMEDIES NOT EXCLUSIVE. (a) 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 Certificates 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 Certificates shall not be available as a remedy under this Ordinance.

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

(c) By accepting the delivery of a Certificate authorized under this Ordinance, such 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.

Section 28. SEVERABILITY. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

Section 29. APPROPRIATION. To pay the debt service coming due on the Certificates prior to receipt of the taxes levied to pay such debt service, if any, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount, which together with capitalized interest received from the sale of the Certificates, if any, will be sufficient to pay such debt service, and such amount shall be used for no other purpose.

[The remainder of this page intentionally left blank.]

ADOPTED BY THE CITY COUNCIL OF THE CITY OF DEL RIO, TEXAS AT A REGULAR

MEETING HELD ON THE 13TH DAY OF JANAURY, 2026.

_____	_____
Maria Acosta	Alvaro “Al” Arreola
City Secretary, City of Del Rio, Texas	Mayor, City of Del Rio, Texas
REVIEWED AS TO FORM:	REVIEWED FOR ADMINISTRATION:
_____	_____
Ana Markowski Smith	Shawna Burkhart
City Attorney, City of Del Rio, Texas	City Manager

(SEAL)

EXHIBIT A

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 21 of this Ordinance.

I. 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. The annual audited financial statements of the City, or unaudited financial statements of the City in the event the audited financial statements are not completed within twelve months after the end of any fiscal year.

2. All quantitative financial and operating data with respect to the City of the general type included in Tables numbered 1 through 5 and 7 through 12 in the Official Statement related to the City's *Combination Tax and Revenue Certificates of Obligation, Series 2023A,* within twelve months after the end of any fiscal year.

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 paragraph 1 above.

EXHIBIT B

FORM OF ESCROW AGREEMENT

The Escrow Agreement Has Been Omitted at this Point as it Appears in Executed Form Elsewhere in this Transcript.

AIS-15390 **4. c.**

City Council Special Meeting

Meeting Date: 01/13/2026

Presented By: Roxy Soto, Asst. Finance Director

Submitted By: Roxy Soto, Asst. Finance Director

Information

SUBJECT:

O:2026-002 An Ordinance Authorizing the Issuance and Sale of Approximately $265,000 City of Del Rio, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Series 2026B to the Texas Water Development Board to Fund Water System Improvement Projects; Levying Ad Valorem Taxes for the Payment of Such Certificates; And Enacting Other Matters Relating to the Subject.

SUMMARY:

The city council will consider an ordinance authorizing the issuance and sale of approximately $265,000 City of Del Rio, Texas, combination tax and surplus revenue certificates of obligation, series 2026B, to the Texas Water Development Board to fund water system improvements, levying ad valorem taxes for the payment of such certificates, and enacting other matters relating to the subject.

BACKGROUND:

The City Council adopted a resolution on February 18, 2025, authorizing and directing the City Secretary to give notice of its intention to issue certificates of obligation in connection with: (i) acquiring, constructing and installing additions, extensions and improvements to the City's water system, including, particularly, to the City's water treatment plant and (ii) to pay for professional services rendered by engineers, attorneys, and financial advisors in connection with the above projects and certificates of obligation. This is to fund the water treatment plant membrane upgrades.

DISCUSSION:

By approving this ordinance, the City will issue one series of certificates and sell them to the Texas Water Development Board (TWDB). To repay these certificates, the City proposes using two sources of revenue:

- Ad Valorem Taxes — these are property taxes collected within the City. The repayment will comply with all applicable tax laws.
- Surplus Water and Sewer Revenues — after covering all operating costs, maintenance, debt service, and reserve requirements for existing water/sewer obligations, any remaining funds will be pledged toward repayment. This applies only to surplus revenues—not those already committed to other bonds or obligations.
  This structure ensures the City maintains financial responsibility while leveraging available resources to support infrastructure investment.

PROS:

By approving this ordinance, the City will authorize the issuance of certificates of obligation to fund projects outlined in the City's Capital Improvement Projects plan.

CONS:

If this ordinance is not approved, the funding is not secured.

RECOMMENDATION:

Approval of this ordinance.

Fiscal Impact

Fund:

Account Number:

Account Name:

Budgeted Amount:

Requested Amount:

Summary:

The certificates of obligation is self-supported and funded by the Water Fund. This project is included in the Capital Improvement Plan.

Attachments

O2026-002

ORDINANCE NO. O: 2026-002

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF DEL RIO, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026B, IN THE PRINCIPAL AMOUNT OF $265,000, AWARDING THE SALE OF SUCH CERTIFICATES OF OBLIGATION, AND ORDAINING OTHER MATTERS RELATED THERETO

THE STATE OF TEXAS §
COUNTY OF VAL VERDE §
CITY OF DEL RIO §

WHEREAS, the City Council of the City of Del Rio, Texas (the "City" or the "Issuer") deems it advisable to issue Certificates of Obligation in the amount of $265,000 for paying all or a portion of the City's contractual obligations for the purpose of acquiring, constructing, and installing additions, extensions and improvements to the City's water system, including, particularly, for improvements to the water treatment plant, and for paying professional services for legal, fiscal, and engineering fees in connection with this project; and

WHEREAS, the City Council adopted a resolution on November 18, 2025, authorizing and directing the City Secretary to give notice of intention to issue Certificates of Obligation; and

WHEREAS, said notice has been duly published in the *San Antonio Express-News*, which is a newspaper of general circulation in said City, in its issues of November 22, 2025 and November 29, 2025; and

WHEREAS, up to the date of this Ordinance, the City has received no petition from the qualified electors of the City protesting the issuance of such Certificates of Obligation; and

WHEREAS, the Certificates of Obligation hereinafter authorized and designated are to be issued and delivered for cash pursuant to Subchapter C of Chapter 271 of the Local Government Code and Chapter 1502, Government Code, and are being sold to the Texas Water Development Board; and

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

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DEL RIO, TEXAS:

Section 1. AMOUNT AND PURPOSE OF THE CERTIFICATES OF OBLIGATION. The certificate of obligation or certificates of obligation of the Issuer are hereby authorized to be issued and delivered in the aggregate principal amount of $265,000, for paying all or a portion of the City's contractual obligations for the purpose of acquiring, constructing, and installing additions, extensions and improvements to the City's water system, including, particularly, for improvements to the water treatment plant, and for paying professional services for legal, fiscal, and engineering fees in connection with this project (collectively, the “Project”).

Section 2. DESIGNATION OF THE CERTIFICATES OF OBLIGATION. Each certificate of obligation issued pursuant to this Ordinance shall be designated: "CITY OF DEL RIO, TEXAS COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES 2026B", and initially there shall be issued, sold, and delivered hereunder a single fully registered certificate of obligation in the principal amount of $265,000, without interest coupons, payable in installments of principal (the "Initial Certificate of Obligation"), but the Initial Certificate of Obligation may be assigned and transferred and/or converted into and exchanged for a like aggregate principal amount of fully registered certificates of obligation, without interest coupons, having serial maturities, and in the denomination or denominations of $5,000 or any integral multiple of $5,000, all in the manner hereinafter provided. The term "Certificates of Obligation" as used in this Ordinance shall mean and include collectively the Initial Certificate of Obligation and all substitute certificates of obligation exchanged therefor, as well as all other substitute certificates of obligation and replacement certificates of obligation issued pursuant hereto, and the term "Certificate of Obligation" shall mean any of the Certificates of Obligation.

Section 3. INITIAL DATE, DENOMINATION, NUMBER, MATURITIES, INITIAL REGISTERED OWNER, AND CHARACTERISTICS OF THE INITIAL CERTIFICATE OF OBLIGATION. (a) The Initial Certificate of Obligation is hereby authorized to be issued, sold, and delivered hereunder as a single fully registered Certificate of Obligation, without interest coupons, dated February 1, 2026, in the denomination and aggregate principal amount of $265,000, numbered R-1, payable in annual installments of principal to the initial registered owner thereof, to-wit: ***TEXAS WATER DEVELOPMENT BOARD***, or to the registered assignee or assignees of said Certificate of Obligation or any portion or portions thereof (in each case, the "registered owner"), with the annual installments of principal of the Initial Certificate of Obligation to be payable on the dates, respectively, and in the principal amounts, respectively, stated in the FORM OF INITIAL CERTIFICATE OF OBLIGATION set forth in this Ordinance.

(b) The Initial Certificate of Obligation (i) may be prepaid or redeemed prior to the respective scheduled due dates of installments of principal thereof, (ii) may be assigned and transferred, (iii) may be converted and exchanged for other Certificates of Obligation, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal of and interest on the Initial Certificate of Obligation shall be payable, all as provided, and in the manner required or indicated, in the FORM OF INITIAL CERTIFICATE OF OBLIGATION set forth in this Ordinance.

Section 4. INTEREST. The unpaid principal balance of the Initial Certificate of Obligation shall bear interest from the date of delivery of the Initial Certificate of Obligation to the respective schedule due dates, or to the respective dates of prepayment or redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months to the respective scheduled due dates, of the installments of principal of the Initial Certificate of Obligation, and said interest shall be payable, all in the manner provided and at the rates and on the dates stated in the FORM OF INITIAL CERTIFICATE OF OBLIGATION set forth in this Ordinance.

Section 5. FORM OF INITIAL CERTIFICATE OF OBLIGATION. The form of the Initial Certificate of Obligation, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be endorsed on the Initial Certificate of Obligation, shall be substantially as follows:

[The remainder of this page intentionally left blank.]

FORM OF INITIAL CERTIFICATE OF OBLIGATION

NO. R-1 **$265,000**

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF VAL VERDE
CITY OF DEL RIO, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION, SERIES 2026B

CITY OF DEL RIO, TEXAS in the COUNTY OF VAL VERDE (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to

TEXAS WATER DEVELOPMENT BOARD

or to the registered assignee or assignees of this Certificate of Obligation or any portion or portions hereof (in each case, the "registered owner") the aggregate principal amount of

TWO HUNDRED SIXTY-FIVE THOUSAND AND NO/100 DOLLARS

in annual installments of principal due and payable on June 1 in each of the years, and in the respective principal amounts, as set forth in the following schedule:

YEAR	AMOUNT	YEAR	AMOUNT
2026	$10,000	2036	$15,000
2027	10,000	2037	15,000
2028	10,000	2038	15,000
2029	10,000	2039	15,000
2030	10,000	2040	15,000
2031	10,000	2041	15,000
2032	10,000	2042	15,000
2033	10,000	2043	15,000
2034	15,000	2044	15,000
2035	15,000	2045	20,000

and to pay interest, from the date of delivery of this Initial Certificate of Obligation (which date appears on the back hereof) hereinafter stated, on the balance of each such installment of principal, respectively, from time to time remaining unpaid, at the following rates per annum:

YEAR	INTEREST RATE	YEAR	INTEREST RATE
2026	1.740%	2036	2.570%
2027	1.700	2037	2.750
2028	1.700	2038	2.880
2029	1.730	2039	3.000
2030	1.820	2040	3.090
2031	1.930	2041	3.200
2032	2.060	2042	3.270
2033	2.150	2043	3.360
2034	2.240	2044	3.380
2035	2.340	2045	3.400

Said interest being payable on June 1, 2026, and semiannually on each June 1 and December 1 thereafter while this Certificate of Obligation or any portion hereof is outstanding and unpaid.

THE INSTALLMENTS OF PRINCIPAL OF AND THE INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The installments of principal and the interest on this Certificate of Obligation are payable to the registered owner hereof through the services of ***BOKF, NA,*** Dallas, Texas, which is the "Paying Agent/Registrar" for this Certificate of Obligation. Payment of all principal of and interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and/or interest payment date by check or draft, dated as of such date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Certificate of Obligation (the "Certificate of Obligation Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such principal and/or interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the 15th day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, principal and interest may be paid by electronic or wire transfer, or such other acceptable method to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. However, if the Certificate of Obligation is owned by the Texas Water Development Board, there will be no charge. The Issuer covenants with the registered owner of this Certificate of Obligation that on or before each principal and/or interest payment date for this Certificate of Obligation it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Certificate of Obligation Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Certificate of Obligation, when due.

