

AGENDA

NOTICE OF SPECIAL MEETING

Notice is hereby given that the governing body of the City of Canyon will meet at 4:30 p.m. on the 10th day of November 2021, for a Special Meeting in the Commission Chambers of City Hall at 301 16th Street in the City of Canyon to discuss the following agenda items.

The meeting is broadcast on [YouTube](#). YouTube does provide closed captioning on the recorded video, it is not provided real-time.

1. Call to Order.
2. Invocation.
3. Pledge of Allegiance.
4. Approval of the Minutes of the Meetings held on:
 - November 1, 2021.
 - November 2, 2021
 - November 4, 2021
5. Public Comment – Comments from Interested Citizens.
6. Consider and Take Appropriate Action on All Matters Incident and Related to the Issuance and Sale of “City of Canyon, Texas Tax and Waterworks and Sewer System Surplus Revenue Certificate of Obligation, Taxable Series 2021”, Including the Adoption of Ordinance No. 1148, An Ordinance of the City Commission of the City of Canyon Authorizing the Issuance of “City of Canyon, Texas, Tax and Waterworks and Sewer System Surplus Revenue Certificate of Obligation, Taxable Series 2021”; Providing for the Payment of Such Certificate of Obligation by the Levy of an Ad Valorem Tax Upon All Taxable Property Within the City and a Pledge of the Net Revenues Derived From the Operation of the City’s Waterworks and Sewer System; Providing the Terms and Conditions of Such Certificate and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security and Delivery of Such Certificate of Obligation; and Providing an Effective Date.
7. Consider and Take Appropriate Action on All Matters Incident and Related to the Issuance and Sale of “City of Canyon, Texas, General Obligation Refunding Bond, Series 2021”, Including the Adoption of Ordinance No. 1149, An Ordinance of the City Commission of the City of Canyon, Texas, Authorizing the Issuance of “City of Canyon, Texas, General Obligation Refunding Bond, Series 2021”; Specifying the Terms and Features of Said Bond; Providing for the Redemption of the Obligations Being Refunded; and Resolving Other Matters Incident and Related to the Issuance, Sale, Payment and Delivery of Said Bond, Including the Approval and Execution of a Paying Agent/Registrar Agreement, A Purchase Letter and a Deposit Letter; and Providing an Effective Date.
8. Work Session for the Continued Development of the City of Canyon Strategic Plan via Zoom.
9. Adjourn.



Joe Price, City Manager

I certify that the above Notice of Meeting was posted on the bulletin board of the Civic Complex of the City of Canyon, Texas on the 5th day of November 2021.



Gretchen Mercer, City Clerk

The City Commission of the City of Canyon met at 3:00 pm in the City Commission Chambers of the Civic Complex. Mayor Gary Hinders presided over the meeting with the following Commissioners in attendance, Mayor Pro-Tem Cody Jones, Paul R. Lyons, Randy Ray, and Kelsey Ward.

Also present were the following City Staff: City Manager Joe Price, Assistant City Manager Jon Behrens, City Secretary Gretchen Mercer, Finance Director Joel Wright, and City Attorney Chuck Hester.

Item 1. Call to Order.

Mayor Hinders called the meeting to order at 3:08 p.m.

Item 2. Invocation.

Commissioner Ray gave the invocation.

Item 3. Pledge of Allegiance.

The Pledge of Allegiance was led by Commissioner Lyons.

Item 4. Approval of Minutes of the Meeting of October 18, 2021.

Mayor Pro-Tem Jones moved, duly seconded by Commissioner Ray to approve the minutes of October 18, 2021 as presented. Motion carried unanimously.

Item 5. Consider and Take Appropriate Action on Ordinance No. 1145, An Ordinance of the City Commission of the City of Canyon, Texas, Amending the City's Budget for the Fiscal Year Beginning October 1, 2020 and Ending September 30, 2021 as Adopted by Ordinance No. 1128; Providing for an Increase of Expected Revenues, Expenditures, and Transfer of Certain Funds; Providing that Prior Parts of Ordinance No. 1128 Inconsistent with or in Conflict with any of the Provisions of this Ordinance are Hereby Expressly Repealed to the Extent of any Such Inconsistency or Conflict; Providing for Severability; and Providing for an Effective Date.

Director of Finance Joel Wright presented Ordinance No. 1145 for consideration. Mr. Wright stated staff had analyzed the current budget and identified additional revenues and expenditures that were unanticipated during the budget process. Mr. Wright said these adjustments involve additional revenue, expenses, and transferred amounts between funds so they require being approved by Ordinance. Mr. Wright went over the proposed amendments in the General Fund, Utility Fund and Golf Fund.

After discussion, Commissioner Ward moved, duly seconded by Mayor Pro-Tem Jones to adopt Ordinance No. 1145 as presented amending the FY 2020-2021 Operating Budget. Motion carried unanimously.

ORDINANCE NO. 1145

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF CANYON, TEXAS, AMENDING THE CITY'S BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2020 AND ENDING SEPTEMBER 30, 2021 AS ADOPTED BY ORDINANCE NO. 1128; PROVIDING FOR AN INCREASE OF EXPECTED REVENUES, EXPENDITURES, AND TRANSFER OF CERTAIN FUNDS; PROVIDING THAT PRIOR PARTS OF ORDINANCE NO. 1128 INCONSISTENT WITH OR IN CONFLICT WITH ANY OF THE PROVISIONS OF THIS ORDINANCE ARE HEREBY EXPRESSLY REPEALED TO THE EXTENT OF ANY SUCH INCONSISTENCY OR CONFLICT; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

Item 6. Work Session for the Continued Development of the City of Canyon Strategic Plan.

Assistant City Manager Jon Behrens introduced Lyle Sumek of Lyle Sumek and Associates presenting via Zoom. Mr. Sumek presented information and questions to begin the process of developing a Strategic Plan for the City of Canyon.

****The City Commission took a break at 6:30 pm, dinner was provided. The Commission reconvened the meeting at 7:05 pm.**

Item 7. Public Comment – Comments from Interested Citizens (7:00 pm)

No Comments were made.

Item 8. Conduct a Public Hearing and Consider and Take Appropriate Action on Ordinance No. 1147, An Ordinance of the City Commission of the City of Canyon, Texas, Designating a Geographic Area Within the City of Canyon as A Reinvestment Zone for Tax Increment Financing Purposes Pursuant to Chapter 311 of the Texas Tax Code to be Known as Tax Increment Reinvestment Zone Number One, City of Canyon; Describing the Boundaries of the Zone; Creating Findings and Provisions Related to the Creation of the Zone; Providing a Date for the Termination of the Zone; Providing That the Zone Take Effect Immediately Upon Passage of the Ordinance; Providing a Severability Clause; Providing for Publication; and Declaring an Effective Date.

Assistant City Manager Jon Behrens presented Ordinance No. 1147 for consideration. Mr. Behrens stated the Commission had directed staff to move forward with the development of a plan to implement a Tax Increment Reinvestment Zone (TIRZ) in the Downtown area. Mr. Behrens then introduced the consultant for the City of Canyon TIRZ No. 1, Travis James. Mr. James gave an overview of the proposed area for the City of Canyon TIRZ stating the benefits of using this method to improvements. Mr. James stated the funds from the TIRZ HAD to be used within TIRZ #1 area as defined in Ordinance No. 1147.

Mayor Hinders stated he hoped other taxing entities would join in. Mr. James stated other entities could join in at any time, but it would be best to establish the TIRZ at this time locking in the values. City Manager Joe Price stated staff was planning to meet with other taxing entities to encourage their participation.

Mayor Hinders opened the public hearing. There being no comments, Mayor Hinders closed the public hearing.

After further discussion, Commission Ray moved, duly seconded by Mayor Pro-Tem Jones to adopt Ordinance No. 1145 as presented. Motion carried unanimously.

ORDINANCE NO. 1147

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF CANYON, TEXAS, DESIGNATING A GEOGRAPHIC AREA WITHIN THE CITY OF CANYON AS A REINVESTMENT ZONE FOR TAX INCREMENT FINANCING PURPOSES PURSUANT TO CHAPTER 311 OF THE TEXAS TAX CODE TO BE KNOWN AS TAX INCREMENT REINVESTMENT ZONE NUMBER ONE, CITY OF CANYON; DESCRIBING THE BOUNDARIES OF THE ZONE; CREATING A BOARD OF DIRECTORS FOR THE ZONE; ESTABLISHING A TAX INCREMENT FUND FOR THE ZONE; CONTAINING FINDINGS AND PROVISIONS RELATED TO THE CREATION OF THE ZONE; PROVIDING A DATE FOR THE TERMINATION OF THE ZONE; PROVIDING THAT THE ZONE TAKE EFFECT IMMEDIATELY UPON PASSAGE OF THE ORDINANCE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING FOR PUBLIC CATION; AND DECLARING AN EFFECTIVE DATE.

- Item 9. Conduct First Public Hearing on Ordinance No. 1146, Annexing Territory to the City of Canyon for the Lofts, an Ordinance of the City of Canyon, Texas, Annexing the Territory Herein Described to the City of Canyon in Randall County, Texas, Extending the Boundary Limits of the City of Canyon to Include the Property Herein Described Within the Said City Limits, and Granting to All the Inhabitants of Said Property All the Rights and Privileges of Other Citizens and Binding Said Inhabitants By All of the Acts, Ordinance, Resolutions, and Regulations of Said City.

City of Canyon Attorney Chuck Hester presented Ordinance No. 1146 for its first reading. Mr. Hester stated Stan Ware of Bent Creek, LLC had requested voluntary annexation of property for the development of affordable housing. Mr. Hester stated Mr. Ware wished to move forward with the development of the property so as required by Chapter 43 of the Texas Local Government Code to hold 2 public hearings within a limited timeframe, it is necessary to hold both required public hearings at the same meeting. Mr. Hester stated according to Texas Municipal League's General Counsel, this process is acceptable. Mr. Hester stated Mr. Ware was present to answer any questions.

After discussion, Mayor Hinders opened the first public hearing. There being no comments, Mayor Hinders closed the public hearing.

No action required, first reading only.

ORDINANCE NO. 1146
ANNEXING TERRITORY TO THE CITY OF CANYON
BENT CREEK, LLC.

AN ORDINANCE OF THE CITY OF CANYON, TEXAS, ANNEXING THE TERRITORY HEREIN DESCRIBED TO THE CITY OF CANYON IN RANDALL COUNTY, TEXAS, EXTENDING THE BOUNDARY LIMITS OF THE CITY OF CANYON TO INCLUDE THE PROPERTY HEREIN DESCRIBED WITHIN THE SAID CITY LIMITS, AND GRANTING TO ALL THE INHABITANTS OF SAID PROPERTY ALL THE RIGHTS AND PRIVILEGES OF OTHER CITIZENS AND BINDING SAID INHABITANTS BY ALL OF THE ACTS, ORDINANCES, RESOLUTIONS, AND REGULATIONS OF SAID CITY.

- Item 10. Conduct Second Public Hearing on Ordinance No. 1146, Annexing Territory to the City of Canyon for the Lofts, an Ordinance of the City of Canyon, Texas, Annexing the Territory Herein Described to the City of Canyon in Randall County, Texas, Extending the Boundary Limits of the City of Canyon to Include the Property Herein Described Within the Said City Limits, and Granting to All the Inhabitants of Said Property All the Rights and Privileges of Other Citizens and Binding Said Inhabitants By All of the Acts, Ordinance, Resolutions, and Regulations of Said City.

Mayor Hinders opened the 2nd public hearing, there being no comment, Mayor Hinders closed the public hearing.

No action, 2nd reading only.

ORDINANCE NO. 1146
ANNEXING TERRITORY TO THE CITY OF CANYON
BENT CREEK, LLC.

AN ORDINANCE OF THE CITY OF CANYON, TEXAS, ANNEXING THE TERRITORY HEREIN DESCRIBED TO THE CITY OF CANYON IN RANDALL COUNTY, TEXAS, EXTENDING THE BOUNDARY LIMITS OF THE CITY OF CANYON TO INCLUDE THE PROPERTY HEREIN DESCRIBED WITHIN THE SAID CITY LIMITS, AND GRANTING TO ALL THE INHABITANTS OF SAID PROPERTY ALL THE RIGHTS AND PRIVILEGES OF OTHER CITIZENS AND BINDING SAID INHABITANTS BY ALL OF THE ACTS, ORDINANCES, RESOLUTIONS, AND REGULATIONS OF SAID CITY.

Item 11. Adjourn.

There being no further business, Mayor Pro-Tem Jones moved this meeting be adjourned at 7:47 pm.

Gary Hinders, Mayor

ATTEST:

Gretchen Mercer, City Secretary

The City Commission of the City of Canyon met at 2:00 pm in the City Commission Chambers of the Civic Complex. Mayor Gary Hinders declared the lack of a quorum and suspended the meeting until 3:00 pm to reconvene with a quorum present.

At 3:00 pm, Mayor Hinders, reconvened and presided over the meeting with the following Commissioners in attendance, Mayor Pro-Tem Cody Jones, Randy Ray, and Kelsey Ward. Commissioner Paul R. Lyons was unable to attend.

Also present were the following City Staff: City Manager Joe Price, Assistant City Manager Jon Behrens, City Secretary Gretchen Mercer, and City Attorney Chuck Hester.

Item 1. Call to Order.

Mayor Hinders called the meeting to order at 3:15 p.m.

Item 2. Invocation.

Mayor Pro-Tem Jones gave the invocation.

Item 3. Pledge of Allegiance.

The Pledge of Allegiance was led by Commissioner Ray.

Item 4. Work Session for the Continued Development of the City of Canyon Strategic Plan.

Assistant City Manager Jon Behrens introduced Lyle Sumek of Lyle Sumek and Associates who was presenting in person. Mr. Sumek continued the process of presenting information and questions for developing a Strategic Plan for the City of Canyon.

Item 5. Adjourn.

There being no further business, Mayor Pro-Tem Jones moved this meeting be adjourned at 7:48 pm.

Gary Hinders, Mayor

ATTEST:

Gretchen Mercer, City Secretary

The City Commission of the City of Canyon at 2:00 pm in the City Commission Chambers of the Civic Complex. Mayor Gary Hinders presided over the meeting with the following Commissioners in attendance, Mayor Pro-Tem Cody Jones, and Kelsey Ward. Commissioners Paul R. Lyons and Randy Ray were unable to attend.

Also present were the following City Staff: City Manager Joe Price, Assistant City Manager Jon Behrens, and City Secretary Gretchen Mercer.

Item 1. Call to Order.

Mayor Hinders called the meeting to order at 2:00 p.m.

Item 2. Invocation.

Mayor Pro-Tem Jones gave the invocation.

Item 3. Pledge of Allegiance.

The Pledge of Allegiance was led by Commissioner Ward.

Mayor Hinders asked if there were any interested citizens wishing to speak. City Secretary Gretchen Mercer stated no one had indicated or signed in to speak.

Item 4. Work Session for the Continued Development of the City of Canyon Strategic Plan.

Mayor Hinders stated in order to include the whole Commission in this important discussion the continuation of the Strategic Plan would be moved to Wednesday, November 10, 2021.