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

THIS CERTIFICATE OF OBLIGATION has been authorized in accordance with the Constitution and laws of the State of Texas, in the principal amount of $265,000 for paying all or a portion of the Issuer's contractual obligations for the purpose of acquiring, constructing, and installing additions, extensions and improvements to the City's water system, including, particularly, for improvements to the water treatment plant and for paying professional services for legal, fiscal, and engineering fees in connection with this project.

ON JUNE 1, 2036, or any date thereafter, the unpaid installments of principal of this Certificate of Obligation may be prepaid or redeemed prior to their scheduled due dates, at the option of the Issuer, with funds derived from any available source, as a whole, or in part, and, if in part, the Issuer shall, in inverse order of maturity, select and designate the maturity, or maturities, and the amount that is to be redeemed, and if less than a whole maturity is to be called, the Issuer shall direct the Paying Agent/Registrar to call by lot (provided that a portion of this Certificate of Obligation may be redeemed only in an integral multiple of $5,000), at the redemption price of the principal amount, plus accrued interest to the date fixed for prepayment or redemption.

AT LEAST 30 DAYS prior to the date fixed for any such prepayment or redemption a written notice of such prepayment or redemption shall be mailed by the Paying Agent/Registrar to the registered owner hereof. By the date fixed for any such prepayment or redemption due provision shall be made by the Issuer with the Paying Agent/Registrar for the payment of the required prepayment or redemption price for this Certificate of Obligation or the portion hereof which is to be so prepaid or redeemed, plus accrued interest thereon to the date fixed for prepayment or redemption. If such written notice of prepayment or redemption is given, and if due provision for such payment is made, all as provided above, this Certificate of Obligation, or the portion thereof which is to be so prepaid or redeemed, thereby automatically shall be treated as prepaid or redeemed prior to its scheduled due date, and shall not bear interest after the date fixed for its prepayment or redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the prepayment or redemption price plus accrued interest to the date fixed for prepayment or redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such prepayments or redemptions of principal of this Certificate of Obligation or any portion hereof.

THIS CERTIFICATE OF OBLIGATION, to the extent of the unpaid or unredeemed principal balance hereof, or any unpaid and unredeemed portion hereof in any integral multiple of $5,000, may be assigned by the initial registered owner hereof and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for this Certificate of Obligation, upon the terms and conditions set forth in the Certificates of Obligation Ordinance. Among other requirements for such transfer, this Certificate of Obligation must be presented and surrendered to the Paying Agent/Registrar for cancellation, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment by the initial registered owner of this Certificate of Obligation, or any portion or portions hereof in any integral multiple of $5,000, to the assignee or assignees in whose name or names this Certificate of Obligation or any such portion or portions hereof is or are to be transferred and registered. Any instrument or instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate of Obligation or any such portion or portions hereof by the initial registered owner hereof. A new certificate of obligation or certificates of obligation payable to such assignee or assignees (which then will be the new registered owner or

owners of such new certificate of obligation or certificates of obligation) or to the initial registered owner as to any portion of this Certificate of Obligation which is not being assigned and transferred by the initial registered owner, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Certificate of Obligation or any portion or portions hereof, but solely in the form and manner as provided in the next paragraph hereof for the conversion and exchange of this Certificate of Obligation or any portion hereof. The registered owner of this Certificate of Obligation shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Certificate of Obligation to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

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

IN THE EVENT any Paying Agent/Registrar for this Certificate of Obligation is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Certificate of Obligation Ordinance that it promptly will appoint a competent and legally

qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owner of this Certificate of Obligation.

IT IS HEREBY certified, recited, and covenanted that this Certificate of Obligation has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Certificate of Obligation have been performed, existed, and been done in accordance with law; that this Certificate of Obligation is a general obligation of the Issuer, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate of Obligation, as such interest and principal come due, have been levied and ordered to be levied against all taxable property in the Issuer, and have been pledged for such payment, within the limit prescribed by law, and that this Certificate of Obligation is additionally secured by a lien on and pledge of surplus revenues of the Issuer's Waterworks and Sewer System, remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with any of the Issuer's revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the net revenues of the Issuer's Waterworks and Sewer System, all as provided in the Certificates of Obligation Ordinance.

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

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Issuer has caused this Certificate of Obligation to be signed with the manual or facsimile signature of the Mayor of the Issuer, countersigned with the manual or facsimile signature of the City Secretary or Deputy City Secretary of the Issuer, and has caused the official seal of the Issuer to be duly impressed on this Certificate of Obligation to be dated February 1, 2026.

_____ _____

[Deputy] City Secretary Mayor

CITY SEAL

The following shall be printed on the back of said Certificate of Obligation:

"This Certificate of Obligation was delivered to and paid for by the Purchaser thereof on February 26, 2026".

FORM OF REGISTRATION CERTIFICATE OF THE COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE
REGISTER NO.

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

Witness my signature and seal this _____.

_____
Acting Comptroller of Public
Accounts of the State of Texas

(COMPTROLLER'S SEAL)

Section 6. ADDITIONAL CHARACTERISTICS OF THE CERTIFICATES OF OBLIGATION. Registration and Transfer. (a) The Issuer shall keep or cause to be kept at the principal corporate trust office of ***BOKF, NA,*** Dallas, Texas (the "Paying Agent/Registrar") books or records of the registration and transfer of the Certificates of Obligation (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. The

Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Certificate of Obligation to which payments with respect to the Certificates of Obligation 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 Issuer 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. Registration of each Certificate of Obligation may be transferred in the Registration Books only upon presentation and surrender of such Certificate of Obligation to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/ Registrar, (i) evidencing the assignment of the Certificate of Obligation, or any portion thereof in any integral multiple of $5,000, to the assignee or assignees thereof, and (ii) the right of such assignee or assignees to have the Certificate of Obligation or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Certificate of Obligation or any portion thereof, a new substitute Certificate of Obligation or Certificates of Obligation shall be issued in conversion and exchange therefor in the manner herein provided. The Initial Certificate of Obligation, to the extent of the unpaid or unredeemed principal balance thereof, may be assigned and transferred by the initial registered owner thereof once only, and to one or more assignees designated in writing by the initial registered owner thereof. All Certificates of Obligation issued and delivered in conversion of and exchange for the Initial Certificate of Obligation shall be in any denomination or denominations of any integral multiple of $5,000 (subject to the requirement hereinafter stated that each substitute Certificate of Obligation shall have a single stated principal maturity date), shall be in the form prescribed in the FORM OF SUBSTITUTE CERTIFICATE OF OBLIGATION set forth in this Ordinance, and shall have the characteristics, and may be assigned, transferred, and converted as hereinafter provided. If the Initial Certificate of Obligation or any portion thereof is assigned and transferred or converted the Initial Certificate of Obligation must be surrendered to the Paying Agent/Registrar for cancellation, and each Certificate of Obligation issued in exchange for any portion of the Initial Certificate of Obligation shall have a single stated principal maturity date, and shall not be payable in installments; and each such Certificate of Obligation shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Certificate of Obligation is being exchanged; and each such Certificate of Obligation shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If only a portion of the Initial Certificate of Obligation is assigned and transferred, there shall be delivered to and registered in the name of the initial registered owner substitute Certificates of Obligation in exchange for the unassigned balance of the Initial Certificate of Obligation in the same manner as if the initial registered owner were the assignee thereof. If any Certificate of Obligation or portion thereof other than the Initial Certificate of Obligation is assigned and transferred or converted each Certificate of Obligation issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Certificate of Obligation for which it is exchanged. A form of assignment shall be printed or endorsed on each Certificate of Obligation, excepting the Initial Certificate of Obligation, which shall be executed by the registered owner or its duly authorized attorney or representative to evidence an assignment thereof. Upon surrender of any Certificates of Obligation or any portion or portions thereof for transfer of registration, an authorized representative of the Paying Agent/Registrar shall make such transfer in the Registration Books, and shall deliver a new fully registered substitute Certificate of Obligation or Certificates of

Obligation, having the characteristics herein described, payable to such assignee or assignees (which then will be the registered owner or owners of such new Certificate of Obligation or Certificates of Obligation), or to the previous registered owner in case only a portion of a Certificate of Obligation is being assigned and transferred, all in conversion of and exchange for said assigned Certificate of Obligation or Certificates of Obligation or any portion or portions thereof, in the same form and manner, and with the same effect, as provided in Section 6(d), below, for the conversion and exchange of Certificates of Obligation by any registered owner of a Certificate of Obligation. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer and delivery of a substitute Certificate of Obligation or Certificates of Obligation, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of any Certificate of Obligation or any portion thereof (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 Certificate of Obligation or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

(b) Ownership of Certificates of Obligation. The entity in whose name any Certificate of Obligation shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Ordinance, whether or not such Certificate of Obligation shall be overdue, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Certificate of Obligation shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Certificate of Obligation to the extent of the sum or sums so paid.

(c) Payment of Certificates of Obligation and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Certificates of Obligation, and to act as its agent to convert and exchange or replace Certificates of Obligation, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Certificates of Obligation, and of all conversions and exchanges of Certificates of Obligation, and all replacements of Certificates of Obligation, 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 Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (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 Certificate of Obligation holder appearing on the Security Register at the close of business on the 15th day next preceding the date of mailing of such notice.

(d) Conversion and Exchange or Replacement; Authentication. Each Certificate of Obligation issued and delivered pursuant to this Ordinance, to the extent of the unpaid or unredeemed principal balance or principal amount thereof, may, upon surrender of such Certificate of Obligation at the principal corporate trust office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the registered owner

or such assignee or assignees, as appropriate, be converted into and exchanged for fully registered certificates of obligation, without interest coupons, in the form prescribed in the FORM OF SUBSTITUTE CERTIFICATE OF OBLIGATION set forth in this Ordinance, in the denomination of $5,000, or any integral multiple of $5,000 (subject to the requirement hereinafter stated that each substitute Certificate of Obligation shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal balance or principal amount of any Certificate of Obligation or Certificates of Obligation so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If the Initial Certificate of Obligation is assigned and transferred or converted each substitute Certificate of Obligation issued in exchange for any portion of the Initial Certificate of Obligation shall have a single stated principal maturity date, and shall not be payable in installments; and each such Certificate of Obligation shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Certificate of Obligation is being exchanged; and each such Certificate of Obligation shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If a portion of any Certificate of Obligation (other than the Initial Certificate of Obligation) shall be redeemed prior to its scheduled maturity as provided herein, a substitute Certificate of Obligation or Certificates of Obligation having the same maturity date, bearing interest at the same rate, in the denomination or denominations of any integral multiple of $5,000 at the request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. If any Certificate of Obligation or portion thereof (other than the Initial Certificate of Obligation) is assigned and transferred or converted, each Certificate of Obligation issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Certificate of Obligation for which it is being exchanged. Each substitute Certificate of Obligation shall bear a letter and/or number to distinguish it from each other Certificate of Obligation. The Paying Agent/Registrar shall convert and exchange or replace Certificates of Obligation as provided herein, and each fully registered certificate of obligation delivered in conversion of and exchange for or replacement of any Certificate of Obligation or portion thereof as permitted or required by any provision of this Ordinance shall constitute one of the Certificates of Obligation for all purposes of this Ordinance, and may again be converted and exchanged or replaced. It is specifically provided that any Certificate of Obligation authenticated in conversion of and exchange for or replacement of another Certificate of Obligation on or prior to the first scheduled Record Date for the Initial Certificate of Obligation shall bear interest from the date of the Initial Certificate of Obligation, but each substitute Certificate of Obligation so authenticated after such first scheduled Record Date shall bear interest from the interest payment date next preceding the date on which such substitute Certificate of Obligation was so authenticated, unless such Certificate of Obligation is authenticated after any Record Date but on or before the next following interest payment date, in which case it shall bear interest from such next following interest payment date; provided, however, that if at the time of delivery of any substitute Certificate of Obligation the interest on the Certificate of Obligation for which it is being exchanged is due but has not been paid, then such Certificate of Obligation shall bear interest from the date to which such interest has been paid in full. THE INITIAL CERTIFICATE OF OBLIGATION 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 Certificate of Obligation issued in conversion of and exchange for or replacement of any Certificate of Obligation or Certificates of Obligation issued under this Ordinance there shall be printed a certificate, in the form substantially as follows:

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Certificate of Obligation has been issued under the provisions of the Certificates of Obligation Ordinance described on the face of this Certificate of Obligation; and that this Certificate of Obligation has been issued in conversion of and exchange for or replacement of a certificate of obligation, certificates of obligation, or a portion of a certificate of obligation or certificates of obligation of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

BOKF, NA
Paying Agent/Registrar

Dated _____ By_____
Authorized Representative

An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate of Obligation, date and manually sign the above Certificate, and no such Certificate of Obligation shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Certificates of Obligation surrendered for conversion and exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange or replacement of any Certificate of Obligation or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Certificates of Obligation in the manner prescribed herein, and said Certificates of Obligation shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Chapter 1201, Government Code, the duty of conversion and exchange or replacement of Certificates of Obligation as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the above Paying Agent/Registrar's Authentication Certificate, the converted and exchanged or replaced Certificate of Obligation shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Certificate of Obligation which originally was issued pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Certificate of Obligation or any portion thereof, but the one requesting any such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange or replacement of Certificates of Obligation or any portion thereof (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 Certificate of Obligation or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

(e) In General. All Certificates of Obligation issued in conversion and exchange or replacement of any other Certificate of Obligation or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificates of Obligation to be payable only to the registered owners thereof, (ii) may be redeemed prior to

their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Certificates of Obligation, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Certificates of Obligation shall be payable, all as provided, and in the manner required or indicated, in the FORM OF SUBSTITUTE CERTIFICATE OF OBLIGATION set forth in this Ordinance.