Item 5. Consider and Take Appropriate Action on Resolution No. 42-2021, A Resolution of the City of Canyon City Commission Authorizing the Submission of an Application to the Texas Division of Emergency Management (TDEM) for Funds from the Hazard Mitigation Grants Program (HMGP) to Support the Draft and Adoption of a Master Drainage Plan and Designating the City Manager to Serve as the City's Authorized Representative in All Matters Pertaining to the Grant Program.

Assistant City Manager Jon Behrens presented Resolution No. 42-2021 for consideration. Mr. Behrens stated this Resolution was required in order to submit a grant application for the implementation of a Master Drainage Plan requiring a 25% city match not exceed \$80,000.

After discussion, Mayor Pro-Tem Jones moved, duly seconded by Commissioner Ward to approve Resolution No. 42-2021 and authorize the Mayor and City Manager to submit a Hazard Mitigation Grant Application for a Master Drainage Plan on behalf of the City of Canyon, with a 25% City Match, not to exceed \$80,000. Motion carried unanimously.

RESOLUTION NO. 42-2021
A RESOLUTION BY THE CITY OF CANYON CITY COMMISSION
AUTHORIZING THE SUBMISSION OF AN APPLICATION TO

THE TEXAS DIVISION OF EMERGENCY MANAGEMENT (TDEM) FOR FUNDS FROM THE HAZARD MITIGATION GRANTS PROGRAM (HMGP) TO SUPPORT THE DRAFT AND ADOPTION OF A MASTER DRAINAGE PLAN AND DESIGNATING THE CITY MANAGER TO SERVE AS THE CITY'S AUTHORIZED REPRESENTATIVE IN ALL MATTERS PERTAINING TO THE GRANT PROGRAM.

Item 5. Adjourn.

There being no further business, Mayor Pro-Tem Jones moved this meeting be adjourned at 2:14 pm.

Gary Hinders, Mayor

ATTEST:

Gretchen Mercer, City Secretary

To: Joe Price, City Manager
From: Joel Wright, Director of Finance
Date: November 5, 2011
Re: Consider all matters incident and related to the issuance and sale of “City of Canyon, Texas, Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Taxable Series 2021”, including the adoption of Ordinance No. 1148 authorizing the issuance of such certificates of obligation

In order to provide the means to purchase approximately 624 acres in Section 4, Block 1, TTRR Ry. Co. Survey, Randall County for the amount of \$6,600.00 per acre, the City of Canyon will need to issue certificates of obligation, in one or more series, in a principal amount not to exceed \$4,150,000.00.

The attached is a draft of Ordinance No. 1148 pending updates for specific bid information to be provided on Monday of next week, prior to the scheduled meeting on Wednesday, November 10, 2021.

Jason Hughes, Managing Director with Hilltop Securities, will be present at the meeting to present and answer questions.

RECOMMENDED MOTION

*“I move that the City Commission **adopt/deny** Ordinance No. 1148 approving the issuance and sale of the “City of Canyon, Texas, Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Taxable Series 2021” in a principal amount not to exceed \$4,150,000.”*

ORDINANCE NO. 1148

AUTHORIZING THE ISSUANCE OF

\$ _____
CITY OF CANYON, TEXAS,
TAX AND WATERWORKS AND SEWER SYSTEM SURPLUS REVENUE
CERTIFICATE OF OBLIGATION, TAXABLE SERIES 2021

Adopted November 10, 2021

TABLE OF CONTENTS

	Page
SECTION 1: Definitions.....	1
SECTION 2: Authorization – Designation – Principal Amount – Purpose.....	3
SECTION 3: Fully Registered Obligation - Authorized Denomination - Stated Maturity - Interest Rate - Certificate Date	3
SECTION 4: Terms of Payment-Paying Agent/Registrar	4
SECTION 5: Prepayment	5
SECTION 6: Registration - Transfer - Exchange of Certificates - Predecessor Certificates	6
SECTION 7: Execution - Registration	7
SECTION 8: Initial Certificate	7
SECTION 9: Forms	7
SECTION 10: Certificate Fund	8
SECTION 11: Tax Levy	8
SECTION 12: Pledge of Net Revenues	9
SECTION 13: System Fund.....	10
SECTION 14: Deposits to Certificate Fund	10
SECTION 15: Security of Funds	11
SECTION 16: Special Covenants.....	11
SECTION 17: Issuance of Prior Lien Obligations - Additional Obligations and Subordinate Lien Obligations.....	11
SECTION 18: Application of Prior Lien Obligations Covenants and Agreements	11
SECTION 19: Further Procedures	11
SECTION 20: Notices to Holders - Waiver	12
SECTION 21: Cancellation	12
SECTION 22: Satisfaction of Obligations of City	12
SECTION 23: Mutilated, Destroyed, Lost, and Stolen Certificates	13
SECTION 24: Ordinance a Contract - Amendments.....	14
SECTION 25: Sale of the Certificate.....	14
SECTION 26: Proceeds of Sale	14
SECTION 27: Reporting Covenants.....	15
SECTION 28: Reimbursement	15
SECTION 29: Control and Custody of Certificate.....	15
SECTION 30: Legal Opinion	15
SECTION 31: Benefits of Ordinance	15
SECTION 32: Inconsistent Provisions	15
SECTION 33: Governing Law	16

**TABLE OF CONTENTS
(cont.)**

	Page
SECTION 34: Effect of Headings	16
SECTION 35: Severability	16
SECTION 36: Construction of Terms	16
SECTION 37: Incorporation of Findings and Determinations	16
SECTION 38: Public Meeting	16
SECTION 39: Effective Date	16

DRAFT

ORDINANCE NO. 1148

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF CANYON AUTHORIZING THE ISSUANCE OF “CITY OF CANYON, TEXAS, TAX AND WATERWORKS AND SEWER SYSTEM SURPLUS REVENUE CERTIFICATE OF OBLIGATION, TAXABLE SERIES 2021”; PROVIDING FOR THE PAYMENT OF SUCH CERTIFICATE OF OBLIGATION BY THE LEVY OF AN AD VALOREM TAX UPON ALL TAXABLE PROPERTY WITHIN THE CITY AND A PLEDGE OF THE NET REVENUES DERIVED FROM THE OPERATION OF THE CITY’S WATERWORKS AND SEWER SYSTEM; PROVIDING THE TERMS AND CONDITIONS OF SUCH CERTIFICATE AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY AND DELIVERY OF SUCH CERTIFICATE OF OBLIGATION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Commission of the City of Canyon, Texas (the “City”), has heretofore determined that certificates of obligation should be issued in the maximum principal amount not to exceed \$4,150,000 for the purpose of paying contractual obligations to be incurred for (i) the construction of public works, to wit: constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving waterworks system properties and facilities, including acquiring water rights and the acquisition of land therefor, and (ii) professional services rendered in connection with such projects and the financing thereof; and

WHEREAS, notice of the intention of the City to issue certificates of obligation was duly published (i) in *The Canyon News*, a newspaper hereby found and determined to be of general circulation in the City of Canyon, Texas, on September 23, 2021, and September 30, 2021, the date of the first publication of such notice being not less than forty-six (46) days prior to the tentative date stated therein for the passage and adoption of this Ordinance, and (ii) continuously on the City’s website for at least forty-five (45) days prior to the tentative date stated therein for the passage and adoption of this Ordinance; and

WHEREAS, no petition protesting the issuance of such certificates of obligation and bearing valid petition signatures of at least 5% of the qualified voters of the City, has been presented to or filed with the Mayor, City Clerk or any other official of the City on or prior to the date of the passage of this Ordinance; and

WHEREAS, no bond proposition to authorize the issuance of bonds for the same purpose as any of the projects being financed with the proceeds of the Certificate was submitted to the voters of the City during the preceding three years; and

WHEREAS, the City Commission of the City (the “Commission”) hereby finds and determines that all of the certificates of obligation described in such notice should be issued and sold at this time in the amount and manner as hereinafter provided;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF CANYON, TEXAS:

SECTION 1.

Definitions. For purposes of this Ordinance and for clarity with respect to the issuance of the Certificate herein authorized, and the levy of taxes and appropriation of Net Revenues therefor, the following words or terms, whenever the same appears herein without qualifying language, are defined to mean as follows:

- (a) The term “Certificate Fund” shall mean the special Fund created and established under the provisions of Section 10 of this Ordinance.
- (b) The term “Certificate” or “Certificates” shall mean the “City of Canyon, Texas, Tax and Waterworks and Sewer System Surplus Revenue Certificate of Obligation, Taxable Series 2021” authorized by this Ordinance.
- (c) The term “Collection Date” shall mean, when reference is being made to the levy and collection of annual ad valorem taxes, the date the annual ad valorem taxes levied each year by the City become delinquent.
- (d) The term “Fiscal Year” shall mean the twelve month financial accounting period for the System ending September 30th of each year; provided, however, the City, by ordinance, may change the Fiscal Year to another period of not less than twelve calendar months.
- (e) The term “Government Securities” shall mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the City, 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, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.
- (f) The term “Gross Revenues” shall mean, with respect to the System and for any defined period, all income and revenues derived from the operation and ownership of the System, excluding, however, meter deposits, gifts, grants in aid of construction and similar kinds of receipts and moneys restricted as to use or expenditure.

- (g) The term “Net Revenues” shall mean, with respect to the System and for any defined period, the Gross Revenues of the System after deducting the System’s Operating and Maintenance Expenses.
- (h) The term “Operating and Maintenance Expenses” shall mean all current expenses of operating and maintaining the System, including all salaries, labor, materials, repairs and extensions necessary to render efficient service; provided, however, that only such repairs and extensions, as in the judgment of the Commission, reasonably and fairly exercised, are necessary to maintain the operations and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair obligations payable from Net Revenues shall be deducted in determining “Net Revenues”. Depreciation charges shall not be considered Operating and Maintenance Expenses. Operating and Maintenance Expenses shall include payments under contracts for the purchase of water supply, treatment of sewage or other materials, goods or services for the System to the extent authorized by law and the provisions of such contract.
- (i) The term “Outstanding” when used in this Ordinance with respect to Certificates means, as of the date of determination, all Certificates theretofore issued and delivered under this Ordinance, except:
- (1) those Certificates cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;
 - (2) those Certificates for which payment has been duly provided by the City in accordance with the provisions of Section 22 hereof; and
 - (3) those Certificates that have been mutilated, destroyed, lost or stolen and replacement Certificates have been registered and delivered in lieu thereof as provided in Section 23 hereof.
- (j) The term “Previously Issued Certificates” shall mean the outstanding “City of Canyon, Texas, Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2012,” dated September 1, 2012, originally issued in the principal amount of \$9,090,000.
- (k) The term “Prior Lien Obligations” shall mean obligations hereafter issued which by the terms of the authorizing ordinance are made payable from and secured by a lien on and pledge of the Net Revenues of the System ranking prior and superior to the lien and pledge securing the payment of the Previously Issued Certificates and the Certificate.
- (l) The term “Subordinate Lien Obligations” shall mean all revenue bonds or other obligations now outstanding or hereafter issued payable from and secured, in whole or in part, by a lien on and pledge of the Net Revenues of the System that is inferior to the lien on and pledge of the Net Revenues of the System securing the Prior Lien Obligations, the Previously Issued Certificates, the Certificate, and any obligation having a lien on and pledge of the Net Revenues of the System that is on a parity

with the lien on and pledge of the Net Revenues of the System securing any of the Prior Lien Obligations, the Previously Issued Certificates, and the Certificate.

- (m) The term “System” shall mean all properties, facilities and plants currently owned, operated and maintained by the City for the supply, treatment and transmission of treated potable water and the collection, treatment and disposal of water-carried wastes, together with all future extensions, improvements, replacements and additions thereto; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term “System” shall not mean to include facilities of any kind which are declared not to be a part of the System and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of “Special Facilities Bonds”, which are hereby defined as being special revenue obligations of the City which are not Prior Lien Obligations but which are payable from and secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Prior Lien Obligations including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

SECTION 2.

Authorization – Designation – Principal Amount – Purpose. A Certificate of obligation of the City shall be and is hereby authorized to be issued in the aggregate original principal amount of \$_____ to be designated and bear the title “CITY OF CANYON, TEXAS, TAX AND WATERWORKS AND SEWER SYSTEM SURPLUS REVENUE CERTIFICATE OF OBLIGATION, TAXABLE SERIES 2021” (hereinafter referred to as the “Certificate” or “Certificates”), for the purpose of paying contractual obligations to be incurred for (i) the construction of public works, to wit: constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving waterworks system properties and facilities, including acquiring water rights and the acquisition of land therefor, and (ii) professional services rendered in connection with such projects and the financing thereof, pursuant to authority conferred by and in conformity with the Constitution and laws of the State of Texas, including Texas Local Government Code, Subchapter C of Chapter 271, as amended.

SECTION 3.

Fully Registered Obligation - Authorized Denomination - Stated Maturity - Interest Rate - Certificate Date. The Certificate shall be issued as a fully registered obligation only, shall be dated December 1, 2021 (the “Certificate Date”), shall be in the denomination of \$_____ or any lesser amount if there is any partial payment of the principal amount of the Certificate, and shall become due and payable on August 15, 2031 (the “Stated Maturity”), with principal installments thereof to become due and payable on August 15 in each of the years in accordance with the following schedule:

<u>Installment</u> <u>Due August 15</u>	<u>Principal</u> <u>Installments (\$)</u>
2022	
2023	
2024	
2025	
2026	

2027
2028
2029
2030
2031

The Certificate shall bear interest on the unpaid principal amount from the date of delivery to the initial purchaser (anticipated to be December 7, 2021) at the rate of _____% per annum (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Certificate shall be payable on February 15 and August 15 in each year, commencing August 15, 2022, until maturity or prior prepayment.

SECTION 4.

Terms of Payment-Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Certificate, due and payable by reason of maturity, prepayment or otherwise, shall be payable only to the registered owners or holders of the Certificate (hereinafter called the "Holders") appearing on the registration and transfer books maintained by the Paying Agent/Registrar and the payment thereof shall be in any coin or currency of the United States of America, which at the time of payment, is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of _____, _____, _____, to serve as the paying agent/registrar for the Certificate (the "Paying Agent/Registrar") is hereby approved and confirmed. Books and records relating to the registration, payment, exchange and transfer of the Certificate (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, all as provided herein, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement," substantially in the form attached hereto as **Exhibit A** and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor or Mayor Pro Tem and City Clerk are hereby authorized to execute and deliver such Paying Agent/Registrar Agreement in connection with the delivery of the Certificate. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificate is paid and discharged, and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution, or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Certificate, the City agrees to promptly cause a written notice thereof to be sent to each Holder by United States mail, first-class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and interest on the Certificate shall be payable to the Holder whose name appears in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest payment date with respect to payment of interest and the last business day of the month next preceding each principal installment date with respect to the payment of principal) and shall be paid by the Paying Agent/Registrar (1) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (2) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder; provided, however, the final principal installment or upon prepayment of the Certificate shall be paid only upon presentation and surrender of the Certificate to the Paying Agent/Registrar for cancellation at its designated offices in _____, _____ (the "Designated Payment/Transfer Office"). If the date for the payment of the principal of or interest

on the Certificate shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when 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.

In the event of a non-payment 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. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 5.

Prepayment.

- (a) Optional Prepayment. The Certificate shall be subject to prepayment prior to maturity, at the option of the City, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on _____, or on any date thereafter, at the prepayment price of par plus accrued interest to the date of prepayment.

At least forty-five (45) days prior to an optional prepayment date for the Certificate (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to prepay the Certificate, the principal amount of to be prepaid, and the date of prepayment therefor. The decision of the City to exercise the right to prepay the Certificate shall be entered in the minutes of the governing body of the City.

- (b) Selection of Certificates for Prepayment. If less than all of the outstanding principal amount of the Certificate is to be prepaid on a prepayment date, the Prepayment Ledger appearing on the Certificate shall be completed and signed by an authorized officer of the Paying Agent/Registrar with respect to such partial prepayment, upon presentation and surrender of the Certificate to the Designated Payment/Transfer Office of the Paying Agent/Registrar.
- (c) Notice of Prepayment. Not less than thirty (30) days prior to a prepayment date for the Certificate, a notice of prepayment shall be sent by United States mail, first-class, postage prepaid, in the name of the City and at the City's expense, to each Holder of a Certificate to be prepaid in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of prepayment so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of prepayment shall (i) specify the date of prepayment for the Certificate, (ii) in the case of a portion of the principal amount to be prepaid, the principal amount thereof to be prepaid, (iii) state the prepayment price, (iv) state

that the Certificate, or the portion of the principal amount thereof to be prepaid, shall become due and payable on the prepayment date specified, and the interest thereon, or on the portion of the principal amount thereof to be prepaid, shall cease to accrue from and after the prepayment date, and (v) specify that payment of the prepayment price for the Certificate, or the principal amount thereof to be prepaid, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Certificate is subject by its terms to prior prepayment, and has been called for prepayment, and notice of prepayment thereof has been duly given as hereinabove provided, such Certificate (or the principal amount thereof to be prepaid) shall become due and payable and interest thereon shall cease to accrue from and after the prepayment date therefor; provided moneys sufficient for the payment of such Certificate (or of the principal amount thereof to be prepaid) at the then applicable prepayment price are held for the purpose of such payment by the Paying Agent/Registrar.

- (d) Conditional Notice of Prepayment. With respect to any optional prepayment of the Certificate, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Certificate to be prepaid shall have been received by the Paying Agent/Registrar prior to the giving of such notice of prepayment, such notice may state that such prepayment is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such prepayment, or upon the satisfaction of any prerequisites set forth in such notice of prepayment; and, if sufficient moneys are not received or such prerequisites are not satisfied, such notice shall be of no force and effect, the City shall not prepay such Certificate and the Paying Agent/Registrar shall give notice, in the manner in which the notice of assignment was given, to the effect that the Certificate has not been prepaid.

SECTION 6

Registration - Transfer - Exchange of Certificates - Predecessor Certificates. The Paying Agent/Registrar shall obtain, record and maintain in the Security Register the name and address of each and every owner of the Certificate issued under and pursuant to the provisions of this Ordinance, or if appropriate, the nominee thereof. The registration of the Certificate shall be transferable only in whole and only on the Security Register, upon surrender of such Certificate to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

When the registration of the transfer in the Security Register has been recorded and the Certificate is surrendered for cancellation, the Paying Agent/Registrar shall provide, in the name of the transferee, a new single fully registered Certificate in the principal amount remaining to be paid at the time of the transfer or assignment.

When a Certificate has been duly assigned and transferred, a new Certificate shall be delivered to the Holder at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States Mail, first class, postage prepaid to the Holder and, upon the registration and delivery thereof, such Certificate shall be the valid obligation of the City evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Certificate surrendered in such assignment and transfer.

All transfers or exchanges of the Certificate pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Certificates cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Certificates," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Certificate or Certificates registered and delivered in the exchange or transfer. Additionally, the term "Predecessor Certificates" shall include any mutilated, lost, destroyed, or stolen Certificate for which a replacement Certificate has been issued, registered and delivered in lieu thereof pursuant to the provisions of Section 23 hereof and such new replacement Certificate shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Certificate.

Neither the City nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of a Holder any Certificate called for prepayment, in whole or in part, within 45 days of the date fixed for the prepayment of such Certificate.

Notwithstanding anything in this Ordinance to the contrary, the Certificate may only be transferred to: (i) an affiliate of the Purchaser (hereinafter defined); (ii) a "Bank" as defined in Section 3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"); (iii) an "Accredited Investor" as defined in Regulation D under the Securities Act; or (iv) a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act.

SECTION 7.

Execution - Registration. The Certificates shall be executed on behalf of the City by the Mayor or the Mayor Pro Tem under its seal reproduced or impressed thereon and countersigned by the City Clerk. The signature of such officers on the Certificates may be manual or facsimile. Certificates bearing the manual or facsimile signatures of such individuals who are or were the proper officers of the City on the date of adoption of this Ordinance shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or any of them shall cease to hold such offices prior to the delivery of the Certificate to the initial purchaser, and with respect to Certificates delivered in subsequent exchanges and transfers, all as authorized and provided by Texas Government Code, Chapter 1201, as amended.

No Certificate shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Certificate either a certificate of registration substantially in the form provided in **Exhibit B**, manually executed by the Comptroller of Public Accounts of the State of Texas or his or her duly authorized agent, or a certificate of registration substantially in the form provided in **Exhibit B**, manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate duly signed upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly certified, registered and delivered.

SECTION 8.

Initial Certificate. The Certificate herein authorized shall be initially issued as a single fully registered certificate in the aggregate principal amount stated in Section 2 hereof and numbered T-1 (hereinafter called the "Initial Certificate") and the Initial Certificate shall be registered in the name of the initial purchaser or the designee thereof. The Initial Certificate shall be the Certificate

submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser. Any time after the delivery of the Initial Certificate, the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser, or the designee thereof, shall cancel the Initial Certificate delivered hereunder and exchange therefor a single definitive Certificate of like Stated Maturity, principal amount and bearing an applicable interest rate for transfer and delivery to the Holder named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 9.

Forms.

- (a) **Forms Generally.** The Certificates, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, the Form of Assignment, and the Prepayment Ledger to be printed on each of the Certificates, shall be substantially in the forms set forth in **Exhibit B** with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification and such legends and endorsements (including insurance legends in the event the Certificate is purchased with bond insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Certificates as evidenced by their execution. Any portion of the text of any Certificate may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Certificate.

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

SECTION 10.

Certificate Fund. For the purpose of paying the interest on and to provide a sinking fund for the payment, prepayment and retirement of the Certificate, there shall be and is hereby created a special account on the books of the City to be designated "SPECIAL TAXABLE SERIES 2021 TAX AND WATERWORKS AND SEWER SYSTEM SURPLUS REVENUE CERTIFICATE OF OBLIGATION FUND," and all moneys deposited to the credit of such account shall be kept and maintained in a banking fund maintained at the City's depository. The Mayor, Mayor Pro Tem, City Manager, and City Clerk of the City, individually or collectively, are hereby authorized and directed to make withdrawals from the Certificate Fund sufficient to pay the principal of and interest on the Certificate as the same become due and payable, and, shall cause to be transferred to the Paying Agent/Registrar from moneys on deposit in the Certificate Fund an amount sufficient to pay the amount of principal and/or interest falling due on the Certificate, such transfer of funds to the Paying Agent/Registrar to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar on or before the last business day next preceding each interest and principal payment date for the Certificate.

Pending the transfer of funds to the Paying Agent/Registrar, money in the Certificate Fund may, at the option of the City, be invested in obligations identified in, and in accordance with the provisions of the "Public Funds Investment Act" relating to the investment of "bond proceeds"; provided that all such investments shall be made in such a manner that the money required to be expended from such Fund will be available at the proper time or times. All interest and income derived from deposits and investments in such Certificate Fund shall be credited to, and any losses debited to, the such Certificate Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Certificate.

SECTION 11.

Tax Levy. To provide for the payment of the "Debt Service Requirements" on the Certificate being (i) the interest on such Certificate and (ii) a sinking fund for its prepayment at maturity or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied, within the limitations prescribed by law, a sufficient tax on each one hundred dollars' valuation of taxable property in the City, adequate to pay such Debt Service Requirements while the Certificate remains Outstanding, full allowance being made for delinquencies and costs of collection; such tax shall be assessed and collected each year and applied to the payment of the Debt Service Requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Certificate Fund. The Commission hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the Debt Service Requirements, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness.

The amount of taxes to be provided annually for the payment of the principal of and interest on the Certificate shall be determined and accomplished in the following manner:

- (b) Prior to the date the Commission establishes the annual tax rate and passes an ordinance levying ad valorem taxes each year, the Commission shall determine:
 - (1) The amount on deposit in the Certificate Fund after (a) deducting therefrom the total amount of Debt Service Requirements to become due on the Certificate prior to the Collection Date for the ad valorem taxes to be levied and (b) adding thereto the amount of the Net Revenues of the System appropriated and allocated to pay such Debt Service Requirements prior to the Collection Date for the ad valorem taxes to be levied.
 - (2) The amount of Net Revenues of the System, and any other lawfully available revenues which are appropriated and to be set aside for the payment of the Debt Service Requirements on the Certificate between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year.
 - (3) The amount of Debt Service Requirements to become due and payable on the Certificate between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year.

- (c) The amount of taxes to be levied annually each year to pay the Debt Service Requirements on the Certificate shall be the amount established in paragraph (3) above less the sum total of the amounts established in paragraphs (1) and (2), after taking into consideration delinquencies and costs of collecting such annual taxes.

The City has sufficient current funds available and such funds are hereby appropriated to make the payment to become due on the Certificate on August 15, 2022, and the Mayor, Mayor Pro Tem, City Manager, and City Clerk of the City, individually or jointly, are hereby authorized and directed to transfer and deposit in the Certificate Fund such amount of current funds which will be sufficient to pay the amount to become due on the Certificate on August 15, 2022.

SECTION 12.

Pledge of Net Revenues. The City hereby covenants and agrees that, subject to the prior lien on and pledge of the Net Revenues of the System to the payment and security of Prior Lien Obligations, all the Net Revenues of the System, with the exception of those in excess of the amounts required to be deposited to the Certificate Fund as hereafter provided, are hereby irrevocably pledged, equally and ratably, to the payment of the principal of and interest on the Previously Issued Certificates, the Certificate and Additional Obligations, if issued, and the pledge of Net Revenues of the System herein made for the payment of the Certificate shall constitute a lien on the Net Revenues of the System in accordance with the terms and provisions hereof. Furthermore, such lien on and pledge of the Net Revenues securing the payment of the Certificate shall be valid and binding and fully perfected from and after the date of adoption of this Ordinance without physical delivery or transfer or transfer of control of the Net Revenues, the filing of this Ordinance or any other act; all as provided in Texas Government Code, Chapter 1208, as amended.

Texas Government Code, Section 1208, as amended, applies to the issuance of the Certificates and the pledge of the Net Revenues of the System granted by the City under this Section 12, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Certificates are Outstanding such that the pledge of the Net Revenues of the System granted by the City under this Section 12 is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Certificates the perfection of the security interest in such pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in such pledge to occur.

SECTION 13.

System Fund. The City covenants and agrees that all Gross Revenues (excluding earnings from the investment of money held in any special funds or accounts created for the payment and security of the Prior Lien Obligations) shall be deposited as collected into a fund maintained at an official depository of the City and known on the books of the City as the “City of Canyon, Texas, Waterworks and Sewer System Revenue Fund” (hereinafter called the “System Fund”). All moneys deposited to the credit of the System Fund shall be allocated, dedicated and disbursed to the extent required for the following purposes and in the order of priority shown, to wit:

- First:** To the payment of all necessary and reasonable Operating and Maintenance Expenses of the System as defined herein or required by

statute to be a first charge on and claim against the Gross Revenues of the System.

Second: To the payment of all amounts required to be deposited in the special Funds created and established for the payment, security and benefit of Prior Lien Obligations in accordance with the terms and provisions of the ordinance(s) authorizing the issuance of Prior Lien Obligations.

Third: To the payment, equally and ratably, of the amounts required to be deposited in the special funds and accounts created and established for the payment of the Previously Issued Certificates, the Certificate (the Certificate Fund) and Additional Obligations.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for payment of the Subordinate Lien Obligations and then for any other City purpose now or hereafter permitted by law.

SECTION 14.

Deposits to Certificate Fund. The City hereby covenants and agrees to cause to be deposited to the credit of the Certificate Fund prior to each principal and interest payment date for the Certificate from the pledged Net Revenues of the System in the System Fund, after the deduction of all payments required to be made to the special Funds or accounts created for the payment and security of the Prior Lien Obligations, an amount equal to one hundred per centum (100%) of the amount required to fully pay the interest and principal payments then due and payable on the Certificate; such deposits to pay accrued interest and maturing principal on the Certificate shall be made in substantially equal monthly installments on or before the 10th day of each month beginning on or before the 10th day of the month following the date of delivery of the Certificate to the initial purchaser.

The monthly deposits to the Certificate Fund, as hereinabove provided, shall be made until such time as such Fund contains an amount equal to pay the principal of and interest on the Certificate to maturity. Accrued interest received from the purchasers of the Certificate, if any, deposited to the Certificate Fund and ad valorem taxes levied, collected and deposited in the Certificate Fund for and on behalf of the Certificate may be taken into consideration and reduce the amount of the monthly deposits otherwise required to be deposited in the Certificate Fund from the Net Revenues of the System. In addition, any proceeds of sale of the Certificate in excess of the amount required to pay the contractual obligations to be incurred (including change orders to a construction contract) shall be deposited in the Certificate Fund, which amount shall reduce the sums otherwise required to be deposited in said Fund from ad valorem taxes and the Net Revenues of the System.

SECTION 15.

Security of Funds. All moneys on deposit in the Funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds, and moneys on deposit in such Funds shall be used only for the purposes permitted by this Ordinance.

SECTION 16.

Special Covenants. The City hereby further covenants as follows:

- (a) It has the lawful power to pledge the Net Revenues of the System supporting this issue of Certificate and has lawfully exercised such powers under the Constitution and laws of the State of Texas, including the powers existing under Texas Government Code, Chapter 1502, as amended, and Texas Local Government Code, Sections 271.041, et seq., as amended.
- (b) Other than for the payment of the Previously Issued Certificates and the Certificate, the Net Revenues of the System are not pledged to the payment of any debt or obligation of the City or of the System.

SECTION 17.

Issuance of Prior Lien Obligations - Additional Obligations and Subordinate Lien Obligations. The City expressly reserves the right to hereafter issue Prior Lien Obligations, without limitation as to principal amount but subject to any terms, conditions or restrictions applicable thereto under law or otherwise. Prior Lien Obligations hereafter issued may be payable, in whole or in part, from the Net Revenues (without impairment of the obligation of contract with the Holders of the Certificate) upon such terms and conditions as the Commission may determine. Additionally, the City reserves the right to issue (a) obligations payable, in whole or in part, from the Net Revenues of the System and, to the extent provided, secured by a lien on and pledge of the Net Revenues of equal rank and dignity with the lien and pledge securing the payment of the Certificate and (b) Subordinate Lien Obligations.