(f) Payment of Fees and Charges. The Issuer hereby covenants with the registered owners of the Certificates of Obligation that it will (i) pay the standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Certificates of Obligation, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer of registration of Certificates of Obligation, and with respect to the conversion and exchange of Certificates of Obligation solely to the extent above provided in this Ordinance.

(g) Substitute Paying Agent/Registrar. The Issuer covenants with the registered owners of the Certificates of Obligation that at all times while the Certificates of Obligation are outstanding the Issuer 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 Certificates of Obligation under this Ordinance, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice; however, the Issuer must obtain approval of the Texas Water Development Board to such change if the Texas Water Development Board owns any of the Certificates of Obligation. 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 Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Certificates of Obligation, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Certificates of Obligation, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(h) Book-Entry Only System. The Certificates of Obligation issued in exchange for the Certificates of Obligation initially issued to the purchaser specified herein shall be initially issued in the form of a separate single fully registered Certificate of Obligation for each of the maturities thereof. Upon initial issuance, the ownership of each such Certificate of Obligation shall be registered in the name of Cede & Co., as nominee of Depository Trust Company of New York ("DTC"), and except as provided in subsection (f) hereof, all of the outstanding Certificates of Obligation shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Certificates of Obligation registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant

holds an interest on the Certificates of Obligation. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates of Obligation, (ii) the delivery to any DTC Participant or any other person, other than a Certificate of Obligation holder, as shown on the Registration Books, of any notice with respect to the Certificates of Obligation, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Certificate of Obligation holder, as shown in the Registration Books of any amount with respect to principal of, premium, if any, or interest on, as the case may be, the Certificates of Obligation. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate of Obligation is registered in the Registration Books as the absolute owner of such Certificate of Obligation for the purpose of payment of principal, premium, if any, and interest, as the case may be, with respect to such Certificate of Obligation, for the purpose of giving notices of redemption and other matters with respect to such Certificate of Obligation, for the purpose of registering transfers with respect to such Certificate of Obligation, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Certificates of Obligation only to or upon the order of the respective owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on, or as the case may be, the Certificates of Obligation to the extent of the sum or sums so paid. No person other than an owner, as shown in the Registration Books, shall receive a Certificate of Obligation certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest, as the case may be, 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.

(i) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the Issuer or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC and that it is in the best interest of the beneficial owners of the Certificates of Obligation that they be able to obtain certificated Certificates of Obligation, the Issuer or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Certificates of Obligation to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Certificates of Obligation and transfer one or more separate Certificates of Obligation to DTC Participants having Certificates of Obligation credited to their DTC accounts. In such event, the Certificates of Obligation 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 Certificate of Obligation holders transferring or exchanging Certificates of Obligation shall designate, in accordance with the provisions of this Ordinance. Notwithstanding the foregoing, the Issuer, if the Texas Water Development Board still owns the Certificates of Obligation, will not discontinue the use of DTC and its book-entry only system without prior written consent from the Texas Water Development Board.

(j) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificate of Obligation 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, or as the case may be, such Certificate of Obligation and all notices with respect to such Certificate of Obligation shall be made and given, respectively, in the manner provided in the representation letter of the Issuer to DTC.

Section 7. FORM OF SUBSTITUTE CERTIFICATES OF OBLIGATION. The form of all Certificates of Obligation issued in conversion and exchange or replacement of any other Certificate of Obligation or portion thereof, including the form of Paying Agent/Registrar's Certificate to be printed on each of such Certificates of Obligation, and the Form of Assignment to be printed on each of the Certificates of Obligation, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

[The remainder of this page intentionally left blank.]

FORM OF SUBSTITUTE CERTIFICATE OF OBLIGATION

NO. ____ PRINCIPAL AMOUNT

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF VAL VERDE
CITY OF DEL RIO, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES 2026B

INTEREST RATE	MATURITY DATE	DATE OF ORIGINAL ISSUE	CUSIP NO.
		February 1, 2026	

ON THE MATURITY DATE specified above, the CITY OF DEL RIO, TEXAS (the "Issuer") in COUNTY OF VAL VERDE, being a political subdivision of the State of Texas, hereby promises to pay to

CEDE & CO.

or to the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount of

_____

and to pay interest thereon from the original date of delivery of this Certificate of Obligation (which date appears on the back hereof) to the maturity date specified above, at the interest rate per annum specified above with interest being payable on June 1, 2026 and semiannually thereafter on each June 1 and December 1, except that if the date of authentication of this Certificate of Obligation is later than May 15, 2026, such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date (hereinafter defined) 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.

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate of Obligation shall be paid to the registered owner hereof upon presentation and surrender of this Certificate of Obligation at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of ***BOKF, NA,*** Dallas, Texas which is the "Paying Agent/Registrar" for this Certificate of Obligation. The payment of interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the registered owner hereof on the 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 Issuer required by the Ordinance authorizing the issuance of the Certificates of Obligation (the "Certificates of Obligation 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 the address of the registered owner, as it appeared on the 15th day of the month preceding such date (the "Record Date") on the Registration Books kept by

the Paying Agent/Registrar, as hereinafter described, or by such other method acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner, however, if the Certificate of Obligation is owned by the Texas Water Development Board, there will be no charge. Any accrued interest due upon the redemption of this Certificate of Obligation prior to maturity as provided herein shall be paid to the registered owner at the principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of this Certificate of Obligation for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Certificate of Obligation that on or before each principal payment date, interest payment date, and accrued interest payment date for this Certificate of Obligation, it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Certificates of Obligation Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Certificates of Obligation, when due.

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

THIS CERTIFICATE OF OBLIGATION is one of an issue of Certificates of Obligation initially dated February 1, 2026, authorized in accordance with the Constitution and laws of the State of Texas in the original principal amount of $265,000, for paying all or a portion of the Issuer's contractual obligations for the purpose of acquiring, constructing, and installing additions, extensions and improvements to the City's water system, including, particularly, for improvements to the water treatment plant, and for paying professional services for legal, fiscal, and engineering fees in connection with this project.

ON JUNE 1, 2036, or any date thereafter, the Certificates of Obligation of this Series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the Issuer shall, in inverse order of maturity, select and designate the maturity or maturities and the amount that is to be redeemed, and if less than a whole maturity is to be called, the Issuer shall direct the Paying Agent/Registrar to call by lot (provided that a portion of a Certificate of Obligation may be redeemed only in an integral multiple of $5,000), at the redemption price of the principal amount thereof, plus accrued interest to the date fixed for redemption.

AT LEAST 30 days prior to the date fixed for any redemption of Certificates of Obligation or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first class postage prepaid, not less than 30 days prior to the date fixed for any such redemption, to the registered owner of each Certificate of Obligation to be redeemed at its address as it appeared on the 45th day prior to such redemption date; 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 Certificate of Obligation, and it is hereby specifically provided that the mailing of such notice as required above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Certificates of Obligation or portions thereof. 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

Certificates of Obligation or portions thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such written notice of redemption is mailed and if due provision for such payment is made, all as provided above, the Certificates of Obligation 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 plus accrued interest from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Certificate of Obligation shall be redeemed a substitute Certificate of Obligation or Certificates of Obligation 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 Issuer, all as provided in the Certificates of Obligation Ordinance.

THIS CERTIFICATE OF OBLIGATION OR ANY PORTION OR PORTIONS HEREOF IN ANY INTEGRAL MULTIPLE OF $5,000 may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Certificates of Obligation, upon the terms and conditions set forth in the Certificates of Obligation Ordinance. Among other requirements for such assignment and transfer, this Certificate of Obligation must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate of Obligation or any portion or portions hereof in any integral multiple of $5,000 to the assignee or assignees in whose name or names this Certificate of Obligation or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Certificate of Obligation shall be executed by the registered owner or its duly authorized attorney or representative to evidence the assignment hereof. A new Certificate of Obligation or Certificates of Obligation payable to such assignee or assignees (which then will be the new registered owner or owners of such new Certificate of Obligation or Certificates of Obligation), or to the previous registered owner in the case of the assignment and transfer of only a portion of this Certificate of Obligation, may be delivered by the Paying Agent/Registrar in conversion of and exchange for this Certificate of Obligation, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of other Certificates of Obligation. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of this Certificate of Obligation or any portion hereof (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 Certificate of Obligation or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The registered owner of this Certificate of Obligation shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Certificate of Obligation to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ALL CERTIFICATES OF OBLIGATION OF THIS SERIES are issuable solely as fully registered certificates of obligation, without interest coupons, in the denomination of any integral multiple of $5,000. As provided in the Certificates of Obligation Ordinance, this Certificate of Obligation, or any unredeemed portion hereof, may, at the request of the registered owner or the

assignee or assignees hereof, be converted into and exchanged for a like aggregate principal amount of fully registered Certificates of Obligation, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any denomination or denominations in any integral multiple of $5,000 as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Certificate of Obligation to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Certificates of Obligation Ordinance. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Certificate of Obligation or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and 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 Certificate of Obligation or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Certificate of Obligation has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Certificate of Obligation have been performed, existed, and been done in accordance with law; that this Certificate of Obligation is a general obligation of the Issuer, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate of Obligation, as such interest and principal come due, have been levied and ordered to be levied against all taxable property in the Issuer, and have been pledged for such payment, within the limit prescribed by law, and that this Certificate of Obligation is additionally secured by a lien on and pledge of surplus revenues of the Issuer's Waterworks and Sewer System, remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with any of the Issuer's revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the net revenues of the Issuer's Waterworks and Sewer System, all as provided in the Certificates of Obligation Ordinance.

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

IN WITNESS WHEREOF, the Issuer has caused this Certificate of Obligation to be signed with the manual or facsimile signature of the Mayor of the Issuer and countersigned with the manual or facsimile signature of the City Secretary or Deputy City Secretary of the Issuer,

and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Certificate of Obligation.

[Deputy] City Secretary

Mayor

CITY SEAL

The following shall be printed on the back of said Certificate of Obligation:

"This Certificate of Obligation was originally delivered to and paid for by the Purchaser thereof on February 26, 2025".

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

It is hereby certified that this Certificate of Obligation has been issued under the provisions of the Certificate of Obligation Ordinance described on the face of this Certificate of Obligation; and that this Certificate of Obligation has been issued in conversion of and exchange for or replacement of a certificate of obligation, certificates of obligation, or a portion of a certificate of obligation or certificates of obligation of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

BOKF, NA
Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner of this Certificate of Obligation, or duly authorized representative or attorney thereof, hereby assigns this Certificate of Obligation to

(Assignee's Social Security or Tax Payer Identification Number)

(Print or type Assignee's Name and Address Including Zip Code)

and hereby irrevocably constitutes and appoints

_____

attorney, to transfer the registration of this Certificate of Obligation on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated _____

NOTICE: This signature must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.	NOTICE: This signature must correspond with the name of the Registered Owner appearing on the face of this Certificate of Obligation.