SECTION 18.

Application of Prior Lien Obligations Covenants and Agreements. It is the intention of this governing body and accordingly hereby recognized and stipulated that the provisions, agreements and covenants contained herein bearing upon the management and operations of the System, and the administering and application of revenues derived from the operation thereof, shall to the extent possible be harmonized with like provisions, agreements and covenants contained in the ordinances authorizing the issuance of the Prior Lien Obligations, and to the extent of any irreconcilable conflict between the provisions contained herein and in the ordinance(s) authorizing the issuance of the Prior Lien Obligations, the provisions, agreements and covenants contained therein shall prevail to the extent of such conflict and be applicable to this Ordinance but in all respects subject to the priority of rights and benefits, if any, conferred thereby to the holders of the Prior Lien Obligations.

SECTION 19.

Further Procedures. Any one or more of the Mayor, Mayor Pro Tem, City Manager, and City Clerk of the City 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 on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the issuance of the Certificate. In addition, prior to the initial delivery of the Certificate, the Mayor, Mayor Pro Tem, City Manager, and City Clerk of the City,

or Bond Counsel to the City, are each hereby authorized and directed to approve any changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any ambiguity, formal defect, or omission in the Ordinance or such other document; or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Certificate by the Attorney General and if such officer or counsel determines that such changes are consistent with the intent and purpose of the Ordinance, which determination shall be final. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Additionally, the Mayor, Mayor Pro Tem, City Manager, and City Clerk of the City may execute, authenticate, certify, or endorse or authorize to be executed, authenticated, certified, or endorsed with such officer's facsimile signature instead of the officer's manual signature any written agreement, including a contract, purchase order or surety bond, and any related document, including an application, certificate, or approval. For purposes of this Ordinance, "facsimile signature" means a reproduction of the manual signature of an authorized officer that is made by any method.

SECTION 20.

Notices to Holders - Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first-class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Certificate. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 21.

Cancellation. All Certificates surrendered for payment, prepayment, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Certificates previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Certificates so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Certificates held by the Paying Agent/Registrar shall be returned to the City.

SECTION 22.

Satisfaction of Obligations of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Certificate, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied under this Ordinance and the Net Revenues of the System (to the extent such pledge of Net Revenues shall not have been discharged or terminated by prior payment of principal of or interest on the Certificate) and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Certificates or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section (“Defeased Certificates”) when (i) money sufficient to pay in full such Certificates or the principal amount(s) thereof at maturity or the prepayment date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities shall mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Certificates, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of prepayment has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the prepayment date thereof. In the event of a defeasance of the Certificates, the City shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, an independent certified public accountant, or another qualified third party concerning the sufficiency of the deposit of cash and/or Government Securities to pay, when due, the principal of, prepayment premium (if any), and interest due on any defeased Certificates. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to prepay the Defeased Certificates that is made in conjunction with the payment arrangements specified in (i) or (ii) above in this paragraph shall not be irrevocable, provided that in the proceedings providing for such payment arrangements, the City: (1) expressly reserves the right to call the Defeased Certificates for prepayment; (2) gives notice of the reservation of that right to the registered 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 prepayment notices that it authorizes. The City covenants that no deposit of moneys or Government Securities will be made under this Section and no use made of any such deposit which would cause the Certificates to be treated as “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Certificates, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Certificates and remaining unclaimed for a period of three (3) years after the Stated Maturity, or applicable prepayment date, of the Certificates such moneys were deposited and are held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor. Notwithstanding the above and foregoing, any remittance of funds from the Paying

Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

SECTION 23.

Mutilated, Destroyed, Lost, and Stolen Certificates. In case any Certificate shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Certificate of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Certificate, or in lieu of and in substitution for such destroyed, lost or stolen Certificate, only upon the approval of the City and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Certificate, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the City and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Certificate shall be borne by the Holder of the Certificate mutilated, or destroyed, lost or stolen.

Every replacement Certificate issued pursuant to this Section shall be a valid and binding obligation, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Certificates; notwithstanding the enforceability of payment by anyone of the destroyed, lost, or stolen Certificates.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Certificates.

SECTION 24.

Ordinance a Contract - Amendments. This Ordinance shall constitute a contract with the Holders from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Certificate remains Outstanding except as permitted in this Section. The City, may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of Holders holding a majority in aggregate principal amount of the Certificates then Outstanding, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Certificates, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Certificates, reduce the principal amount thereof, the prepayment price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required to be held by Holders for consent to any such amendment, addition, or rescission.

SECTION 25.

Sale of the Certificate. The offer of _____, _____, _____ (herein referred to as the “Purchaser”) to purchase the Certificate in accordance with the Purchase Letter, dated as of November 10, 2021 (the “Purchase Letter”), attached hereto as **Exhibit C** and incorporated herein

by reference as a part of this Ordinance for all purposes, is hereby accepted. Such sale of the Certificate to the Purchaser is hereby found to be in the best interest of the City and is therefore approved and authorized. The Mayor or Mayor Pro Tem and the City Clerk are hereby authorized and directed to sign the acceptance clause of such Purchase Letter for and on behalf of the City and as the act and deed of this Commission. Delivery of the Certificate to the Purchaser shall occur as soon as possible upon payment being made therefor in accordance with the terms of sale.

SECTION 26.

Proceeds of Sale. The proceeds of sale of the Certificate excluding accrued interest, if any, received from the Purchaser, and amounts to pay costs of issuance and any additional proceeds to be deposited to the Certificate Fund, shall be deposited in a fund maintained at a City depository bank (the “Construction Fund”). Pending expenditure for authorized projects and purposes, such proceeds of sale may be invested in authorized investments in accordance with the provisions of Texas Government Code, Chapter 2256, as amended, including specifically guaranteed investment contracts permitted by Texas Government Code, Section 2256.015, et seq., and the City's investment policies and guidelines, and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Certificate Fund as shall be determined by the Commission. Accrued interest or premium, if any, received from the Purchaser as well as proceeds of sale, including investment earnings thereon, remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Certificate Fund.

SECTION 27.

Reporting Covenants. As long as the Purchaser owns 100% of the Certificate, the City agrees to deliver to the Purchaser:

- (a) within 210 days after the end of its fiscal year, its comprehensive annual financial report (“CAFR”); and
- (b) such other financial information that the Purchaser may reasonably request from time to time.

The delivery of the City’s CAFR may be made by its filing of such information with the Municipal Securities Rulemaking Board on a publicly accessible website such as the Electronic Municipal Market Access (“EMMA”).

SECTION 28.

Reimbursement. The City reasonably expects to reimburse capital expenditures made from its own funds with respect to the projects described in Section 2 hereof with Certificate proceeds. The maximum principal amount of obligations expected to be issued for the projects is set forth in Section 2 hereof.

SECTION 29.

Control and Custody of Certificate. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending the sale of the Certificate, the investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Certificates, and shall take and have charge and control of the Initial Certificate pending

the approval thereof by the Attorney General and its registration thereof by the Comptroller of Public Accounts.

Furthermore, the Mayor, Mayor Pro Tem, City Manager, and City Clerk of the City, individually or collectively, are hereby authorized and directed to furnish and execute such documents and certifications relating to the City and the issuance of the Certificate, including a certification as to facts, estimates, circumstances and reasonable expectations pertaining to the use and expenditure and investment of the proceeds of the Certificate as may be necessary for the approval of the Attorney General and their registration by the Comptroller of Public Accounts. In addition, such officials, together with the City's financial advisor, Bond Counsel and the Paying Agent/Registrar, are authorized and directed to make the necessary arrangements for the delivery of the Initial Certificate to the initial purchaser.

SECTION 30.

Legal Opinion. The Purchaser's obligation to accept delivery of the Certificate is subject to being furnished a final opinion of the City's bond counsel, Norton Rose Fulbright US LLP, Dallas, Texas ("Bond Counsel"), approving the Certificate as to its validity, such opinion to be dated and delivered as of the date of delivery and payment for the Certificate. The prior engagement of Bond Counsel as bond counsel to the City is hereby approved, ratified and confirmed.

SECTION 31.

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

SECTION 32.

Inconsistent Provisions. Subject to Section 18 hereof, all ordinances, orders, or resolutions, or parts thereof which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

SECTION 33.

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

SECTION 34.

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

SECTION 35.

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 or 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 36.

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

SECTION 37.

Incorporation of Findings and Determinations. The findings and determinations of the Commission contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

SECTION 38.

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

SECTION 39.

Effective Date. In accordance with the provisions of Texas Government Code, Section 1201.028, as amended, this Ordinance shall be in force and effect from and after its passage on the date shown below and it is so ordained.

[Remainder of page intentionally left blank]

PASSED AND APPROVED AND ADOPTED, on this the 10th day of November, 2021 at a regular meeting of the City Commission of the City of Canyon, Texas which meeting was held in compliance with the Open Meetings Act, Tex Gov't Code, §551.001, et. seq. at which meeting a quorum was present and voting.

CITY OF CANYON, TEXAS

Gary Hinders, Mayor

ATTEST:

Gretchen Mercer, City Clerk
(City Seal)

DRAFT

EXHIBIT A

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT is entered into as of November 10, 2021 (this “Agreement”), by and between _____, a banking association duly organized and existing under the laws of the United States of America, or its successors (the “Bank”) and the City of Canyon, Texas (the “Issuer”),

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its “City of Canyon, Texas, Tax and Waterworks and Sewer System Surplus Revenue Certificate of Obligation, Taxable Series 2021” (the “Securities”), dated December 1, 2021, such Securities scheduled to be delivered to the initial purchasers thereof on or about December 7, 2021; and

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

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

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01 Appointment. The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the “Authorizing Document” (hereinafter defined). The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the Authorizing Document.

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

Section 1.02 Compensation. As compensation for the Bank’s services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in **Annex A** attached hereto; provided however, notwithstanding anything herein or in Annex A to the contrary, the aggregate value of this agreement shall be less than the dollar limitation set forth in Section 2271.002(a)(2) of the Texas Government Code or Section 2274.002(a)(2) of the Texas Government Code. The Issuer covenants to provide notice to the Bank upon any change in the Issuer’s Fiscal Year within ten (10) business days of the governing body of the Issuer’s decision to change the Fiscal Year of the Issuer.

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

ARTICLE TWO DEFINITIONS

Section 2.01 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

“Acceleration Date” on any Security means the date, if any, on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

“Authorizing Document” means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, as the same may be amended or modified, including any pricing certificate related thereto, certified by the secretary or any other officer of the Issuer and delivered to the Bank.

“Bank Office” means the designated office of the Bank at the address shown in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

“Holder” and “Security Holder” each means the Person in whose name a Security is registered in the Security Register.

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

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

“Redemption Date”, when used with respect to any Security to be redeemed, means the date fixed for such redemption pursuant to the terms of the Authorizing Document.

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

“Security Register” means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfers of Securities.

“Stated Maturity” means the date specified in the Authorizing Document the principal of a Security is scheduled to be due and payable.

Section 2.02 Other Definitions. The terms “Bank,” “Issuer,” and “Securities (Security)” have the meanings assigned to them in the recital paragraphs of this Agreement.

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

ARTICLE THREE PAYING AGENT

Section 3.01 Duties of Paying Agent. As Paying Agent, the Bank shall pay, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the following address:

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Securities (or their Predecessor Securities) on the Record Date (as defined in the Authorizing Document). All payments of principal and/or interest on the Securities to the registered owners shall be accomplished (1) by the issuance of checks, payable to the registered owners, drawn on the paying agent account provided in Section 5.05 hereof, sent by United States mail, first class postage prepaid, to the address appearing on the Security Register or (2) by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder’s risk and expense.

Section 3.02 Payment Dates. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Authorizing Document.

ARTICLE FOUR REGISTRAR

Section 4.01 Security Register - Transfers and Exchanges. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the “Security Register”) for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. The Bank represents and warrants that it will at all times have immediate access to the Security Register by electronic or other means and will be capable at all times of producing a hard copy of the Security Register for use by the Issuer. All transfers, exchanges and replacements of Securities shall be noted in the Security Register.

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

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

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

Section 4.02 Securities. The Issuer shall provide additional Securities when needed to facilitate transfers or exchanges thereof. The Bank covenants that such additional Securities, if and when provided, will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03 Form of Security Register. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

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

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

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

Section 4.05 Return of Cancelled Securities. The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, all Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06 Mutilated, Destroyed, Lost or Stolen Securities. The Issuer hereby instructs the Bank, subject to the provisions of the Authorizing Document, to deliver and issue

Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

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

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

ARTICLE FIVE THE BANK

Section 5.01 Duties of Bank. The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

Section 5.02 Reliance on Documents, Etc.

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

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

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

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

The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by the Issuer.

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

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

(g) The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum or letter as prepared by the Issuer, Issuer's financial advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum or letter acknowledged by the Issuer, the Issuer's financial advisor or other agent as the final closing memorandum or letter. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.03 Recitals of Issuer. The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

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

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

Section 5.05 Moneys Held by Bank - Paying Agent Account/Collateralization. A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of moneys received from the Issuer under this Agreement for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such paying agent account shall be made by check drawn on such account unless the owner of the Securities shall, at its own expense and risk, request an alternative method of payment.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal of, premium (if any), or interest on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Texas Property Code, as amended. The Bank shall have no liability by virtue of actions taken in compliance with this provision.

The Bank is not obligated to pay interest on any money received by it under this Agreement.

This Agreement relates solely to money deposited for the purposes described herein, and the parties agree that the Bank may serve as depository for other funds of the Issuer, act as trustee under indentures authorizing other bond transactions of the Issuer, or act in any other capacity not in conflict with its duties hereunder.

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the state and county where the administrative office of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08 DTC Services. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for “Depository Trust Company” services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the “Operational Arrangements”, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

Section 5.09 Tax Reporting. It shall be the duty of the Bank, on behalf of the Issuer, to report to the Holders and the Internal Revenue Service, to the extent required by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, (i) the amount of “reportable payments,” if any, subject to backup withholding during each year and the amount of tax withheld, if any, with respect to payments of the Securities and (ii) the amount of interest or amount treated as interest on the Securities and required to be included in gross income of the Holder.

ARTICLE SIX MISCELLANEOUS PROVISIONS

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

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

Section 6.03 Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or

the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page(s) hereof.

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

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

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

Section 6.07 Merger, Conversion, Consolidation, or Succession. Any corporation or association into which the Bank may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank as Paying Agent under this Agreement without the execution or filing of any paper or any further act on the part of either parties hereto.

Section 6.08 Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.09 Entire Agreement. This Agreement and the Authorizing Document constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Authorizing Document, the Authorizing Document shall govern.

Section 6.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.11 Termination. This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. However, if the Issuer fails to appoint a successor Paying Agent/Registrar within a reasonable time, the Bank may petition a court of competent jurisdiction within the State of Texas to appoint a successor. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with the other pertinent books and records

relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

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

Section 6.12 Iran, Sudan or Foreign Terrorist Organizations. The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

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

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

Section 6.13 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[Remainder of page left blank intentionally.]