Section 8. TAX LEVY. A special Interest and Sinking Fund (the "Interest and Sinking Fund") is hereby created solely for the benefit of the Certificates of Obligation, and the Interest and Sinking Fund shall be established and maintained by the Issuer at an official depository bank of the Issuer. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the Issuer, and shall be used only for paying the interest on and principal of the Certificates of Obligation. All ad valorem taxes levied and collected for and on account of the Certificates of Obligation, together with any premium received from the sale of the Certificates of Obligation, shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Certificates of Obligation or interest thereon are outstanding and unpaid, the governing body of the Issuer 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 Certificates of Obligation as such interest comes due and to provide and maintain a sinking fund adequate to pay the principal of its Certificates of Obligation as such principal matures (but never less than 2% of the original principal amount of the Certificates of Obligation as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the Issuer, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the Issuer for each year while any of the Certificates of Obligation or interest thereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Certificates of Obligation, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

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

Section 9. REVENUES. That said Certificates of Obligation, together with other obligations of the Issuer, are additionally secured by and shall be payable from surplus revenues of the Issuer's waterworks and sewer system (the "Waterworks and Sewer System") remaining after (a) payment of all amounts constituting operation and maintenance expenses thereof, and (b) payment of all debt service, reserve, repair and replacement and other requirements and amounts required to be paid under all ordinances heretofore or hereafter authorizing all other obligations not on a parity with the Certificates of Obligation, which are payable from and secured by any Waterworks and Sewer System revenues, and (c) payment of all amounts payable from any Waterworks and Sewer System revenues pursuant to contracts heretofore or hereafter entered into by the Issuer in accordance with law. Notwithstanding the requirements of Section 8, if surplus revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied pursuant to Section 8 may be reduced to the extent and by the amount of the surplus revenues of the Waterworks and Sewer System then on deposit in the Interest and Sinking Fund. However, if the surplus revenues of the Waterworks and Sewer System are budgeted for deposit into the Interest and Sinking Fund, the Issuer:

(a) shall transfer and deposit in the Interest and Sinking Fund each month an amount of not less than 1/12th of the annual debt service on the Certificates of Obligation until the amount on deposit in the Interest and Sinking Fund equals the amount required for annual debt service on the Certificates of Obligation; further, the Issuer shall not transfer any surplus revenue funds from the Issuer's Waterworks and Sewer System Revenue Fund to any fund other than the Interest and Sinking Fund until such time as an amount equal to the annual debt service on the Certificates of Obligation for the then current fiscal year has been deposited in the Interest and Sinking Fund;

(b) shall establish, adopt and maintain an annual budget that provides for either the monthly deposit of sufficient surplus Waterworks and Sewer System revenues and/or tax revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, or a combination thereof, into the Interest and Sinking Fund for the repayment of the Certificates of Obligation; and

(c) shall at all times maintain and collect sufficient Waterworks and Sewer System rates and charges in conjunction with any other legally available funds that, after payment of the costs of operating and maintaining the system, produce revenues in an amount not less than 1.10 times debt service requirements of all outstanding Waterworks and Sewer System revenue bonds of the Issuer and other obligations of the Issuer which are secured in whole or in part by a pledge of revenues of the Waterworks and Sewer System, for which the Issuer is budgeting the repayment of such obligations from the revenues of the Waterworks and Sewer System, or the Issuer shall provide documentation which evidences the levy of an ad valorem tax rate dedicated to the Interest and Sinking Fund, in conjunction with any other legally available funds except Waterworks and Sewer System rates and charges, sufficient for the repayment of Waterworks and Sewer System debt service requirements.

Section 10. TRANSFER. The Mayor, the City Secretary, and the Deputy City Secretary are hereby ordered to do any and all things necessary to accomplish the transfer of monies to the Interest and Sinking Fund of this issue in ample time to pay such items of principal and interest.

Section 11. DEFEASANCE OF CERTIFICATES OF OBLIGATION. (a) Any Certificate of Obligation and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Certificate of Obligation") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Certificate of Obligation, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Certificates of Obligation shall have become due and payable. At such time as a Certificate of Obligation shall be deemed to be a Defeased Certificate of Obligation hereunder, as aforesaid, such Certificate of Obligation and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Certificates of Obligation that is made in conjunction with the payment arrangements specified in subsection 11(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Certificates of Obligation for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Certificates of Obligation immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes. Notice of such defeasance shall be furnished to the Texas Water Development Board, if the Texas Water Development Board is the owner of the outstanding bonds.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer also be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Certificates of Obligation and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Certificates of Obligation may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 11(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Certificates of Obligation, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America., (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (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 governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements are

rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

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

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

(f) So long as the Texas Water Development Board is the registered owner of any of the Certificates, the Issuer shall provide written notice to the Texas Water Development Board of a defeasance of the Certificates pursuant to subsection (a)(ii) of this Section.

Section 12. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATES OF OBLIGATION. (a) Replacement Certificates of Obligation. In the event any outstanding Certificate of Obligation is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new certificate of obligation of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Certificate of Obligation, in replacement for such Certificate of Obligation in the manner hereinafter provided.

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

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

(d) Charge for Issuing Replacement Certificates of Obligation. Prior to the issuance of any replacement certificate of obligation, the Paying Agent/Registrar shall charge the registered owner of such Certificate of Obligation with all legal, printing, and other expenses in connection therewith. Every replacement certificate of obligation issued pursuant to the provisions of this Section by virtue of the fact that any Certificate of Obligation is lost, stolen, or destroyed shall

constitute a contractual obligation of the Issuer whether or not the lost, stolen, or destroyed Certificate of Obligation shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Certificates of Obligation duly issued under this Ordinance.

(e) Authority for Issuing Replacement Certificates of Obligation. In accordance with Chapter 1201, Government Code, this Section 12 of this Ordinance shall constitute authority for the issuance of any such replacement certificate of obligation without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such certificates of obligation is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Certificates of Obligation in the form and manner and with the effect, as provided in Section 6(d) of this Ordinance for Certificates of Obligation issued in conversion and exchange for other Certificates of Obligation.

Section 13. CUSTODY, APPROVAL, AND REGISTRATION OF CERTIFICATES OF OBLIGATION; BOND COUNSEL'S OPINION; AND CUSIP NUMBERS. The Mayor of the Issuer is hereby authorized to have control of the Initial Certificate of Obligation issued hereunder and all necessary records and proceedings pertaining to the Initial Certificate of Obligation pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Initial Certificate of Obligation said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on the Initial Certificate of Obligation, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Initial Certificate of Obligation. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Initial Certificate of Obligation or on any Certificates of Obligation issued and delivered in conversion of and exchange or replacement of any Certificate of Obligation, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Certificates of Obligation.

Section 14. COVENANTS REGARDING TAX EXEMPTION. (a) Covenants. The Issuer covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Certificates as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(i) to take any action to assure that no more than 10 percent of the proceeds of the Certificates of Obligation (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 or the projects financed therewith are so used, such amounts, whether or not received by the Issuer, 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 Certificates of Obligation, in contravention of section 141(b)(2) of the Code;

(ii) to take any action to assure that in the event that the "private business use" described in subsection (i) hereof exceeds 5 percent of the proceeds of the Certificates of Obligation or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that is

"related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

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

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

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

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

(A) proceeds of the Certificates of Obligation 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 Certificates of Obligation are issued,

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

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

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

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

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

(x) to establish reasonable expectations to prevent using the proceeds of the Certificates of Obligation in contravention of the requirements of section 149(g) of the Code (relating to hedge bonds); and

(xi) not to acquire any of the Texas Water Development Board's source series bonds in an amount related to the amount of Certificates of Obligation acquired by the Texas Water Development Board.

(b) Rebate Fund. In order to facilitate compliance with Section (a)(ix) of this Ordinance, a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such Fund shall not be subject to the claim of any other person, including without limitation the certificateholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Use of Proceeds. For purposes of the foregoing covenants, the Issuer 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 Certificates of Obligation. It is the understanding of the Issuer 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 that modify or expand provisions of the Code, as applicable to the Certificates of Obligation, the Issuer 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 Certificates of Obligation under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Certificates of Obligation, the Issuer 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 Certificates of Obligation under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the Mayor to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Certificates of Obligation.

(d) Allocation of, and Limitation on, Expenditures for the Project. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the construction and acquisition of the Project on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (i) the expenditure is made, or (ii) the Project is completed. The foregoing notwithstanding, the Issuer shall not expend proceeds of the sale of the Certificates of Obligation or investment earnings thereon more than 60 days after the earlier of (i) the fifth anniversary of the delivery of the Certificates of Obligation, or (ii) the date the Certificates of Obligation are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the status, for federal income tax purposes, of the Certificates of Obligation or the interest thereon. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The Issuer covenants that the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that

such sale or other disposition will not adversely affect the tax-exempt status of the Certificates of Obligation. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax proposes from gross income of the interest.

(f) Written Procedures. Unless superseded by another action of the City, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the City Council hereby adopts and establishes the instructions attached hereto as Exhibit A as the City's written procedures. The City also incorporates herein the representations to be made by it in the Federal Tax Certificate related to the Certificates of Obligation.

Section 15. CONTINUING DISCLOSURE. CONTINUING DISCLOSURE.

(a) 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.

"EMMA" means the Electronic Municipal Market Access system being established by the MSRB.

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports. The Issuer shall provide annually to the MSRB through EMMA within twelve months after the end of each fiscal year ending in or after 2025, financial information and operating data with respect to the Issuer of the general type described in Exhibit B hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit B hereto, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Issuer shall provide (1) unaudited financial statements for such fiscal year within such twelve month period, and (2) audited financial statements for the applicable fiscal year to the MSRB through EMMA when and if the audit report on such statements become available.

If the Issuer changes its fiscal year, it will notify the MSRB through EMMA of the date of the new fiscal year end prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this paragraph (b).

The financial information and operating data to be provided pursuant to this paragraph (b) may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB through EMMA or filed with the SEC.

(c) Event Notices.

The Issuer shall file notice of any of the following events with respect to the Certificates of Obligation to the MSRB in a timely manner and not more than 10 business days after 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 Certificates of Obligation, or other material events affecting the tax status of the Certificates of Obligation;

(7) Modifications to rights of holders of the Certificates of Obligation, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Certificates of Obligation, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership, or similar event of the Issuer;

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

(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 Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, 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 Issuer, 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 Issuer 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 Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Issuer in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer, and (b) the Issuer 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 Issuer shall notify the MSRB through EMMA, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection.

(d) Limitations, Disclaimers, and Amendments. The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Certificates of Obligation within the meaning of the Rule, except that the Issuer in any event will give notice of any deposit made in accordance with Section 11 of this Ordinance that causes Certificates of Obligation no longer to be outstanding.

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

UNDER NO CIRCUMSTANCES SHALL THE ISSUER 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 ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT

OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

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

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

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

Section 16. SALE OF CERTIFICATES OF OBLIGATION. The Certificates of Obligations are hereby sold and shall be delivered to the TEXAS WATER DEVELOPMENT BOARD at a price equal to the par amount thereof..

Section 17. APPROVAL OF CERTIFICATES OF OBLIGATION. The Certificates of Obligations have been purchased by the Texas Water Development Board pursuant to its Resolution No. 25-103 adopted on July 24, 2025 and Resolution No. 25-177 adopted on December 16, 2025, which provides that the Certificates of Obligations are being purchased from the State Water Implementation Revenue Fund for Texas and that in accordance thereto the Executive Administrator of the Board will purchase the Certificates of Obligations at the price set forth in Section 16, with all of the proceeds to be deposited in the Escrow Fund created in the Escrow Agreement herein below approved for future distribution into the Construction Fund as set forth therein.

Section 18. APPROVAL OF ESCROW AGREEMENT. The Mayor of the Issuer is hereby authorized and directed to execute and deliver and the City Secretary and Deputy City Secretary of the Issuer are hereby authorized and directed to attest an Escrow Agreement in substantially the form attached hereto as Exhibit C. The moneys in the Escrow Fund upon

authorization from the Executive Administrator of the Texas Water Development Board, or its designee, shall be deposited into the Construction Fund as established herein.

Section 19. CONSTRUCTION FUND. There shall be established a Construction Fund with the Issuer's depository bank and upon release of funds from the Escrow Fund such funds shall be deposited into this Construction Fund. The cost of issuance of the Certificates of Obligations, being legal, fiscal and engineering fees, may be paid from this Fund. The cost of the construction of the water system improvements will be paid from this Construction Fund upon direction of the Issuer. All interest and profits from investments made with moneys in the Construction Fund shall remain on deposit in the Construction Fund as a part thereof. After completion of the payment of all costs of the improvements, any residue remaining in the Construction Fund shall be applied in accordance with Section 21 hereof.

Section 20. FINAL ACCOUNTING. The Issuer shall render a final accounting to the Texas Water Development Board in reference to the total cost incurred by the Issuer for system improvements together with a copy of "as built" plans of the project upon completion.

Section 21. INVESTMENTS. Funds on deposit in any Fund established pursuant to this Ordinance shall be secured by the depository bank of the Issuer in the manner and to the extent required by law to secure other public funds of the Issuer and may be invested from time to time in any investment authorized by applicable law, including but not limited to the Public Funds Investment Act (Chapter 2256, Texas Government Code), and the Issuer's investment policy adopted in accordance with the provisions of the Public Funds Investment Act; provided, however, that investments purchased for and held in each Interest and Sinking Fund shall have a final maturity no later than the next principal or interest payment date on which such funds will be needed, and investments purchased for and held in the Construction Fund shall have a final maturity of not later than the date the Issuer reasonably expects the funds from such investments will be required to pay costs of the projects for which the Certificates of Obligation were issued. Income and profits from such investments shall be deposited in the respective Fund which holds such investments; however, any such income and profits from investments in the Construction Fund may be withdrawn by the Issuer and deposited in the Interest and Sinking Fund to pay all or a portion of the interest next coming due on the Certificates of Obligation. It is further provided, however, that any interest earnings on certificate proceeds which are required to be rebated to the United States of America pursuant to Section 14 hereof in order to prevent the Certificates of Obligation from being arbitrage certificates shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 22. REMAINING FUNDS AND SURPLUS PROCEEDS. The City shall use any proceeds from the Certificates of Obligation that are determined to be remaining unused funds, which are those funds unspent after the original approved Project is completed, for enhancements to the original Projects that are explicitly approved by the Executive Administrator of the Texas Water Development Board or, if no enhancements are so authorized, the City shall submit a final accounting and disposition of any unused funds. The City shall use any loan proceeds from the Certificates of Obligation that are determined to be surplus remaining after completion of the project and completion of a final accounting in a manner approved by the Executive Administrator.

Section 23. COMPLIANCE WITH THE TEXAS WATER DEVELOPMENT BOARD REQUIREMENTS. The provisions of this Section shall apply so long as the Certificates, or any of them, are owned by the TWDB. The Issuer hereby agrees to comply with

all conditions set forth in TWDB Resolution No. 25-103, which conditions are incorporated herein.

(a) Covenant to Abide with Rules and Regulations. The Issuer will abide with all applicable federal laws, rules and regulations, laws of the State of Texas and rules and regulations of the Texas Water Development Board relating to the loan of funds evidenced by the Certificates and the project for which the Certificates are issued, sold and delivered.

(b) Final Accounting. Upon completion of the project to be financed with the proceeds of the Certificates, the Issuer shall render a final accounting of the cost of such project to the Texas Water Development Board, together with a copy of "as built" plans of such improvements and extensions upon completion. If the total cost of such project, as finally completed, is less than originally estimated, so that the proper share of the participation by the Texas Water Development Board in such project is reduced, any surplus proceeds from the Certificates remaining after completion of the project shall be used for the following purposes as approved by the Executive Administrator: (1) deposit into the Interest and Sinking Fund or other debt service account for the payment of interest or principal on the Certificates owned by the Texas Water Development Board; or (2) eligible project costs as authorized by the Executive Administrator.

(d) Defeasance. Should the Issuer exercise its right hereunder to effect the defeasance of the Certificates, the Issuer agrees that it will provide the Texas Water Development Board with written notice of any such defeasance.

(e) Prohibition on Use of Proceeds. The Issuer covenants and agrees that none of the proceeds of the Certificates will be expended on costs incurred or to be incurred relating to the sampling, testing, removing or disposing of potentially contaminated soils and/or media at the project site.

(f) Indemnification. The Issuer further agrees, to the extent permitted by law, to indemnify, hold harmless and protect the Texas Water Development Board from any and all claims or causes of action arising from the sampling, analysis, transport, storage, treatment, removal and off-site disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Issuer, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project.

(g) Environmental Determination. The City agrees and covenants that it will comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources.

(h) Insurance. The Issuer agrees to maintain casualty and other insurance on the Issuer's water system of a kind and in an amount customarily carried by municipal corporations owning and operating similar properties and in an amount sufficient to protect the interests of the Texas Water Development Board in the Project.

(i) Water Conservation Program. The Issuer has adopted and implemented or will adopt and implement an approved water conservation program in accordance with Texas Water Code 16.4021 and 31 TAC 363.1309(b)(1).

(j) No Purchase of Texas Water Development Board Bonds. The Issuer agrees that it, nor any related party to the Issuer, will not purchase, as an investment or otherwise, bonds issued

by the Texas Water Development Board including, without limitation, bonds issued by the Texas Water Development Board, the proceeds of which were used by the Texas Water Development Board to purchase the Certificates.

(k) Compliance with Federal Contracting Law. The Issuer acknowledges that it has a legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises.

(l) Compliance with State Contracting Law. The Issuer acknowledges that it has a legal obligation to comply with any applicable requirements of State law relating to contracting with historically underutilized businesses, and will report to TWDB the amount of Project Funds, if any, used to compensate historically underutilized businesses, in accordance with 31 TAC Sec. 363.1312.

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

(n) Proceeds of Certificates of Obligation to be Held at a Designated State Depository. Notwithstanding anything to the contrary set forth in this Resolution, the proceeds of the Certificates of Obligation shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257.

(n) American Iron and Steel. The Issuer shall abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter G and Texas Water Code § 17.183.

(o) Firearms, Firearm Accessories, and Firearm Ammunition. The City shall immediately notify the Texas Water Development Board, in writing, of any suit against it by the Attorney General of Teas under Texas Penal Code Section 1.10(f) (related to federal laws regulating firearms, firearm accessories, and firearm ammunition).

(p) Ratings. So long as the Certificates of Obligation are outstanding and unpaid, and held by the Texas Water Development Board, the City, or any other obligated person, will not discontinue any existing rating issued by a nationally-recognized statistical rating agency on the City's outstanding ad valorem tax debt.

Section 24. REMEDIES IN EVENT OF DEFAULT; SECURITY INTEREST. In addition to all the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the Issuer (i) defaults in the payment of the principal, premium, if any, or interest on the Certificates of Obligations, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, the following remedies shall be available:

(a) the Holders of any of the Certificates of Obligations shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the Issuer and other officers of the Issuer to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

(b) no delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedy herein provided shall be cumulative of all other existing remedies, and the specification of such remedy shall not be deemed to be exclusive. Any provision of the Certificates of Obligations or this Ordinance that restricts or limits the Texas Water Development Board's full exercise of its remedies shall be of no force and effect.

Section 25. FURTHER PROCEDURES. The officers and employees of the Issuer 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 Issuer 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 initial sale and delivery of the Certificates and the Paying Agent/Registrar Agreement. In addition, prior to the initial delivery of the Certificates, the Mayor, the City Secretary, the Deputy City Secretary, 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, or (ii) obtain the approval of the Certificates by the Texas Attorney General's office. In case any officer of the City whose signature shall appear on any Certificate shall cease to be such officer before the delivery of such Certificate, 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 26. SECURITY FOR FUNDS. All funds mentioned in this Ordinance shall be secured in the manner and to the fullest extent permitted or required by law for the security of public funds, including the Public Funds Collateral Act (Chapter 2257, Government Code), and such funds shall be used only for the purposes and in the manner permitted or required by this Ordinance.

Section 27. PUBLIC NOTICE. It is hereby officially found and determined that public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code, and that no petition was received from the qualified electors of the Issuer protesting the issuance of the Certificates of Obligation.

Section 28. EFFECTIVE DATE. This Ordinance becomes effective immediately after passing on first reading in accordance with Section 1201.028, Texas Government Code.

[The remainder of this page intentionally left blank.]

ADOPTED BY THE CITY COUNCIL OF THE CITY OF DEL RIO, TEXAS AT A REGULAR MEETING HELD ON THE 13th DAY OF JANUARY, 2026.

_____
Maria Acosta
City Secretary, City of Del Rio, Texas

_____
Alvaro "Al" Arreola
Mayor, City of Del Rio, Texas

REVIEWED AS TO FORM:

_____
Ana Markowski Smith
City Attorney, City of Del Rio, Texas

REVIEWED FOR ADMINISTRATION:

_____
Shawna Burkhart
City Manager

(SEAL)

EXHIBIT A

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Certificates of Obligation, the City's chief financial officer (the "***Responsible Person***"), which is currently the Assistant Director of Finance will:

(i) instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities financed with the Certificates of Obligation must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Certificates of Obligation will be entered into within six (6) months of the date of delivery of the Certificates of Obligation (the "***Issue Date***");

(ii) monitor that at least 85% of the proceeds of the Certificates of Obligation to be used for the construction, renovation or acquisition of any facilities are expended within three (3) years of the Issue Date;

(iii) restrict the yield of the investments to the yield on the Certificates of Obligation after three (3) years of the Issue Date;

(iv) monitor all amounts deposited into a sinking fund or funds (e.g., the Interest and Sinking Fund), to assure that the maximum amount invested at a yield higher than the yield on the Certificates of Obligation does not exceed an amount equal to the debt service on the Certificates of Obligation in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Certificates of Obligation for the immediately preceding 12-month period;

(v) ensure that no more than 50% of the proceeds of the Certificates of Obligation are invested in an investment with a guaranteed yield for four years or more;

(vi) maintain any official action of the City (such as a reimbursement resolution) stating its intent to reimburse with the proceeds of the Certificates of Obligation any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;

(vii) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and

(viii) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every 5 years after the Issue Date and (B) within 30 days after the date the Certificates of Obligation are retired.

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

(i) monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;

(ii) monitor whether, at any time the Certificates of Obligation are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;

(iii) monitor whether, at any time the Certificates of Obligation are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);

(iv) monitor whether, at any time the Certificates of Obligation are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;

(v) determine whether, at any time the Certificates of Obligation are outstanding, any person, other than the City, has a naming right for the facilities or any other contractual right granting an intangible benefit;

(vi) determine whether, at any time the Certificates of Obligation are outstanding, the facilities are sold or otherwise disposed of; and

(vii) take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Ordinance related to the public use of the facilities.

C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Certificates of Obligation and the use of the facilities financed or refinanced thereby for a period ending six (6) years after the complete extinguishment of the Certificates of Obligation. If any portion of the Certificates of Obligation is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the six (6) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Person. The Responsible Person shall receive appropriate training regarding the City's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed or refinanced with the proceeds of the Certificates of Obligation. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions. If an error is discovered, the Responsible Person will promptly correct any such error within a reasonable amount of time of such discovery and take, or cause to be taken, such appropriate actions, including payment to the United States, if applicable, that is required to maintain the tax-exempt status of the Certificates of Obligation.

EXHIBIT B

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 15 of this Ordinance.

I. Annual Financial Statements and Operating Data

The financial information and operating data with respect to the Issuer 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. The annual audited financial statements of the City, or unaudited financial statements of the City in the event the audited financial statements are not completed within twelve months after the end of any fiscal year.

2. All quantitative financial and operating data with respect to the City of the general type included in Tables numbered 1 through 5 and 7 through 12 in the Official Statement related to the City's *Combination Tax and Revenue Certificates of Obligation, Series 2023,* within twelve months after the end of any fiscal year.

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 paragraph 1 above.

EXHIBIT C

ESCROW AGREEMENT

The Escrow Agreement Has Been Omitted at this Point as it Appears in Executed Form Elsewhere in this Transcript.