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

By: _____

Title: _____

Address: _____

DRAFT

CITY OF CANYON, TEXAS

By: _____
Gary Hinders, Mayor

Address: 301 16th Street
Canyon, Texas 79015

Attest:

Gretchen Mercer, City Clerk

DRAFT

ANNEX A

DRAFT

EXHIBIT B

FORMS

(c) Form of Certificates.

THIS CERTIFICATE MAY ONLY BE TRANSFERRED TO: (I) AN AFFILIATE OF THE PURCHASER AS DEFINED IN THE ORDINANCE; (II) A "BANK" AS DEFINED IN SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"); (III) AN "ACCREDITED INVESTOR" AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT; OR (IV) A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT.

REGISTERED
NO. [T-___][R-___]

REGISTERED
\$_____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF CANYON, TEXAS
TAX AND WATERWORKS AND SEWER SYSTEM
SURPLUS REVENUE CERTIFICATE OF OBLIGATION
TAXABLE SERIES 2021

Certificate Date: December 1, 2021 Interest Rate: _____% Stated Maturity: August 15, 2031

Registered Owner: _____

Principal Amount: _____ DOLLARS

The City of Canyon (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Randall, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above and payable in principal installments on August 15 in each year in accordance with the following schedule:

<u>Installment</u> <u>Due August 15</u>	<u>Principal</u> <u>Installments (\$)</u>
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	

(or so much thereof as shall not have been prepaid prior to maturity) and to pay interest on the unpaid Principal Amount from the interest payment date next preceding the "Registration Date" of this Certificate appearing below (unless this Certificate bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Certificate is prior to the initial interest payment date, in which case it shall bear interest from the date of delivery to the initial purchaser (anticipated to be December 7, 2021)) at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 of each year, commencing August 15, 2022, until maturity or prior prepayment of this Certificate.

Principal installments of this Certificate are payable in each of the years stated above or on an applicable prepayment date. Principal installments and interest on this Certificate shall be payable to the Holder whose name appears in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest payment date with respect to payment of interest and the last business day of the month next preceding each principal installment date with respect to the payment of principal) and shall be paid by the Paying Agent/Registrar (1) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (2) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder; provided, however, the final principal installment of the Certificate or principal upon prior prepayment shall be paid only upon presentation and surrender of the Certificate to _____, _____, _____ (the "Paying Agent/Registrar") for cancellation at its designated offices in _____, _____ (the "Designated Payment/Transfer Office"), or its successor. All payments of principal of, premium, if any, and interest on this Certificate shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. If the date for the payment of the principal of or interest on the Certificate shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when 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. All payments of principal of, premium, if any, and interest on this Certificate shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Certificate is one of the series specified in its title issued in the aggregate principal amount of \$_____ to be designated and bear the title "CITY OF CANYON, TEXAS, TAX AND WATERWORKS AND SEWER SYSTEM SURPLUS REVENUE CERTIFICATE OF OBLIGATION, TAXABLE SERIES 2021" (hereinafter referred to as the "Certificates"), for the purpose of paying contractual obligations to be incurred for (i) the construction of public works, to wit: constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving waterworks system properties and facilities, including acquiring water rights and the acquisition of land therefor, and (ii) professional services rendered in connection with such projects and the financing thereof, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Texas Local Government Code, Subchapter C of Chapter 271, as amended and pursuant to an ordinance adopted by the City Commission of the City (herein referred to as the "Ordinance").

The Certificate may be prepaid prior to its Stated Maturity, at the option of the City, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on _____, or on any date thereafter, at the prepayment price of par, together with accrued interest to the date of prepayment.

At least thirty (30) days prior to a prepayment date, the City shall cause a written notice of such prepayment to be sent by United States mail, first-class, postage prepaid, to the registered owners of each Certificate to be prepaid at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinance. If a Certificate (or any portion of its principal sum) shall have been duly called for prepayment and notice of such prepayment duly given, then upon the prepayment date such Certificate (or the portion of its principal sum to be prepaid) shall become due and payable, and, if moneys for the payment of the prepayment price and the interest accrued on the principal amount to be prepaid to the date of prepayment are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the prepayment date on the principal amount prepaid.

Payment of the prepayment price of all or a portion of this Certificate shall be made to the registered owner only upon presentation and surrender of such Certificate to the Designated Payment/Transfer Office of the Paying Agent/Registrar. The Prepayment Ledger appearing hereon will be completed and signed by an authorized officer of the Paying Agent/Registrar with respect to such partial prepayment. If a Certificate is selected for prepayment, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Certificate to an assignee of the registered owner within forty-five (45) days of the prepayment date therefor.

With respect to any optional prepayment of the Certificates, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be prepaid shall have been received by the Paying Agent/Registrar prior to the giving of such notice of prepayment, such notice may state that such prepayment may, at the option of the City, be conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such prepayment, or upon the satisfaction of any prerequisites set forth in such notice of prepayment; and, if sufficient moneys are not received or such prerequisites are not satisfied, such notice shall be of no force and effect, the City shall not prepay such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of prepayment was given, to the effect that the Certificates have not been prepaid.

The Certificates are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City and, together with the outstanding Previously Issued Certificates (identified and defined in the Ordinance), are additionally payable from and secured by a lien on and pledge of the Net Revenues (as defined in the Ordinance) of the City's combined Waterworks and Sewer System (the "System"), such lien and pledge, however, being junior and subordinate to the lien on and pledge of the Net Revenues of the System securing the payment of "Prior Lien Obligations" (as defined in the Ordinance) hereafter issued by the City. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations without limitation as to principal amount but subject to any applicable terms, conditions or restrictions under law or otherwise as well as the right to issue additional obligations payable from the same sources as the Previously Issued Certificates and the Certificates and equally and ratably secured by a parity lien on and pledge of the Net Revenues of the System.

Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all the provisions of which the

Holder by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Certificates; the nature and extent of the pledge of the Net Revenues securing the payment of the Certificates; the terms and conditions relating to the transfer or exchange of this Certificate; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the tax levy and the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity of this Certificate, and this Certificate deemed to be no longer Outstanding thereunder; and for the other terms and provisions contained therein. Capitalized terms used herein and not otherwise defined have the meanings assigned in the Ordinance.

This Certificate, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the registered owner hereof, or his duly authorized agent. When a transfer on the Security Register occurs, a new single fully registered Certificate of the same Stated Maturity, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee.

The City and the Paying Agent/Registrar, and any agent of either, may treat the registered owner hereof whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Certificate as the owner entitled to payment of principal hereof at its Stated Maturity or its prepayment, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of a non-payment 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. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented and covenanted that the City is duly organized and legally incorporated under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Certificates is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Certificates to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Certificates do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Certificates by the levy of a tax and a pledge of the Net Revenues of the System as aforesated. In case any provision in this Certificate or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Commission of the City has caused this Certificate to be duly executed under the official seal of the City.

CITY OF CANYON, TEXAS

Gary Hinders, Mayor

COUNTERSIGNED:

Gretchen Mercer, City Secretary

(CITY SEAL)

DRAFT

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER (
OF PUBLIC ACCOUNTS (
THE STATE OF TEXAS (REGISTER NO. _____
(

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

WITNESS my signature and seal of office this _____ .

Comptroller of Public Accounts
of the State of Texas

(SEAL)

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

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

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

The designated office of the Paying Agent/Registrar located in _____, _____, is the Designated Payment/Transfer Office for this Certificate.

_____, _____, _____,
as Paying Agent/Registrar

Registration Date:

By: _____
Authorized Signature

(f) Form of Assignment.

ASSIGNMENT

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

(Social Security or other identifying number: _____)

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

DATED: _____

Signature guaranteed:

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

(e) Form of Prepayment Ledger.

PREPAYMENT LEDGER

<u>DATE OF PREPAYMENT</u>	<u>PRINCIPAL AMOUNT PREPAID</u>	<u>SIGNATURE OF BANK'S AUTHORIZED OFFICER</u>

DRAFT

EXHIBIT C

PURCHASE LETTER

November 10, 2021

City of Canyon, Texas
301 16th Street
Canyon, Texas 79015

Re: \$_____ “City of Canyon, Texas, Tax and Waterworks and Sewer System Surplus Revenue Certificate of Obligation, Taxable Series 2021,” dated December 1, 2021

Ladies and Gentlemen:

_____ (the “Purchaser”) hereby offers to purchase from the City of Canyon, Texas (the “City”), the captioned certificate of obligation (the “Certificate”) and, upon acceptance of this offer by the City, such offer will become a binding agreement between the Purchaser and the City. This offer must be accepted by 10:00 p.m., Canyon, Texas, time, November 10, 2021, and if not so accepted will be subject to withdrawal.

1. Purchase Price: The purchase price for the Certificate is par, \$_____.
2. Terms of Certificate: The Certificate shall be issued in the principal amount, shall bear interest at such rate, mature on such date and in such amount and have such other terms and conditions as are set forth in the ordinance adopted by the City Council of the City on November 10, 2021 (the “Ordinance”), authorizing the issuance of the Certificate, a copy of which has been provided to the Purchaser. Pursuant to and as more fully described in the Ordinance, the Certificate shall be payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City, and a pledge of the Net Revenues (as defined in the Ordinance) of the City’s System (as defined in the Ordinance).

THE CERTIFICATE MAY ONLY BE TRANSFERRED TO: (I) AN AFFILIATE OF THE PURCHASER AS DEFINED IN THE ORDINANCE; OR (II) A “BANK” AS DEFINED IN SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”).

3. Closing: The City shall deliver the Initial Certificate to, or for the account of, the Purchaser and the Purchaser shall purchase the Certificate at 10:00 a.m. Dallas, Texas, time, on

December 7, 2021, or at such other time as shall be mutually agreed upon (hereinafter referred to as the “Closing”). The Closing shall take place at the offices of Norton Rose Fulbright US LLP, Dallas, Texas, or such other location as may be mutually agreed upon. The City will also deliver a signed copy of the Ordinance to the Purchaser.

4. Conditions to Closing: The Purchaser shall not have any obligation to consummate the purchase of the Certificate unless the following requirements have been satisfied prior to Closing:
 - (a) The City shall have adopted the Ordinance authorizing the issuance of the Certificate with both the Certificate and the Ordinance being in form and substance acceptable to the Purchaser.
 - (b) Norton Rose Fulbright US LLP, Bond Counsel, shall have issued its approving legal opinion as to the due authorization, issuance and delivery of the Certificate, upon which the Purchaser shall be entitled to rely.
 - (c) The Certificate shall have been approved by the Attorney General of the State of Texas and shall have been registered by the Comptroller of Public Accounts of the State of Texas.
 - (d) Nothing shall have occurred prior to closing which in the reasonable opinion of the Purchaser has had or could have a materially adverse effect on the City’s business, property or financial condition nor shall have there been a material change, in the reasonable opinion of the Purchaser, in the financial condition of the City.
 - (e) There has been no event, court decision, proposed law, or rule which may have the effect of changing the federal tax incidents of the City, the Purchaser, or the interest thereon of the Certificate, or the transactions contemplated by this Purchase Letter.
 - (f) There has been no national or international crisis, or suspension of stock exchange trading, or banking moratorium materially affecting, in the reasonable opinion of the Purchaser, the market price of the Certificate.

5. Nature of Purchase: The Purchaser acknowledges that no official statement or other disclosure or offering document has been prepared in connection with the issuance and sale of the Certificate. The Purchaser is a financial institution or other accredited investor as defined in the Securities Act of 1933, Regulation D, 17 C.F.R. § 230.501(a), accustomed to purchasing obligations such as the Certificate. Norton Rose Fulbright US LLP, Bond Counsel, has not undertaken steps to ascertain the accuracy or completeness of information furnished to the Purchaser with respect to the City or the Certificate, and the Purchaser has not looked to that firm for, nor has that firm made, any representations to the Purchaser with respect to that information except as it relates to customary opinions that are normally provided in these types of financings. The Purchaser has satisfied itself that it may lawfully purchase the Certificate. The Certificate (i) is not being registered under the Securities Act of 1933 and is not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state; (ii) will not be listed on any stock or other securities exchange; and (iii) will not carry any rating from any rating service. The Purchaser is familiar with the financial condition and affairs of the City, particularly with respect to its ability to pay its ad valorem tax-supported obligations such as the Certificate. The

Purchaser has received from the City all information that it as a reasonable purchaser has requested of the City as a result of the Purchaser having attached significance thereto in order for it to assess and evaluate the security and source of payment for the Certificate. The Purchaser is purchasing the Certificate for its own account or for that of an affiliate as evidence of a loan to the City and has no present intention to make a public distribution or sale of the Certificate. In no event will the Purchaser sell the Certificate to purchasers who are not sophisticated investors unless an official statement or other disclosure document is prepared with respect to such sale of the Certificate.

6. In consideration of the purchase of the Certificate by the Purchaser, and so long as the Purchaser is the 100% owner of the Certificate, the City agrees as follows:
 - (a) The City agrees to deliver to the Purchaser within 210 days after the end of its fiscal year, its audited financial statements.
 - (b) The City agrees to deliver to the Purchaser any other financial information that the Purchaser may reasonably request from time to time in writing.
7. No Oral Agreements: To the extent allowed by law, the parties hereto agree to be bound by the terms of the following notice: THIS PURCHASE LETTER, THE ORDINANCE OF THE CITY AUTHORIZING THE CERTIFICATE, THE ATTORNEY GENERAL OPINION, THE OPINION OF BOND COUNSEL AND THE CERTIFICATE TOGETHER REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES REGARDING THIS TRANSACTION AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES RELATING TO THIS TRANSACTION.
8. No Boycott of Israel. To the extent this Purchase Letter constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code, the Purchaser 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 Purchase Letter. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, “boycott Israel,” a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Purchaser understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Purchaser within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

9. Contracts with Companies Engaged in Business with Iran, Sudan or Foreign Terrorist Organizations Prohibited. The Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to enable the City to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal or Texas law and excludes the Purchaser and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Purchaser understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Purchaser within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.
10. No Discrimination Against Fossil-Fuel Companies. To the extent this Purchase Letter constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Purchaser 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 Purchase Letter. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, "boycott energy companies," a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. The Purchaser understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Purchaser within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.
11. No Discrimination Against Firearm Entities and Firearm Trade Associations. To the extent this Purchase Letter constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Purchaser

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 Purchase Letter. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law.

As used in the foregoing verification and the following definitions,

(a) “discriminate against a firearm entity or firearm trade association,” a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity’s or association’s status as a firearm entity or firearm trade association,

(b) “firearm entity,” a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and

(c) “firearm trade association,” a term defined in Section 2274.001(7), Texas Government Code (as enacted by such Senate Bill), means any person, corporation, unincorporated

association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code. The Purchaser understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Purchaser within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

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

[signatures begin on next page]

If this purchase letter meets with the Purchaser's and the City's approval, please execute it in the place provided below.