AIS-15392 **4. d.**

City Council Special Meeting

Meeting Date: 01/13/2026

Presented By: Roxy Soto, Asst. Finance Director

Submitted By: Roxy Soto, Asst. Finance Director

Information

SUBJECT:

O:2026-003 Discuss and Take Action on an Ordinance Authorizing the Issuance, Sale and Delivery of Approximately $17,005,000 in Aggregate Principal Amount of Combination Tax and Revenue Certificates of Obligation, Series 2026 to the Texas Military Preparedness Commission for Water System Improvements; Securing the Payment Thereof by Authorizing the Levy of an Annual Ad Valorem Tax; Approving and Authorizing the Execution of All Instruments and Procedures Related thereto, Including a Loan Agreement; Declaring an Effective Date; and Ordaining Other Matters Related Thereto.

SUMMARY:

The City Council will consider an Ordinance authorizing the issuance, sale and delivery of approximately $17,005,000 in Aggregate Principal Amount of Combination Tax and Revenue Certificates of Obligation, Series 2026 to the Texas Military Preparedness Commission for Water System Improvements; securing the payment thereof by authorizing the levy of an annual ad valorem tax; approving and authorizing the execution of all instruments and procedures related thereto, including a loan agreement; declaring an effective date; and ordaining other matters related thereto

BACKGROUND:

The City has submitted an application to the Texas Military Preparedness Commission (TMPC) requesting financial assistance to support several key water system improvements. The funding would help plan, design, acquire, construct, equip, and enhance the City's water infrastructure, including repairing the San Felipe East Springs containment wall and expanding the capacity of the water treatment plant. It would also cover professional services provided by engineers, attorneys, and financial advisors, as well as issuance costs associated with the issuance of certificates of obligation. These funds will partially support the East Springs containment wall project and the replacement and upgrade of the water treatment plant's membrane system.

DISCUSSION:

By approving this ordinance, the City will authorize the issuance of one series of certificates and sell them to the Texas Military Value Revolving Fund. To repay these certificates, the City proposes using two sources of revenue:

- Ad Valorem Taxes — these are property taxes collected within the City. The repayment will comply with all applicable tax laws.
- Surplus Water and Sewer Revenues — after covering all operating costs, maintenance, debt service, and reserve requirements for existing water/sewer obligations, any remaining funds will be pledged toward repayment. This applies only to surplus revenues—not those already committed to other bonds or obligations.
  This structure ensures the City maintains financial responsibility while leveraging available resources to support infrastructure investment.

PROS:

By approving this ordinance, the City issues certificates of obligation to fund projects outlined in the Capital Improvement Projects Plan.

CONS:

If this ordinance is not approved, the funding will not be secured.

RECOMMENDATION:

Approval of this ordinance.

Fiscal Impact

Fund:

Account Number:

Account Name:

Budgeted Amount:

Requested Amount:

Summary:

The certificates of obligation is self-supported and funded by the Water Fund. This project is included in the Capital Improvement Plan.

Attachments

ORDINANCE NO. O:2026-003

ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF $_____ IN AGGREGATE PRINCIPAL AMOUNT OF "CITY OF DEL RIO, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026"; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX; APPROVING AND AUTHORIZING THE EXECUTION OF ALL INSTRUMENTS AND PROCEDURES RELATED THERETO, INCLUDING A PAYING AGENT/REGISTRAR AGREEMENT; DECLARING AN EFFECTIVE DATE; AND ORDAINING OTHER MATTERS RELATED THERETO

DATE OF APPROVAL: JANUARY 13, 2026

TABLE OF CONTENTS

ORDINANCE NO. O:2026-003

ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF $_____ IN AGGREGATE PRINCIPAL AMOUNT OF "CITY OF DEL RIO, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026"; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX; APPROVING AND AUTHORIZING THE EXECUTION OF ALL INSTRUMENTS AND PROCEDURES RELATED THERETO, INCLUDING A PAYING AGENT/REGISTRAR AGREEMENT; DECLARING AN EFFECTIVE DATE; AND ORDAINING OTHER MATTERS RELATED THERETO

THE STATE OF TEXAS §
COUNTY OF VAL VERDE §
CITY OF DEL RIO §

WHEREAS, the **CITY OF DEL RIO, TEXAS** (the "***City***") is a "defense community", as such term is defined in Section 397.001, Texas Local Government Code; and

WHEREAS, in accordance with the applicable provisions of Chapter 436, Texas Government Code, the City prepared and submitted an application to the Texas Military Preparedness Commission (the "TMPC") seeking financial assistance for the projects described in Section 1 of this Ordinance to enhance the military value of military facilities located in, near, or adjacent to the City; and

WHEREAS, the TMPC approved the City's application for financial assistance, and requested the Texas Public Finance Authority (the "TPFA") to provide financial assistance for the projects described in Section 1 of this Ordinance; and

WHEREAS, the TMPC has agreed to purchase certificates of obligation issued by the City to finance the projects approved by the TMPC; and

WHEREAS, the City Council of the City hereby determines that it is necessary and desirable to pay all or a portion of the City's contractual obligations incurred to (i) plan, design, acquire, construct, equip, and improve the City's water system, including (1) repairing the San Felipe East Springs containment wall and (2) expanding the water treatment plant's capacity, and (ii) pay for professional services rendered by engineers, attorneys, and financial advisors in connection with the above projects and the costs of issuance related to the Certificates of Obligation (collectively, the "***Projects***"); and

WHEREAS, the City Council of the City intends to finance the Projects from proceeds derived from the sale of Certificates of Obligation issued by the City pursuant to Sections 271.041 - 271.063, Texas Local Government Code, as amended; and

WHEREAS, on October 28, 2025 the City Council adopted a resolution authorizing and directing the City Secretary to give notice of intention to issue Certificates of Obligation (the "***Notice of Intent***"); and

WHEREAS, the Notice of Intent was published in the *San Antonio Express-News,* which is a newspaper of general circulation in the City, in its issues of _____ and _____; and

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

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

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

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

SECTION 1. AMOUNT AND PURPOSE OF THE CERTIFICATES OF OBLIGATION. The certificate of obligation or certificates of obligation of the City further described in Section 2 of this Ordinance and referred to herein as the "Certificates of Obligation" are hereby authorized to be issued and delivered in the aggregate principal amount of ***$_____ FOR PAYING, ALL OR A PORTION, OF THE CITY'S CONTRACTUAL OBLIGATIONS INCURRED TO (I) PLAN, DESIGN, ACQUIRE, CONSTRUCT, EQUIP, AND IMPROVE THE CITY'S WATER SYSTEM, INCLUDING (1) REPAIRING THE SAN FELIPE EAST SPRINGS CONTAINMENT WALL AND (2) EXPANDING THE WATER TREATMENT PLANT'S CAPACITY, AND (II) PAY FOR PROFESSIONAL SERVICES RENDERED BY ENGINEERS, ATTORNEYS, AND FINANCIAL ADVISORS IN CONNECTION WITH THE ABOVE PROJECTS AND THE COSTS OF ISSUANCE RELATED TO THE CERTIFICATES OF OBLIGATION.***

SECTION 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND MATURITIES OF THE CERTIFICATES OF OBLIGATION. Each certificate of obligation issued pursuant to and for the purpose described in Section 1 of this Ordinance shall be designated: **City of Del Rio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026**, and initially there shall be issued, sold and delivered hereunder one fully registered certificate of obligation, without interest coupons, dated January 1, 2026, in the aggregate principal amount of ***$_____,*** numbered T-1 (the "***Initial Certificate of Obligation***"), with certificates of obligation issued in replacement thereof being in the denomination of $5,000 or any integral multiple thereof and numbered consecutively from R-1 upward, all payable to the initial registered owner thereof (with the Initial Certificate of Obligation being payable to TMPC, as designated in Section 15 hereof), or to the registered assignee or assignees of said certificates of obligation or any portion or portions thereof (in each case, the "***Registered Owner***"), the Certificates of Obligation shall be subject to optional redemption as provided in the FORM OF CERTIFICATE OF OBLIGATION, and the Certificates of Obligation shall mature and be payable serially on _____ in each of the years and in the principal amounts, respectively, as set forth in the following schedule:

Year of Maturity	Principal Amount ($)	Year of Maturity	Principal Amount ($)	Year of Maturity	Principal Amount ($)
2026		2033		2040	
2027		2034		2041	
2028		2035		2042	
2029		2036		2043	
2030		2037		2044	
2031		2038		2045	
2032		2039		***	***

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

SECTION 3. INTEREST. The Certificates of Obligation shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM CERTIFICATE OF OBLIGATION set forth in this Ordinance to their respective dates of maturity or prior redemption at the following rates per annum:

Year of Maturity	Interest Rate (%)	Year of Maturity	Interest Rate (%)	Year of Maturity	Interest Rate (%)
2026		2033		2040	
2027		2034		2041	
2028		2035		2042	
2029		2036		2043	
2030		2037		2044	
2031		2038		2045	
2032		2039		***	***

Said interest shall be payable in the manner provided and on the dates stated in the FORM OF CERTIFICATE OF OBLIGATION set forth in this Ordinance.

SECTION 4. CHARACTERISTICS OF THE CERTIFICATES OF OBLIGATION; APPROVAL OF PAYING AGENT/REGISTRAR AGREEMENT. *(a) Registration, Transfer, and Exchange; Authentication.* The City shall keep or cause to be kept at the designated corporate trust or commercial banking office of [**BOKF, NA,** Dallas, Texas] (the "***Paying Agent/Registrar***") books or records for the registration of the transfer and exchange of the Certificates of Obligation (the "***Registration Books***"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers and exchanges under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers and exchanges as herein provided. Attached hereto as *Exhibit A* is a copy of the Paying Agent/Registrar Agreement between the City and the Paying Agent/Registrar which is hereby approved in substantially final form, and the Mayor, Mayor Pro-Tem and City Secretary of the City are hereby authorized to execute the Paying Agent/Registrar Agreement and approve any changes in the final form thereof.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Certificate of Obligation to which payments with respect to the Certificates of Obligation 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. To the extent possible and under reasonable circumstances, all transfers of Certificates of Obligation shall be made within three business days after request and presentation thereof. The City shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Certificate of Obligation or Certificates of Obligation shall be paid as provided in the FORM CERTIFICATE OF OBLIGATION set forth in this Ordinance. Registration of assignments, transfers and exchanges of Certificates of Obligation shall be made in the manner provided and with the effect stated in the FORM OF CERTIFICATE OF OBLIGATION set forth in this Ordinance. Each substitute Certificate of Obligation shall bear a letter and/or number to distinguish it from each other Certificate of Obligation.

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

which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

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

(c) In General. The Certificates of Obligation (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificates of Obligation 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 50 days prior to any such redemption date), (iii) may be transferred and assigned, (iv) may be exchanged for other Certificates of Obligation, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) shall be payable as to principal and interest, and (viii) shall be administered and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Certificates of Obligation, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF CERTIFICATE OF OBLIGATION set forth in this Ordinance. The Initial Certificate of Obligation is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Certificate of Obligation issued in exchange for the Initial Certificate of Obligation issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF CERTIFICATE OF OBLIGATION. In lieu of the executed Paying Agent/Registrar's Authentication Certificate described above, the Initial Certificate of Obligation delivered on the closing date (as further described in subparagraph (i) below) shall have attached thereto the Comptroller's Registration Certificate substantially in the form set forth in the FORM OF CERTIFICATE OF OBLIGATION below, manually executed by the Comptroller of Public Accounts of the State of Texas or by her duly authorized agent, which certificate shall be evidence that the Initial Certificate of Obligation has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and has been registered by the Comptroller.