[PURCHASER]

By:

Title:

DRAFT

[signatures continue on next page]

DRAFT

ACCEPTED BY THE CITY OF CANYON, TEXAS

Gary Hinders, Mayor

ATTEST:

Gretchen Mercer, City Clerk

DRAFT

To: Joe Price, City Manager
From: Joel Wright, Director of Finance
Date: November 5, 2011
Re: Consider all matters incident and related to the issuance and sale of “City of Canyon, Texas, General Obligation Refunding Bond, Series 2021”, including the adoption of Ordinance No. 1149 authorizing the issuance of such bond.

In order to provide the means to refinance currently outstanding obligations totaling in original principal amount \$7,200,000, the City of Canyon will need to issue a general obligation refunding bond at this time.

The two issues or series to be financed are:

City of Canyon, Texas, Tax and Waterworks and Sewer System Surplus
Revenue Certificates of Obligation, Series 2012, dated September 1, 2012

City of Canyon, Texas, General Obligation Refunding Bonds, Series 2013,
dated February 15, 2013

Both of the above named issues become callable February 15, 2022, and eligible for refunding.

The attached is a draft of Ordinance No. 1149 pending updates for specific bid information to be provided on Monday of next week, prior to the scheduled meeting on Wednesday, November 10, 2021.

Jason Hughes, Managing Director with Hilltop Securities, will be present at the meeting to present and answer questions.

RECOMMENDED MOTION

*“I move that the City Commission **approve/deny** Ordinance no. 1149 for the issuance and sale of the “City of Canyon, Texas, General Obligation Refunding Bond, Series 2021.”*

ORDINANCE NO. 1149

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF CANYON, TEXAS, AUTHORIZING THE ISSUANCE OF "CITY OF CANYON, TEXAS, GENERAL OBLIGATION REFUNDING BOND, SERIES 2021"; SPECIFYING THE TERMS AND FEATURES OF SAID BOND; PROVIDING FOR THE REDEMPTION OF THE OBLIGATIONS BEING REFUNDED; AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, PAYMENT AND DELIVERY OF SAID BOND, INCLUDING THE APPROVAL AND EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, A PURCHASE LETTER AND A DEPOSIT LETTER; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Commission of the City of Canyon, Texas (the "City") has heretofore issued, sold, and delivered, and there is currently outstanding obligations totaling in original principal amount \$[7,200,000] of the following issue or series (hereinafter collectively referred to as the "Refunded Obligations"), to wit: (1) City of Canyon, Texas, Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2012, dated September 1, 2012, scheduled to mature on February 15 in each of the years 2023 through 2032, and in the aggregate principal amount of \$[5,235,000]; and (2) City of Canyon, Texas, General Obligation Refunding Bonds, Series 2013, dated February 15, 2013, scheduled to mature on February 15 in each of the years 2023 through 2025 and 2027, and in the aggregate principal amount of \$[1,965,000]; and

WHEREAS, pursuant to the provisions of Texas Government Code, Chapter 1207, as amended, the City Commission is authorized to issue refunding bonds and deposit the proceeds of sale directly with any place of payment for the Refunded Obligations, or other authorized depository, and such deposit, when made in accordance with said statute, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, the City Commission hereby finds and determines that it is in the best interest of the City to issue a general obligation refunding bond at this time to refund the Refunded Obligations, and such refunding will result in the City saving approximately \$_____ in debt service payments on such indebtedness and further provide net present value savings of approximately \$_____;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF CANYON, TEXAS:

SECTION 1.

Authorization - Designation - Principal Amount - Purpose. A general obligation bond of the City shall be and is hereby authorized to be issued in the aggregate principal amount of \$_____ to be designated and bear the title "CITY OF CANYON, TEXAS, GENERAL OBLIGATION REFUNDING BOND, SERIES 2021" (hereinafter referred to as the "Bond" or "Bonds"), for the purpose of providing funds for the discharge and final payment of certain outstanding obligations of the City (identified in the preamble hereof and referred to as the "Refunded Obligations") and to pay costs of issuance, in accordance with the Constitution and laws of the State of Texas, including Texas Government Code, Chapter 1207, as amended.

SECTION 2.

Single Registered Obligation - Bond Date - Authorized Denomination - Stated Maturity - Interest Rate. The Bond shall be issued as a fully registered obligation only, shall be dated December 1, 2021 (the "Bond Date"), shall be in the denomination of \$_____ or any lesser amount if there is any partial payment of the principal amount of the Bond, and shall become due and payable finally on February 15, 2032 (the "Stated Maturity") with principal installments thereof to become due and payable on February 15 in each of the years in accordance with the following schedule:

<u>Installment</u> <u>Due February 15</u>	<u>Principal</u> <u>Installments (\$)</u>
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	

The Bond shall bear interest on the unpaid principal amounts from the date of delivery to the initial purchaser, anticipated to be December 7, 2021 (the "Delivery Date") at the rate of ____% per annum (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bond shall be payable on February 15 and August 15 in each year, commencing February 15, 2022, until maturity or prior prepayment.

SECTION 3.

Terms of Payment - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, prepayment or otherwise, shall be payable only to the registered owners or holders of the Bonds (hereinafter called the "Holders") appearing on the registration and transfer books maintained by the Paying

Agent/Registrar and the payment thereof shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of _____, _____, _____, to serve as Paying Agent/Registrar for the Bonds is hereby approved and confirmed. Books and records relating to the registration, payment, transfer and exchange of the Bonds (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, as provided herein and in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement," substantially in the form attached hereto as **Exhibit A**, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor and City Clerk are authorized to execute and deliver such Paying Agent/Registrar Agreement in connection with the delivery of the Bonds. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and interest on the Bond shall be payable to the Holder whose name appears in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest payment date with respect to payment of interest and the last business day of the month next preceding each principal installment date with respect to the payment of principal) and shall be paid by the Paying Agent/Registrar (1) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (2) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder; provided, however, the final principal installment or upon prepayment of the Bond shall be paid only upon presentation and surrender of the Bond to the Paying Agent/Registrar for cancellation at its designated offices in _____, _____ (the "Designated Payment/Transfer Office"). If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when 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.

In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing

on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 4.

Prepayment.

- (a) Optional Prepayment. The Bonds shall be subject to prepayment prior to maturity, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if in part selected by lot by the Paying Agent/Registrar), on [any date][_____, 20__ or on any date thereafter], at the prepayment price of par plus accrued interest to the date of prepayment.
- (b) Exercise of Prepayment Option. At least forty five (45) days prior to an optional prepayment date for the Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to prepay Bonds, the principal amount to be prepaid, and the date of prepayment therefor. The decision of the City to exercise the right to prepay Bonds shall be entered in the minutes of the governing body of the City.
- (c) Selection of Bonds for Prepayment. If less than all the outstanding principal installments of the Bonds are to be prepaid on a prepayment date, the Prepayment Ledger appearing on the Bond shall be completed and signed by an authorized officer of the Paying Agent/Registrar with respect to such partial prepayment, upon presentation and surrender of the Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar.
- (d) Notice of Prepayment. Not less than thirty (30) days prior to a prepayment date for the Bonds, a notice of prepayment shall be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, to the Holder of the Bond to be prepaid at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of prepayment so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of prepayment shall (i) specify the date of prepayment for the Bonds, (ii) identify the Bonds to be prepaid and, in the case of a portion of the Bond to be prepaid, the principal amount thereof to be prepaid, (iii) state the prepayment price, (iv) state that the Bonds, or the portion of the principal amount thereof to be prepaid, shall become due and payable on the prepayment date specified, and the interest thereon, or on the portion of the principal amount thereof to be prepaid, shall cease to accrue from and after the prepayment date, and (v) specify that payment of the prepayment price for the Bonds, or the principal amount thereof to be prepaid, shall be paid

by the Paying Agent/Registrar (1) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (2) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If principal installment(s) of the Bond, or any portion thereof, has been called for prepayment and notice of prepayment thereof has been duly given or waived as herein provided, such Bond (or the principal installment thereof to be prepaid) shall become due and payable, and interest thereon shall cease to accrue from and after the prepayment date therefor, provided moneys sufficient for the payment of such Bond (or of the principal installment thereof to be prepaid) at the then applicable prepayment price are held for the purpose of such payment by the Paying Agent/Registrar.

- (e) Conditional Notice of Prepayment. With respect to any optional prepayment of the Bond, unless certain prerequisites to such prepayment required by this Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be prepaid shall have been received by the Paying Agent/Registrar prior to the giving of such notice of prepayment, such notice may state that said prepayment is 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 prepayment. If a conditional notice of prepayment is given and such prerequisites to the prepayment are not satisfied or sufficient moneys are not received, such notice shall be of no force and effect, the City shall not prepay such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of prepayment was given, to the effect that the Bond has not been prepaid.

SECTION 5.

Registration - Transfer - Exchange of Bonds - Predecessor Bonds. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of the registered owner of the Bond issued under and pursuant to the provisions of this Ordinance, or if appropriate, the nominee thereof. The registration of the Bonds shall be transferable only in whole and only on the Security Register, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

When the registration of the transfer in the Security Register has been recorded and the Bond is surrendered for cancellation, the Paying Agent/Registrar shall provide, in the name of the transferee, a new single fully registered Bond in the principal amount remaining to be paid at the time of the transfer or assignment.

When a Bond has been duly assigned and transferred, a new Bond shall be delivered to the Holder at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States Mail, first class, postage prepaid to the Holder and, upon the registration

and delivery thereof, such Bond shall be the valid obligation of the City evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Bond surrendered in such assignment and transfer.

All transfers of the Bonds pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Bond registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered in lieu thereof pursuant to the provisions of Section 10 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

Neither the City nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of a Holder the Bond called for prepayment, in whole or in part, within 45 days of the date fixed for the prepayment of such Bond.

Notwithstanding anything in this Ordinance to the contrary, the Certificate may only be transferred to: (i) an affiliate of the Purchaser (hereinafter defined); (ii) a "Bank" as defined in Section 3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"); (iii) an "Accredited Investor" as defined in Regulation D under the Securities Act; or (iv) a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act.

SECTION 6.

Execution - Registration. The Bonds shall be executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or impressed thereon and countersigned by the City Clerk. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the date of adoption of this Ordinance shall be deemed to be duly executed on behalf of the City, notwithstanding that one or more of the individuals shall cease to hold such offices at the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Texas Government Code, Chapter 1201, as amended.

No Bond shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 8(c), manually executed by the Comptroller of Public Accounts of the State of Texas, or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 8(d), manually executed by an authorized officer, employee or representative of the Paying

Agent/Registrar, and either such certificate duly signed upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered, and delivered.

SECTION 7.

Initial Bond. The Bond herein authorized shall be initially issued as a single fully registered Bond in the total principal amount stated in Section 1 hereof and to be numbered T-1 (hereinafter called the "Initial Bond") and the Initial Bond shall be registered in the name of the initial purchaser or the designee thereof. The Initial Bond shall be the Bond submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser. Any time after the delivery of the Initial Bond, the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser, or the designee thereof, shall cancel the Initial Bond delivered hereunder and exchange therefor a single definitive Bond of like Stated Maturity, principal amount and bearing an applicable interest rate for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 8.

Forms.

(a) Forms Generally. The Bond, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, the form of Assignment and form of Prepayment Ledger to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends in the event the Bonds, or any maturities thereof, are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Bonds as evidenced by their execution. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

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

(b) Form of Bonds.

THIS BOND MAY ONLY BE TRANSFERRED TO: (I) AN AFFILIATE OF THE PURCHASER AS DEFINED IN THE ORDINANCE; (II) A "BANK" AS DEFINED IN

SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"); (III) AN "ACCREDITED INVESTOR" AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT; OR (IV) A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT.

REGISTERED
NO. [T-1] [R-1]

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF CANYON, TEXAS
GENERAL OBLIGATION REFUNDING BOND, SERIES 2021

Bond Date: December 1, 2021 Interest Rate: _____% Final Stated Maturity: February 15, 2032 Delivery Date: December 7, 2021

Registered Owner: _____

Principal Amount: _____ DOLLARS

The City of Canyon (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Randall, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the registered owner named above, or the registered assigns thereof (the "Registered Owner"), on the Stated Maturity date specified above and payable in principal installments on February 15 in each year in accordance with the following schedule:

<u>Installment</u> <u>Due February 15</u>	<u>Principal</u> <u>Installments (\$)</u>
2022	
2023	
2024	

2025
2026
2027
2028
2029
2030
2031
2032

(or so much thereof as shall not have been paid upon prior prepayment), and to pay interest on the unpaid principal amount hereof from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is prior to the initial interest payment date in which case it shall bear interest from the Delivery Date) at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in in each year, commencing February 15, 2022, until maturity or prepayment.

Principal installments of this Bond are payable in each of the years stated above or on an applicable prepayment date. Principal installments and interest on this Bond shall be payable to the Holder whose name appears in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest payment date with respect to payment of interest and the last business day of the month next preceding each principal installment date with respect to the payment of principal) and shall be paid by the Paying Agent/Registrar (1) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (2) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder; provided, however, the final principal installment of the Bond or principal upon prior prepayment shall be paid only upon presentation and surrender of the Bond to _____, _____, _____ (the "Paying Agent/Registrar") for cancellation at its designated offices in _____, _____ (the "Designated Payment/Transfer Office"), or its successor. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when 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. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$ _____ (herein referred to as the "Bonds") for the purpose of providing funds for the

discharge and final payment of certain outstanding obligations of the City, and to pay costs of issuance, under and in strict conformity with the Constitution and laws of the State of Texas and pursuant to an Ordinance adopted by the City Commission of the City (herein referred to as the "Ordinance").

The Bond may be prepaid prior to its Stated Maturity, at the option of the City, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on [any date][_____, 20___, or on any date thereafter], at the prepayment price of par, together with accrued interest to the date of prepayment.

At least thirty days prior to the date fixed for any prepayment of Bonds, the City shall cause a written notice of such prepayment to be sent by United States Mail, first class postage prepaid, to the registered owners of the Bond to be prepaid at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinance. If a Bond (or any portion of its principal amount) shall have been duly called for prepayment and notice of such prepayment duly given, then upon such prepayment date such Bond (or the portion of its principal amount to be prepaid) shall become due and payable, and interest thereon shall cease to accrue from and after the prepayment date therefor; provided moneys for the payment of the prepayment price and the interest on the Bond are held for the purpose of such payment by the Paying Agent/Registrar. If the Bond is selected for prepayment the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the registered owner within 45 days of the prepayment date therefor.

Payment of the prepayment price of all of a portion of this Bond shall be made to the registered owner only upon presentation and surrender of the Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar. The Prepayment Ledger appearing hereon will be completed and signed by an authorized officer of the Paying Agent/Registrar with respect to such partial prepayment. If the Bond is selected for prepayment, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer the Bond to an assignee of the registered owner within 45 days of the prepayment date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the balance of a Bond prepaid in part.

With respect to any optional prepayment of the Bonds, unless certain prerequisites to such prepayment required by the Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be prepaid have been received by the Paying Agent/Registrar prior to the giving of such notice of prepayment, such notice may state that said prepayment is 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 prepayment. If a conditional notice of prepayment is given and such prerequisites to the prepayment are not satisfied or sufficient moneys are not received, such notice shall be of no force and effect, the City shall not prepay such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of prepayment was given, to the effect that the Bonds have not been redeemed.