(d) Substitute Paying Agent/Registrar. The City covenants with the registered owners of the Certificates of Obligation that at all times while the Certificates of Obligation are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Certificates of Obligation under this Ordinance, and that the Paying Agent/Registrar will be one entity and shall be an entity registered with the Securities and Exchange Commission. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating

to the Certificates of Obligation, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Certificates of Obligation, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(e) *Book-Entry Only System for Certificates of Obligation*. The Certificates of Obligation issued in exchange for the Certificates of Obligation initially issued to the purchaser specified in Section 15 herein shall be initially issued in the form of a separate single fully registered Certificate of Obligation for each of the maturities thereof. To the extent provided in the Loan Agreement, the Certificates may be issued and delivered in such manner that no physical distribution of the Certificates will be made to the public, and the ownership of each such Certificate of Obligation shall be registered in the name of Cede & Co, as nominee of the Depository Trust Company of New York ("***DTC***") for the Certificates, consistent with previously issued obligations by the City that are held in book-entry form with DTC. Except as provided in subsection (i) hereof, all of the outstanding Certificates of Obligation shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Certificates of Obligation 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 ("***DTC Participant***") to hold securities to facilitate the clearance and settlement of securities transaction among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates of Obligation. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates of Obligation, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Certificates of Obligation, as shown on the Registration Books, of any notice with respect to the Certificates of Obligation, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Certificates of Obligation, as shown in the Registration Books of any amount with respect to principal of or interest on the Certificates of Obligation. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate of Obligation is registered in the Registration Books as the absolute owner of such Certificate of Obligation for the purpose of payment of principal and interest with respect to such Certificate of Obligation, for the purpose of registering transfers with respect to such Certificate of Obligation, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Certificates of Obligation only to or upon the order of the 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 Certificates of Obligation to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Certificate of Obligation certificate evidencing the obligation of the City to make payments of principal 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 words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(f) *Successor Securities Depository; Transfers Outside Book-Entry Only Systems*. In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the City to DTC or that it is in the best interest of the beneficial owners of the Certificates of Obligation that they be able to obtain certificated Certificates of Obligation, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Certificates of Obligation to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Certificates of Obligation and transfer one or more separate Certificates of Obligation to DTC Participants having Certificates of Obligation credited to their DTC accounts. In such event, the Certificates of Obligation shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered owners transferring or exchanging Certificates of Obligation 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 Certificate of Obligation is registered in the name of Cede & Co., as nominee for DTC, all payments with respect to principal of and interest on such Certificate of Obligation and all notices with respect to such Certificate of Obligation shall be made and given, respectively, in the manner provided in the representation letter of the City to DTC.

(h) *DTC Letter of Representation*. The officers of the City are herein authorized for and on behalf of the City and as officers of the City to enter into one or more Letters of Representation with DTC establishing the book-entry only system with respect to the Certificates of Obligation.

(i) *Delivery of Initial Certificate of Obligation*. On the closing date, one Initial Certificate of Obligation representing the entire principal amount of the respective series of Certificates of Obligation, payable in stated installments to TMPC or its designee, executed by manual or facsimile signature of the Mayor or Mayor Pro-Tem and City Secretary of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to TMPC or its designee. Upon payment for the Initial Certificate of Obligation, the Paying Agent/Registrar shall cancel the Initial Certificate of Obligation and deliver to the initial registered owner or its designee one registered definitive Certificate of Obligation for each year of maturity of the Certificates of Obligation, in the aggregate principal amount of all of the Certificates of Obligation for such maturity.

SECTION 5. FORM OF CERTIFICATE OF OBLIGATION. The form of the Certificates of Obligation, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment, and the form of Registration Certificate of the Comptroller

of Public Accounts of the State of Texas (to be attached only to the Certificates of Obligation initially issued and delivered pursuant to this Ordinance), shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

[The remainder of this page intentionally left blank.]

FORM OF CERTIFICATE OF OBLIGATION

R-1	UNITED STATES OF AMERICA STATE OF TEXAS CITY OF DEL RIO, TEXAS	PRINCIPAL AMOUNT $_____

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2026

INTEREST RATE	MATURITY DATE	CUSIP NO.
_____%	_____, _____	245379_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

ON THE MATURITY DATE specified above, the ***CITY OF DEL RIO, TEXAS*** (the "***City***"), being a political subdivision and home-rule municipality of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from _____, at the Interest Rate per annum specified above, payable on _____, and semiannually on each _____ and _____ thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Certificate of Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate of Obligation or Certificates of Obligation, if any, for which this Certificate of Obligation is being exchanged is due but has not been paid, then this Certificate of Obligation shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate of Obligation shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate of Obligation at maturity or upon the date fixed for redemption prior to maturity, at the designated corporate trust or commercial banking office of [**BOKF, NA,** Dallas, Texas], which is the "***Paying Agent/Registrar***" for this Certificate of Obligation. The payment of interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Certificate of Obligation (the "***Ordinance***") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the fifteenth day of the month next

preceding each such date (the ***"Record Date***") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "***Special Record Date***") will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "***Special Payment Date***" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Registered Owner appearing on the Registration Books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice. Any accrued interest due upon the redemption of this Certificate of Obligation prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Certificate of Obligation for redemption and payment at the designated corporate trust office of the Paying Agent/Registrar (unless the redemption date is a regularly scheduled interest payment date, in which case accrued interest on such redeemed Certificates of Obligation shall be payable in the regular manner described above). The City covenants with the Registered Owner of this Certificate of Obligation that on or before each principal payment date, interest payment date and accrued interest payment date for this Certificate of Obligation it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Certificates of Obligation, when due.

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

THIS CERTIFICATE OF OBLIGATION is one of a series of Certificates of Obligation dated as of January 1, 2026, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of ***$_____ FOR PAYING, ALL OR A PORTION, OF THE CITY'S CONTRACTUAL OBLIGATIONS INCURRED TO (I) PLAN, DESIGN, ACQUIRE, CONSTRUCT, EQUIP, AND IMPROVE THE CITY'S WATER SYSTEM, INCLUDING (1) REPAIRING THE SAN FELIPE EAST SPRINGS CONTAINMENT WALL AND (2) EXPANDING THE WATER TREATMENT PLANT'S CAPACITY, AND (II) PAY FOR PROFESSIONAL SERVICES RENDERED BY ENGINEERS, ATTORNEYS, AND FINANCIAL ADVISORS IN CONNECTION WITH THE ABOVE PROJECTS AND THE COSTS OF ISSUANCE RELATED TO THE CERTIFICATES OF OBLIGATION.***

ON ____, 20__, or any date thereafter, the Certificates of Obligation maturing on and after _____, 20__ may be prepaid or redeemed prior to their scheduled due dates, at the option of the City, with funds derived from any available source, as a whole, or in part, and, if in part, the City shall select and designate the maturity, or maturities, and the amount that is to be redeemed, and if less than a whole maturity is to be called, the City shall direct the Paying Agent/Registrar to call by lot (provided that a portion of this Certificate of Obligation may be

redeemed only in an integral multiple of $5,000), at the redemption price of the principal amount, plus accrued interest to the date fixed for prepayment or redemption.

AT LEAST 45 days prior to the date fixed for any such prepayment or redemption a written notice of such prepayment or redemption shall be mailed by the Paying Agent/Registrar to the registered owner hereof; By the date fixed for any such prepayment or redemption due provision shall be made by the City with the Paying Agent/Registrar for the payment of the required prepayment or redemption price for this Certificate of Obligation or the portion hereof which is to be so prepaid or redeemed, plus accrued interest thereon to the date fixed for prepayment or redemption. If such written notice of prepayment or redemption is given, and if due provision for such payment is made, all as provided above, this Certificate of Obligation, or the portion thereof which is to be so prepaid or redeemed, thereby automatically shall be treated as prepaid or redeemed prior to its scheduled due date, and shall not bear interest after the date fixed for its prepayment or redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the prepayment or redemption price plus accrued interest to the date fixed for prepayment or redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such prepayments or redemptions of principal of this Certificate of Obligation or any portion hereof. If a portion of any Certificate of Obligation shall be redeemed a substitute Certificate of Obligation or Certificates of Obligation 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 Ordinance.

ALL CERTIFICATES OF OBLIGATION OF THIS SERIES are issuable solely as fully registered Certificates of Obligation, without interest coupons, in the denomination of any integral multiple of $5,000. As provided in the Ordinance, this Certificate of Obligation, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred and exchanged for a like aggregate principal amount of fully registered Certificates of Obligation, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of $5,000 as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Certificate of Obligation to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Certificate of Obligation must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate of Obligation or any portion or portions hereof in any integral multiple of $5,000 to the assignee or assignees in whose name or names this Certificate of Obligation or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Certificate of Obligation may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate of Obligation 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 transferring and exchanging any Certificate of Obligation or portion thereof shall be paid by the City, but any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment,

transfer 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 or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

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

IT IS HEREBY certified, recited, and covenanted that this Certificate of Obligation has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Certificate of Obligation have been performed, existed, and been done in accordance with law; that this Certificate of Obligation is a general obligation of the City, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate of Obligation, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limits prescribed by law and that this Certificate of Obligation is additionally secured by a lien on and limited pledge of surplus revenues of the City's Waterworks and Sewer System, remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with any of the City's revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the Net Revenues of the City's Waterworks and Sewer System, all as provided in the Ordinance authorizing the Certificates of Obligation.

THE CITY also has reserved the right to amend the Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the registered owners of a majority in aggregate principal amount of the outstanding Certificates of Obligation.

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

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

Countersigned:

(facsimile signature) (facsimile signature)

City Secretary Mayor

(CITY SEAL)

FORM OF REGISTRATION CERTIFICATE OF THE COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

Witness my signature and seal this _____.

(COMPTROLLER'S SEAL)

_____
Acting Comptroller of Public Accounts
of the State of Texas

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

It is hereby certified that this Certificate of Obligation has been issued under the provisions of the Ordinance described in the text of this Certificate of Obligation; and that this Certificate of Obligation has been issued in exchange for a certificate of obligation or certificates of obligation, or a portion of a certificate of obligation or certificates of obligation of a series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

[**BOKF, NA,**
Dallas, Texas]
Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

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

_____
/_____/_____

(Assignee's Social Security or Taxpayer Identification Number)

(Please print or typewrite Assignee's name and address, including zip code)

_____

and hereby irrevocably constitutes and appoints _____ attorney to transfer the registration of this Certificate of Obligation on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

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

_____

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

INITIAL CERTIFICATE OF OBLIGATION INSERTIONS

The Initial Certificate of Obligation shall be in the form set forth above except that:

(A) Immediately under the name of the Certificate of Obligation, the headings "INTEREST RATE" and "MATURITY DATE" shall be completed with the words "As shown below" and "CUSIP NO. _____" shall be deleted.

(B) The first paragraph shall be deleted and the following shall be inserted:

"ON THE RESPECTIVE MATURITY DATES specified below, the ***CITY OF DEL RIO, TEXAS*** (the "***City***"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the respective Principal Installments specified below, and to pay interest thereon (calculated on the basis of a 360-day year composed of twelve 30-day months) from _____, at the respective Interest Rates per annum specified below, payable on _____, 202_, and semiannually on each _____ and _____ thereafter to the respective Maturity Dates specified below, or the date of redemption prior to maturity. The respective Maturity Dates, Principal Installments and Interest Rates for this Certificate of Obligation are set forth in the following schedule:

MATURITY DATE (_____)	PRINCIPAL INSTALLMENT	INTEREST RATE	MATURITY DATE (_____)	PRINCIPAL INSTALLMENT	INTEREST RATE

[Insert principal and interest information from Sections 2 and 3 above]"

(C) The Initial Certificate of Obligation shall be numbered "T-1."

SECTION 6. INTEREST AND SINKING FUND; TAX LEVY. A special Interest and Sinking Fund for the Certificates of Obligation (the "***Interest and Sinking Fund***") is hereby created solely for the benefit of the Certificates of Obligation, and the Interest and Sinking Fund shall be established and maintained by the City at an official depository bank of the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Certificates of Obligation. All ad valorem taxes levied and collected for and on account of the Certificates of Obligation shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Certificates of Obligation or interest thereon are outstanding and unpaid, the City shall compute and ascertain a rate and amount of ad valorem tax which, together

with "Surplus Revenues" with respect to the Certificates of Obligation (as described in Section 7(a) below) budgeted to pay principal and interest coming due during such fiscal year, will be sufficient to raise and produce the money required to pay the interest on the Certificates of Obligation as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of its Certificates of Obligation as such principal matures (but never less than 2% of the original principal amount of the Certificates of Obligation as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the City, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the City for each year while any of the Certificates of Obligation or interest thereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the respective Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Certificates of Obligation, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

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

SECTION 8. CONSTRUCTION FUND. There is hereby created and established in the depository of the City, a fund to be called the *City of Del Rio, Texas Combination Tax and Revenue Certificates of Obligation (Series 2026) Construction Fund* (herein called the "***Construction Fund***"). Proceeds from the sale and delivery of the Certificates of Obligation (other than proceeds representing accrued interest on the Certificates of Obligation and any premium on the Certificates of Obligation that is not used by the City to pay costs of issuance in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended, which shall be deposited in the Interest and Sinking Fund) shall be deposited in the Construction Fund. Money in the Construction Fund shall be subject to disbursements by the City for payment of all costs incurred in carrying out the purpose for which the Certificates of Obligation

are issued, including but not limited to costs for construction, engineering, architecture, financing, financial consultants and legal services related to the project being financed with proceeds of the Certificates of Obligation and the issuance of the Certificates of Obligation. All funds remaining on deposit in the Construction Fund upon completion of the projects being financed with the proceeds from the Certificates of Obligation, if any, shall be transferred to the Interest and Sinking Fund.