The Bonds are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City. Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying

Agent/Registrar, and to all of the provisions of which the owner or holder of this Bond by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Bonds; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be discharged at or prior to its maturity, and deemed to be no longer Outstanding thereunder; and for other terms and provisions contained therein. Capitalized terms used herein have the meanings assigned in the Ordinance.

This Bond, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the registered owner hereof, or his duly authorized agent. When a transfer on the Security Register occurs, a new single fully registered Bond of the same Stated Maturity, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee.

The City and the Paying Agent/Registrar, and any agent of either, shall treat the registered owner whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of the principal installments hereof upon maturity and interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of the final principal installment its Stated Maturity, or its prepayment, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented and declared that the City is a body corporate and political subdivision duly organized and legally existing under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Bonds do not exceed any Constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by the levy of a tax as aforesaid. In case any provision in this Bond shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The terms and

provisions of this Bond and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Commission of the City has caused this Bond to be duly executed under the official seal of the City.

CITY OF CANYON, TEXAS

Gary Hinders, Mayor

COUNTERSIGNED:

Gretchen Mercer, City Clerk

(SEAL)

DRAFT

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER)
OF PUBLIC ACCOUNTS) REGISTER NO. _____
THE STATE OF TEXAS)

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

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

(d) Form of Certificate of Paying Agent/Registrar to appear on Definitive Bonds only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

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

The designated offices of the Paying Agent/Registrar in _____, _____, is the "Designated Payment/Transfer Office" for this Bond.

_____, _____, _____,
as Paying Agent/Registrar

Registration date:

By: _____
Authorized Signature

(e) Form of Assignment.

ASSIGNMENT

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

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

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

DATED:

Signature guaranteed:

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

(f) Form of Prepayment Ledger.

PREPAYMENT LEDGER

<u>DATE OF PREPAYMENT</u>	<u>PRINCIPAL AMOUNT PREPAID</u>	<u>SIGNATURE OF BANK'S AUTHORIZED OFFICER</u>

Section 2: Levy of Taxes. To provide for the payment of the "Debt Service Requirements" of the Bond, being (i) the interest on the Bond and (ii) a sinking fund for its payment at maturity or prepayment or a sinking fund of 2% (whichever amount is the greater), there is hereby levied, and there shall be annually assessed and collected in due time, form, and manner, a tax on all taxable property in the City, within the limitations prescribed by law, and such tax hereby levied on each one hundred dollars' valuation of taxable property in the City for the Debt Service Requirements of the Bond shall be at a rate from year to year as will be ample and sufficient to provide funds each year to pay the principal of and interest on said Bond while Outstanding; full

allowance being made for delinquencies and costs of collection; separate books and records relating to the receipt and disbursement of taxes levied, assessed and collected for and on account of the Bond shall be kept and maintained by the City at all times while the Bond is Outstanding, and the taxes collected for the payment of the Debt Service Requirements on the Bond shall be deposited to the credit of a "Special 2021 Bond Account" (the "Interest and Sinking Fund") maintained on the records of the City and deposited in a special fund maintained at an official depository of the City's funds; and such tax hereby levied, and to be assessed and collected annually, is hereby pledged to the payment of the Bond.

The Mayor, Mayor Pro Tem, City Manager, and City Clerk of the City, individually or jointly, are hereby authorized and directed to cause to be transferred to the Paying Agent/Registrar for the Bond, from funds on deposit in the Interest and Sinking Fund, amounts sufficient to fully pay and discharge promptly each installment of interest and principal of the Bond as the same accrues or matures; such transfers of funds to be made in such manner as will cause collected funds to be deposited with the Paying Agent/Registrar on or before each principal and interest payment date for the Bond.

The City has sufficient current funds available and such funds are hereby appropriated to make the payments to become due on the Bond on February 15, 2022, and August 15, 2022, and the Mayor, Mayor Pro Tem, City Manager, and City Clerk of the City, individually or jointly, are hereby authorized and directed to transfer and deposit in the Interest and Sinking Fund such amount of current funds which will be sufficient to pay the amounts to become due on the Bond on February 15, 2022, and August 15, 2022.

Section 3: Mutilated-Destroyed-Lost and Stolen Bonds. In case any Bond shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Bond of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Bond, or in lieu of and in substitution for such destroyed, lost or stolen Bond, only upon the approval of the City and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Bond, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the City and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond shall be borne by the Holder of the Bond mutilated, or destroyed, lost or stolen.

Every replacement Bond issued pursuant to this Section shall be a valid and binding obligation, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds; notwithstanding the enforceability of payment by anyone of the destroyed, lost, or stolen Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

Section 4: Satisfaction of Obligation of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied under this Ordinance and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Bonds or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Bonds or the principal amount(s) thereof at maturity or to the prepayment date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities shall mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Bonds, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of prepayment has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the prepayment date thereof. In the event of a defeasance of the Bond, the City shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, an independent certified public accountant, or another qualified third party concerning the sufficiency of the deposit of cash and/or Government Securities to pay, when due, the principal of, prepayment premium (if any), and interest due on any defeased Bond. The City covenants that no deposit of moneys or Government Securities will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/ Registrar, or an authorized escrow agent, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Bonds, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Bonds and remaining unclaimed for a period of three (3) years after the Stated Maturity, or applicable prepayment date, of the Bonds such moneys were deposited and are held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

The term "Government Securities", as used herein, shall mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and on the date of their acquisition or purchase by the City 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 on the date of their acquisition or purchase by the City, 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 Bonds.

Section 5: Ordinance a Contract - Amendments - Outstanding Bonds. This Ordinance shall constitute a contract with the Holders from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section. The City may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the consent of Holders holding a majority in aggregate principal amount of the Bonds then Outstanding, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the prepayment price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by Holders for consent to any such amendment, addition, or rescission.

The term "Outstanding" when used in this Ordinance with respect to Bonds means, as of the date of determination, all Bonds theretofore issued and delivered under this Ordinance, except:

- (1) those Bonds cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;
- (2) those Bonds deemed to be duly paid by the City in accordance with the provisions of Section 11 hereof; and
- (3) those mutilated, destroyed, lost, or stolen Bonds which have been replaced with Bonds registered and delivered in lieu thereof as provided in Section 10 hereof.

Section 6: Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section 13, the following terms have the following meanings:

"Closing Date" means the date on which the Bonds are first authenticated and delivered to the initial purchaser against payment therefor.

"Code" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

"Computation Date" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Gross Proceeds" means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

"Investment" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Nonpurpose Investment" means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

"Rebate Amount" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Regulations" means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"Yield" of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Bonds:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds (including property financed with Gross Proceeds of the Refunded Obligations), and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality

thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Refunded Obligations), other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by Section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in Section 148(f) of the Code and the Regulations and rulings thereunder:

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds with other money of the City,

provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Bonds by the Purchaser and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of its general fund, other appropriate fund, or, if permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the Interest and Sinking Fund, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148 3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(i) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, or City Clerk, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in

connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(k) Bonds Not Hedge Bonds. (1) At the time the original obligations refunded by the Bonds were issued, the City reasonably expected to spend at least 85% of the spendable proceeds of such obligations within three years after such obligations were issued and (2) not more than 50% of the proceeds of the original obligations refunded by the Bonds were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

(l) Current Refunding. The Bonds are a current refunding of the Refunded Obligations in that the Refunded Obligations will be paid or redeemed within 90 days of the date of the delivery of the Bonds.

(m) Qualified Tax Exempt Obligations. In accordance with the provisions of paragraph (3) of subsection (b) of Section 265 of the Code, the City hereby designates the Bonds to be "qualified tax exempt obligations" in that the Bonds are not "private activity bonds" as defined in the Code and represents the amount of "tax exempt obligations" (excluding private activity bonds) to be issued by the City (including all subordinate entities of the City) for the calendar year 2021 will not exceed \$10,000,000.

Section 7: Sale of Bonds. The offer of _____ (herein referred to as the "Purchaser") to purchase the Bond in accordance with a Purchase Letter, dated as of November 10, 2021, attached hereto as **Exhibit B** and incorporated herein by reference as a part of this Ordinance for all purposes is hereby accepted and the sale of the Bond to said Purchaser is hereby approved and authorized and declared to be in the best interest of the City. The Mayor or Mayor Pro Tem and the City Clerk are hereby authorized and directed to execute the Purchase Letter for and on behalf of the City and as the act and deed of this City Commission. Delivery of the Bond to the Purchaser shall occur as soon as possible upon payment being made therefor in accordance with the terms of sale.

Section 8: Deposit Letter Approval and Execution. The Deposit Letter dated as of November 10, 2021 (the "Deposit Letter") by and between the City and U.S. Bank National Association, the paying agent/registrar for the Refunded Obligations (the "Prior Paying Agent"), attached hereto as **Exhibit C** and incorporated herein by reference as a part of this Ordinance for all purposes, is hereby approved as to form and content, and such Deposit Letter in substantially the form and substance attached hereto, together with such changes or revisions as may be necessary to accomplish the refunding or benefit the City, is hereby authorized to be executed by the Mayor or Mayor Pro Tem for and on behalf of the City and as the act and deed of this City Commission; and such Deposit Letter as executed by the Mayor or Mayor Pro Tem shall be deemed approved by the City Commission and constitute the Deposit Letter herein approved.

Section 9: Control and Custody of Bonds. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Bonds, and shall take and have charge and control of the Initial Bond pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchaser.

Section 10: Proceeds of Sale. Immediately following the delivery of the Bond, proceeds of sale in the sum of \$_____ shall be deposited with the Prior Paying Agent for application and disbursement in accordance with the provisions of the Deposit Letter. The balance of the proceeds of sale of the Bond shall be expended to pay costs of issuance and any excess amount budgeted for such purpose shall be deposited to the credit of the Interest and Sinking Fund.

[On or immediately prior to the date of the delivery of the Bond, the City Manager or the City Clerk of the City shall also cause to be deposited with the Prior Paying Agent from moneys on deposit in the interest and sinking fund maintained for the payment of the Refunded Obligations the amount of \$_____.]

Section 11: Redemption of Refunded Obligations.

(a) The Refunded Obligations shall be redeemed and the same are hereby called for redemption on February 15, 2022, at the price of par and accrued interest to the date of redemption. The City Clerk is hereby authorized and directed to file a copy of this Ordinance, together with suggested forms of notice of redemption to be sent to obligationholders, with the Prior Paying Agent, in accordance with the redemption provisions applicable to the Refunded Obligations; such suggested forms of notice of redemption being attached hereto as **Exhibit D** and **Exhibit E** and incorporated herein by reference as a part of this Ordinance for all purposes.

(b) The redemption of the Refunded Obligations being associated with the refunding of such Refunded Obligations, the approval, authorization and arrangements herein given and provided for the redemption of such Refunded Obligations on the redemption date designated therefor and in the manner provided shall be irrevocable upon the issuance and delivery of the Bonds; and the City Clerk is hereby authorized and directed to make all arrangements necessary to notify the holders of the Refunded Obligations of the City's decision to redeem the Refunded Obligations on the date and in the manner herein provided and in accordance with the ordinances authorizing the issuance of the Refunded Obligations and this Ordinance.

Section 12: Reporting Covenants. As long as the Purchaser owns 100% of the Bond, the City agrees to deliver to the Purchaser:

(a) within 210 days after the end of its fiscal year, its comprehensive annual financial report ("CAFR"); and

(b) such other financial information that the Purchaser may reasonably request from time to time.

The delivery of the City's CAFR may be made by its filing of such information with the Municipal Securities Rulemaking Board on a publicly accessible website such as the Electronic Municipal Market Access ("EMMA").

Section 13: Notices to Holders - Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to any other Bonds. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 14: Cancellation. All Bonds surrendered for payment, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be returned to the City.

Section 15: Legal Opinion. The obligation of the Purchaser to accept delivery of the Bond is subject to being furnished a final legal opinion of Norton Rose Fulbright US LLP, Dallas, Texas (“Bond Counsel”), approving the Bond as to its validity, said opinion to be dated and delivered as of the date of delivery and payment for such Bond. The prior engagement of Bond Counsel as bond counsel to the City is hereby approved, ratified and confirmed.

Section 16: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving the Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

Section 17: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders.

Section 18: Inconsistent Provisions. All ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

Section 19: Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 20: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

Section 21: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

Section 22: Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and the City Commission hereby declares that this Ordinance would have been enacted without such invalid provision.

Section 23: Further Procedures. Any one or more of the Mayor, Mayor Pro Tem, City Manager, and City Clerk 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 on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the issuance of the Bond. In addition, prior to the initial delivery of the Bond, the Mayor, Mayor Pro Tem, City Manager, or City Clerk of the City or Bond Counsel to the City are each hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any technical ambiguity, formal defect, or omission in this Ordinance or such other document; or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Bond by the Attorney General and if such officer or counsel determines that such ministerial changes are consistent with the intent and purpose of this Ordinance, which determination shall be final. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 24: Incorporation of Findings and Determinations. The findings and determinations of the City Commission contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

Section 25: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Texas Government Code, Chapter 551, as amended.

Section 26: Effective Date. In accordance with the provisions of Texas Government Code, Section 1201.028, as amended, this Ordinance shall be in force and effect from and after its passage on the date shown below and it is so ordained.

[remainder of page left blank intentionally]

PASSED AND APPROVED, this November 10, 2021.

CITY OF CANYON, TEXAS

Gary Hinders, Mayor

ATTEST:

Gretchen Mercer, City Clerk

(City Seal)

DRAFT

EXHIBIT A

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT is entered into as of November 10, 2021 (this “Agreement”), by and between _____, a banking association duly organized and existing under the laws of the United States of America, or its successors (the “Bank”) and the City of Canyon, Texas (the “Issuer”),

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its “City of Canyon, Texas, General Obligation Refunding Bond, Series 2021” (the “Securities”), dated December 1, 2021, such Securities scheduled to be delivered to the initial purchasers thereof on or about December 7, 2021; and

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

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

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01 Appointment. The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the “Authorizing Document” (hereinafter defined). The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the Authorizing Document.

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

Section 1.02 Compensation. As compensation for the Bank’s services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in **Annex A** attached hereto; provided however, notwithstanding anything herein or in Annex A to the contrary, the aggregate value of this agreement shall be less than the dollar limitation set forth in Section 2271.002(a)(2) of the Texas Government Code or Section 2274.002(a)(2) of the Texas Government Code. The Issuer covenants to provide notice to the Bank upon any change in the Issuer’s Fiscal Year within ten (10) business days of the governing body of the Issuer’s decision to change the Fiscal Year of the Issuer.

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

ARTICLE TWO DEFINITIONS

Section 2.01 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

“Acceleration Date” on any Security means the date, if any, on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

“Authorizing Document” means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, as the same may be amended or modified, including any pricing certificate related thereto, certified by the secretary or any other officer of the Issuer and delivered to the Bank.