SECTION 9. INVESTMENTS. Funds on deposit in the Interest and Sinking Fund and the Construction Fund shall be secured by the depository bank of the City in the manner and to the extent required by law to secure other public funds of the City and may be invested from time to time in any investment authorized by applicable law, including but not limited to the Public Funds Investment Act (Chapter 2256, Texas Government Code), and the City's investment policy adopted in accordance with the provisions of the Public Funds Investment Act; provided, however, that investments purchased for and held in the Interest and Sinking Fund shall have a final maturity no later than the next principal or interest payment date for which such funds are required, and investments purchased for and held in the Construction Fund shall have a final maturity of not later than the date the City reasonably expects the funds from such investments will be required to pay costs of the projects for which the Certificates of Obligation were issued. Income and profits from such investments shall be deposited in the respective Fund which holds such investments; however, any such income and profits from investments in the Construction Fund may be withdrawn by the City and deposited in the Interest and Sinking Fund to pay all or a portion of the interest next coming due on the Certificates of Obligation. It is further provided, however, that any interest earnings on Certificate of Obligation proceeds which are required to be rebated to the United States of America pursuant to Section 14 hereof in order to prevent the Certificates of Obligation from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

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

SECTION 11. DEFEASANCE OF THE CERTIFICATES OF OBLIGATION. (a) Any Certificate of Obligation and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "***Defeased Certificate of Obligation***") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Certificate of Obligation, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "***Future Escrow Agreement***") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased Certificates of Obligation shall

have become due and payable. At such time as a Certificate of Obligation shall be deemed to be a Defeased Certificate of Obligation hereunder, as aforesaid, such Certificate of Obligation and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Certificates of Obligation that is made in conjunction with the payment arrangements specified in subsection (a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the City expressly reserves the right to call the Defeased Certificates of Obligation for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Certificates of Obligation immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

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

(d) Until all Defeased Certificates of Obligation shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such

Defeased Certificates of Obligation the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Ordinance.

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

SECTION 12. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATES OF OBLIGATION. *(a) Replacement Certificates of Obligation.* In the event any outstanding Certificate of Obligation is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new certificate of obligation of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Certificate of Obligation, in replacement for such Certificate of Obligation in the manner hereinafter provided.

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

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

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

entitled to all the benefits of this Ordinance equally and proportionately with any and all other Certificates of Obligation duly issued under this Ordinance.

(e) Authority for Issuing Replacement Certificates of Obligation. In accordance with Chapter 1201, Texas Government Code, as amended, this Section of this Ordinance shall constitute authority for the issuance of any such replacement certificate of obligation without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such certificates of obligations is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Certificates of Obligation in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for Certificates of Obligation issued in exchange for other Certificates of Obligation.

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

SECTION 14. COVENANTS REGARDING TAX-EXEMPTION OF INTEREST ON THE CERTIFICATES OF OBLIGATION. (a) Covenants. The City covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Certificates of Obligation as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "***Code***"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Certificates of Obligation or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds of the Certificates of Obligation or the projects financed therewith are so used, such amounts, whether or not

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

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

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

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

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

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

(A) proceeds of the Certificates of Obligation 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 Certificates of Obligation are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section l.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 Certificates of Obligation;

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

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

(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 Certificates of Obligation) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Certificates of Obligation have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(10) to establish reasonable expectations to prevent using the proceeds of the Certificates of Obligation in contravention of the requirements of section 149(g) of the Code (relating to hedge bonds).

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), a "***Rebate Fund***" is hereby established by the City for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the certificateholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

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

the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Certificates of Obligation.

(d) Allocation of, and Limitation on, Expenditures for the Project. The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Ordinance (collectively referred to herein as the "***Project***") on its books and records in accordance with the requirements of the Internal Revenue Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Certificates of Obligation, or (2) the date the Certificates of Obligation 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 Certificates of Obligation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The City covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Certificates of Obligation. For purpose of the foregoing, the City may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Certificates of Obligation. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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

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

SECTION 15. SALE AND DELIVERY OF THE CERTIFICATES OF OBLIGATION. (a) *Sale to Texas Military Preparedness Commission*. That the sale of the

Certificates to the TMPC, at the purchase price described in the Loan Agreement between the City and the TMPC (the "Loan Agreement"), is hereby authorized, ratified and confirmed.

*(*b*) Execution of Loan Agreement.* That the Loan Agreement between the City and the TMPC, in substantially the form attached to this Ordinance, is hereby accepted, approved and authorized to be executed and delivered to the TMPC. In connection with the execution and delivery of the Loan Agreement, the City hereby reaffirms the representations made by the City in the application for financial assistance submitted to the TMPC.

(c) *Proceeds from Sale of Certificates.* That the proceeds from the sale of the Certificates of Obligation shall be used in the manner described in the letter of instructions executed by or on behalf of the City. The foregoing notwithstanding, any proceeds representing accrued interest on the Certificates of Obligation shall be deposited to the credit of the Interest and Sinking Fund.

SECTION 16. RESERVED.

SECTION 17. AUTHORITY FOR OFFICERS TO EXECUTE DOCUMENTS AND APPROVE CHANGES. The Mayor, Mayor Pro-Tem, City Secretary, City Manager and Finance Director of the City, and all other officers, employees, and agents of the City, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Certificates of Obligation, the sale of the Certificates of Obligation, the Loan Agreement, and the Paying Agent/Registrar Agreement. In addition, prior to the initial delivery of the Certificates of Obligation, the Mayor, Mayor Pro-Tem, City Secretary, City Manager, Finance Director, the City Attorney and Bond Counsel are hereby authorized and directed to approve any technical changes or correction to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance and as described in the Loan Agreement, (ii) obtain a rating from any of the national bond rating agencies or satisfy any requirements of the provider of a municipal bond insurance policy, if any, or (iii) obtain the approval of the Certificates of Obligation by the Attorney General's office. Bond Counsel is further authorized to institute any bond validation suit under Chapter 1205, as amended, Texas Government Code (or any successor statute thereto) related to the Certificates of Obligation while the Certificates of Obligation are outstanding and unpaid. In case any officer whose signature shall appear on any Certificate of Obligation shall cease to be such officer before the delivery of such Certificate of Obligation, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 18. ORDINANCE A CONTRACT; AMENDMENTS. This Ordinance shall constitute a contract with the Registered Owners of the Certificates of Obligation, binding on the City and its successors and assigns, and shall not be amended or repealed by the City as long as any Certificate of Obligation remains outstanding except as permitted in this Section. The City may, without the consent of or notice to any Registered Owners, amend, change, or modify this Ordinance as may be required (i) by the provisions hereof, (ii) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (iii) in connection with any other change which is not to the prejudice of the Registered Owners. The City may, with the written consent of the Registered Owners of a majority in aggregate principal amount of the Certificates of Obligation then outstanding affected thereby, amend, change, modify, or rescind any provisions of this Ordinance; provided that without the consent of all of the Registered Owners affected, no such amendment, change, modification, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Certificates of Obligation, reduce the principal amount thereof or the rate of interest thereon, (ii) give any preference to any Certificate of Obligation over any other Certificate of Obligation, (iii) extend any waiver of default to subsequent defaults, or (iv) reduce the aggregate principal amount of Certificates of Obligation required for consent to any such amendment, change, modification, or rescission. Whenever the City shall desire to make any amendment or addition to or rescission of this Ordinance requiring consent of the Registered Owners, the City shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to the Registered Owners at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, the City shall receive an instrument or instruments in writing executed by the Registered Owners of a majority in aggregate principal amount of the Certificates of Obligation then outstanding affected by any such amendment, addition, or rescission requiring the consent of the Registered Owners, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City may adopt such amendment, addition, or rescission in substantially such form, except as herein provided. No Registered Owner may thereafter object to the adoption of such amendment, addition, or rescission, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

SECTION 19. FINANCIAL INFORMATION. The City agrees in connection with the purchase of the Certificates of Obligation by the TMPC that for so long as the TMPC is a registered owner or beneficial owner of the Certificates of Obligation, it will furnish to the TMPC each year while the Certificates are outstanding a copy of the City's comprehensive annual financial report (the "CAFR") promptly after the CAFR has been accepted and approved by the City Council.

SECTION 20. **SECURITY INTEREST**. Chapter 1208, Texas Government Code, applies to the issuance of the Certificates of Obligation and the pledge of the ad valorem taxes and surplus revenues granted by the City under Sections 6 and 7 of this Ordinance, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Certificates of Obligation are outstanding and unpaid such that the pledge of the ad valorem taxes or surplus revenues granted by the City under Sections 6 and 7 of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Certificates of Obligation the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

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

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

SECTION 22. INTERESTED PARTIES. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Underwriters and the registered owners of the Certificates of Obligation, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance

contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Underwriters and the registered owners of the Certificates of Obligation.

SECTION 23. RESERVED.

SECTION 24. INCORPORATION OF RECITALS. The City hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the City hereby incorporates such recitals as a part of this Ordinance.

SECTION 25. SEVERABILITY. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 26. EFFECTIVE DATE. Pursuant to the provisions of Section 1201.028, Texas Government Code, this Ordinance shall become effective immediately after its adoption by the City Council.

[The remainder of this page left blank intentionally.]

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF DEL RIO, TEXAS ON THE 13th DAY OF JANAURY, 2026 AT WHICH MEETING A QUORUM WAS PRESENT.

_____ _____

Maria C. Acosta — Alvaro Arreola

City Secretary — Mayor

REVIEWED AS TO FORM AND LEGALITY: — REVIEWED FOR ADMINISTRATION:

_____ _____

Ana Markowski-Smith — Shawna Burkhart

City Attorney — City Manager

** ** ** ** **

EXHIBIT A

FORM OF PAYING AGENT/REGISTRAR AGREEMENT

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

EXHIBIT B

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Certificates of Obligation, the City's chief financial officer (the "***Responsible Person***"), which currently is the City's Finance Director, will:

(i) instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Certificates will be entered into within six (6) months of the date of delivery of the Certificates of Obligation (the "***Issue Date***");

(ii) monitor that at least 85% of the proceeds of the Certificates of Obligation to be used for the construction, renovation or acquisition of any facilities are expended within three (3) years of the Issue Date;

(iii) restrict the yield of the investments to the yield on the Certificates of Obligation after three (3) years of the Issue Date;

(iv) monitor all amounts deposited into a sinking fund or funds (e.g., the Interest and Sinking Fund), to assure that the maximum amount invested at a yield higher than the yield on the Certificates of Obligation does not exceed an amount equal to the debt service on the Certificates of Obligation in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Certificates of Obligation for the immediately preceding 12-month period;

(v) ensure that no more than 50% of the proceeds of the Certificates of Obligation are invested in an investment with a guaranteed yield for 4 years or more;

(vi) maintain any official action of the City (such as a reimbursement resolution) stating its intent to reimburse with the proceeds of the Certificates of Obligation any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;

(vii) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and

(viii) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every 5 years after the Issue Date and (B) within 30 days after the date the Certificates of Obligation are retired.

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

(i) monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;

(ii) monitor whether, at any time the Certificates of Obligation are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;

(iii) monitor whether, at any time the Certificates of Obligation are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);

(iv) monitor whether, at any time the Certificates of Obligation are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;

(v) determine whether, at any time the Certificates of Obligation are outstanding, any person, other than the City, has a naming right for the facilities or any other contractual right granting an intangible benefit;

(vi) determine whether, at any time the Certificates of Obligation are outstanding, the facilities are sold or otherwise disposed of; and

(vii) take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Ordinance related to the public use of the facilities.

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

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