“Bank Office” means the designated office of the Bank at the address shown in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

“Holder” and “Security Holder” each means the Person in whose name a Security is registered in the Security Register.

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

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

“Redemption Date”, when used with respect to any Security to be redeemed, means the date fixed for such redemption pursuant to the terms of the Authorizing Document.

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

“Security Register” means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfers of Securities.

“Stated Maturity” means the date specified in the Authorizing Document the principal of a Security is scheduled to be due and payable.

Section 2.02 Other Definitions. The terms “Bank,” “Issuer,” and “Securities (Security)” have the meanings assigned to them in the recital paragraphs of this Agreement.

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

ARTICLE THREE PAYING AGENT

Section 3.01 Duties of Paying Agent. As Paying Agent, the Bank shall pay, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the following address:

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Securities (or their Predecessor Securities) on the Record Date (as defined in the Authorizing Document). All payments of principal and/or interest on the Securities to the registered owners shall be accomplished (1) by the issuance of checks, payable to the registered owners, drawn on the paying agent account provided in Section 5.05 hereof, sent by United States mail, first class postage prepaid, to the address appearing on the Security Register or (2) by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder’s risk and expense.

Section 3.02 Payment Dates. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Authorizing Document.

ARTICLE FOUR REGISTRAR

Section 4.01 Security Register - Transfers and Exchanges. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the “Security Register”) for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. The Bank represents and warrants that it will at all times

have immediate access to the Security Register by electronic or other means and will be capable at all times of producing a hard copy of the Security Register for use by the Issuer. All transfers, exchanges and replacements of Securities shall be noted in the Security Register.

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

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

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

Section 4.02 Securities. The Issuer shall provide additional Securities when needed to facilitate transfers or exchanges thereof. The Bank covenants that such additional Securities, if and when provided, will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03 Form of Security Register. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

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

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

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

Section 4.05 Return of Cancelled Securities. The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, all Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06 Mutilated, Destroyed, Lost or Stolen Securities. The Issuer hereby instructs the Bank, subject to the provisions of the Authorizing Document, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

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

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

ARTICLE FIVE THE BANK

Section 5.01 Duties of Bank. The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

Section 5.02 Reliance on Documents, Etc.

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

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

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

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

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

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

(g) The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum or letter as prepared by the Issuer, Issuer's financial advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum or letter acknowledged by the Issuer, the Issuer's financial advisor or other agent as the final closing memorandum or letter. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.03 Recitals of Issuer. The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

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

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

Section 5.05 Moneys Held by Bank - Paying Agent Account/Collateralization. A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of moneys received from the Issuer under this Agreement for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such paying agent account shall be made by check drawn on such account unless the owner of the Securities shall, at its own expense and risk, request an alternative method of payment.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal of, premium (if any), or interest on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Texas Property Code, as amended. The Bank shall have no liability by virtue of actions taken in compliance with this provision.

The Bank is not obligated to pay interest on any money received by it under this Agreement.

This Agreement relates solely to money deposited for the purposes described herein, and the parties agree that the Bank may serve as depository for other funds of the Issuer, act as trustee under indentures authorizing other bond transactions of the Issuer, or act in any other capacity not in conflict with its duties hereunder.

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the state and county where the administrative office of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08 DTC Services. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for “Depository Trust Company” services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the “Operational Arrangements”, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE SIX MISCELLANEOUS PROVISIONS

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

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

Section 6.03 Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or

the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page(s) hereof.

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

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

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

Section 6.07 Merger, Conversion, Consolidation, or Succession. Any corporation or association into which the Bank may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank as Paying Agent under this Agreement without the execution or filing of any paper or any further act on the part of either parties hereto.

Section 6.08 Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.09 Entire Agreement. This Agreement and the Authorizing Document constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Authorizing Document, the Authorizing Document shall govern.

Section 6.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.11 Termination. This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. However, if the Issuer fails to appoint a successor Paying Agent/Registrar within a reasonable time, the Bank may petition a court of competent jurisdiction within the State of Texas to appoint a successor. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with the other pertinent books and

records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

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

Section 6.12 Iran, Sudan or Foreign Terrorist Organizations. The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

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

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

Section 6.13 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[Remainder of page left blank intentionally.]

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

By: _____

Title: _____

Address: _____

DRAFT

CITY OF CANYON, TEXAS

By: _____
Gary Hinders, Mayor

Address: 301 16th Street
Canyon, Texas 79015

Attest:

Gretchen Mercer, City Clerk

DRAFT

ANNEX A

DRAFT

EXHIBIT B

PURCHASE LETTER

November 10, 2021

City of Canyon, Texas
301 16th Street
Canyon, Texas 79015

Re: \$_____ “City of Canyon, Texas, General Obligation Refunding Bond, Series 2021,”
dated December 1, 2021

Ladies and Gentlemen:

_____ (the “Purchaser”) hereby offers to purchase from the City of Canyon, Texas (the “City”), the captioned bond (the “Bond”) and, upon acceptance of this offer by the City, such offer will become a binding agreement between the Purchaser and the City. This offer must be accepted by 10:00 p.m., Canyon, Texas, time, November 10, 2021, and if not so accepted will be subject to withdrawal.

1. Purchase Price: The purchase price for the Bond is par, \$_____.
2. Terms of Bond: The Bond shall be issued in the principal amount, shall bear interest at such rate, mature on such date and in such amount and have such other terms and conditions as are set forth in the ordinance adopted by the City Council of the City on November 10, 2021 (the “Ordinance”), authorizing the issuance of the Bond, a copy of which has been provided to the Purchaser. Pursuant to and as more fully described in the Ordinance, the Bond shall be payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City.

THE BOND MAY ONLY BE TRANSFERRED TO: (I) AN AFFILIATE OF THE PURCHASER AS DEFINED IN THE ORDINANCE; OR (II) A “BANK” AS DEFINED IN SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”).

3. Closing: The City shall deliver the Initial Bond to, or for the account of, the Purchaser and the Purchaser shall purchase the Bond at 10:00 a.m. Dallas, Texas, time, on December 7, 2021, or at such other time as shall be mutually agreed upon (hereinafter referred to as the

“Closing”). The Closing shall take place at the offices of Norton Rose Fulbright US LLP, Dallas, Texas, or such other location as may be mutually agreed upon. The City will also deliver a signed copy of the Ordinance to the Purchaser.

4. Conditions to Closing: The Purchaser shall not have any obligation to consummate the purchase of the Bond unless the following requirements have been satisfied prior to Closing:
 - (a) The City shall have adopted the Ordinance authorizing the issuance of the Bond with both the Bond and the Ordinance being in form and substance acceptable to the Purchaser.
 - (b) Norton Rose Fulbright US LLP, Bond Counsel, shall have issued its approving legal opinion as to the due authorization, issuance and delivery of the Bond and as to the exemption of the interest thereon from federal income taxation, upon which the Purchaser shall be entitled to rely.
 - (c) The Bond shall have been approved by the Attorney General of the State of Texas and shall have been registered by the Comptroller of Public Accounts of the State of Texas.
 - (d) Nothing shall have occurred prior to closing which in the reasonable opinion of the Purchaser has had or could have a materially adverse effect on the City’s business, property or financial condition nor shall have there been a material change, in the reasonable opinion of the Purchaser, in the financial condition of the City.
 - (e) There has been no event, court decision, proposed law, or rule which may have the effect of changing the federal tax incidents of the City, the Purchaser, or the interest thereon of the Bond, or the transactions contemplated by this Purchase Letter.
 - (f) There has been no national or international crisis, or suspension of stock exchange trading, or banking moratorium materially affecting, in the reasonable opinion of the Purchaser, the market price of the Bond.
5. Nature of Purchase: The Purchaser acknowledges that no official statement or other disclosure or offering document has been prepared in connection with the issuance and sale of the Bond. The Purchaser is a financial institution or other accredited investor as defined in the Securities Act of 1933, Regulation D, 17 C.F.R. § 230.501(a), accustomed to purchasing tax-exempt obligations such as the Bond. Norton Rose Fulbright US LLP, Bond Counsel, has not undertaken steps to ascertain the accuracy or completeness of information furnished to the Purchaser with respect to the City or the Bond, and the Purchaser has not looked to that firm for, nor has that firm made, any representations to the Purchaser with respect to that information except as it relates to customary opinions that are normally provided in these types of financings. The Purchaser has satisfied itself that it may lawfully purchase the Bond. The Bond (i) is not being registered under the

Securities Act of 1933 and is not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state; (ii) will not be listed on any stock or other securities exchange; and (iii) will not carry any rating from any rating service. The Purchaser is familiar with the financial condition and affairs of the City, particularly with respect to its ability to pay its ad valorem tax-supported obligations such as the Bond. The Purchaser has received from the City all information that it as a reasonable purchaser has requested of the City as a result of the Purchaser having attached significance thereto in order for it to assess and evaluate the security and source of payment for the Bond. The Purchaser is purchasing the Bond for its own account or for that of an affiliate as evidence of a loan to the City and has no present intention to make a public distribution or sale of the Bond. In no event will the Purchaser sell the Bond to purchasers who are not sophisticated investors unless an official statement or other disclosure document is prepared with respect to such sale of the Bond.

6. In consideration of the purchase of the Bond by the Purchaser, and so long as the Purchaser is the 100% owner of the Bond, the City agrees as follows:
 - (a) The City agrees to deliver to the Purchaser within 210 days after the end of its fiscal year, its audited financial statements.
 - (b) The City agrees to deliver to the Purchaser any other financial information that the Purchaser may reasonably request from time to time in writing.
7. No Oral Agreements: To the extent allowed by law, the parties hereto agree to be bound by the terms of the following notice: THIS PURCHASE LETTER, THE ORDINANCE OF THE CITY AUTHORIZING THE BOND, THE ATTORNEY GENERAL OPINION, THE OPINION OF BOND COUNSEL AND THE BOND TOGETHER REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES REGARDING THIS TRANSACTION AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES RELATING TO THIS TRANSACTION.
8. No Boycott of Israel. To the extent this Purchase Letter constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code, the Purchaser 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 Purchase Letter. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, “boycott Israel,” a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but

does not include an action made for ordinary business purposes. The Purchaser understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Purchaser within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

9. Contracts with Companies Engaged in Business with Iran, Sudan or Foreign Terrorist Organizations Prohibited. The Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to enable the City to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal or Texas law and excludes the Purchaser and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Purchaser understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Purchaser within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.
10. No Discrimination Against Fossil-Fuel Companies. To the extent this Purchase Letter constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Purchaser 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 Purchase Letter. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, “boycott energy companies,” a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. The Purchaser understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Purchaser within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

11. No Discrimination Against Firearm Entities and Firearm Trade Associations. To the extent this Purchase Letter constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Purchaser 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 Purchase Letter. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law.

As used in the foregoing verification and the following definitions,

(a) “discriminate against a firearm entity or firearm trade association,” a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity’s or association’s status as a firearm entity or firearm trade association,

(b) “firearm entity,” a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates

an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and

(c) “firearm trade association,” a term defined in Section 2274.001(7), Texas Government Code (as enacted by such Senate Bill), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code. The Purchaser understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Purchaser within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

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

[signatures begin on next page]

If this purchase letter meets with the Purchaser's and the City's approval, please execute it in the place provided below.

[PURCHASER]

By: _____

Title: _____

DRAFT

[signatures continue on next page]

ACCEPTED BY THE CITY OF CANYON, TEXAS

Gary Hinders, Mayor

ATTEST:

Gretchen Mercer, City Clerk

DRAFT

EXHIBIT C

DEPOSIT LETTER

November 10, 2021

U.S. Bank National Association
13737 Noel Road, Suite 800
Dallas, Texas 75240

Re: City of Canyon, Texas, General Obligation Refunding Bond, Series 2020 (the
“Bond”)

Dear _____:

The City of Canyon, Texas (the “City”), is issuing the Bond to refund the outstanding (1) “City of Canyon, Texas, Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2012,” dated September 1, 2012, scheduled to mature on February 15 in each of the years [2023 through 2032], and in the aggregate principal amount of \$[5,235,000], and (2) “City of Canyon, Texas, General Obligation Refunding Bonds, Series 2013,” dated February 15, 2013, scheduled to mature on February 15 in each of the years [2023 through 2025 and 2027], and in the aggregate principal amount of \$[1,965,000] (collectively, the “Refunded Obligations”). U.S. Bank National Association, Dallas, Texas, currently serves as the paying agent/registrant (the “Prior Paying Agent”) for the Refunded Obligations. Capitalized terms used herein and not defined shall have the meanings assigned thereto in the ordinance adopted by the City Commission on November 10, 2021 (the “Ordinance”) which authorized the issuance of the Bond.

The Refunded Obligations will be redeemed on February 15, 2022 (the “Redemption Date”) with certain proceeds of the Bond, which are scheduled to be delivered in exchange for the purchase price therefor on December 7, 2021 (the “Bond Closing Date”). Upon delivery of the Bond, the City will deposit funds, including proceeds of sale of the Bond, in an amount sufficient to pay the redemption price of the Refunded Obligations (“Defeasance Deposit”), with the Prior Paying Agent in accordance with the terms of this Deposit Letter.

The Prior Paying Agent agrees to hold the Defeasance Deposit (in the amount of \$ _____) in an [uninvested] account and collateralized to the extent not insured by the FDIC until the Redemption Date. Such amount shall be collateralized only with direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, which may be in book-entry form. [Pending the disbursement of moneys held in such fund, amounts deposited to the credit of the fund may be invested at the direction of the City in direct obligations of the United States of America which mature on or before the Redemption Date and are not subject to prior redemption.

Absent written instructions from the City, the funds in such fund will remain uninvested. All earnings realized from the investment of such funds will be immediately remitted to the City after the Redemption Date. No investment of funds deposited to the credit of the fund shall be made on or after the Redemption Date. Except as authorized and permitted in this paragraph, neither the City nor the Prior Paying Agent shall invest any moneys deposited in the fund.] The City intends this Defeasance Deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations as required by the provisions of the laws of the State of Texas and the ordinances authorizing the issuance of the Refunded Obligations.

The Prior Paying Agent shall receive, hold and administer funds and discharge the directions set forth in this Deposit Letter in its capacity as paying agent/registrars for the Refunded Obligations pursuant to the Paying Agent/Registrar Agreements currently in effect therefor (the "Paying Agent/Registrar Agreements"). The Prior Paying Agent assumes no liability except as expressed in this Deposit Letter and in the Paying Agent/Registrar Agreements and in observance of due diligence in accordance with ordinary business practices.

The Prior Paying Agent agrees that (i) it shall serve as paying agent for the Refunded Obligations until the Refunded Obligations have been paid, (ii) its compensation for the services described herein shall be determined in accordance with the Paying Agent/Registrar Agreements and (iii) its remedies for nonpayment of fees under the Paying Agent/Registrar Agreements shall be limited to an action for amounts due and owing thereunder.

Upon disbursement of all of the funds deposited hereunder, this Deposit Letter shall terminate and the Prior Paying Agent shall provide the City with a final accounting of all of the funds disbursed pursuant hereto.

The Prior Paying Agent shall be protected in acting upon any written notice, request, waiver, consent, certificate, receipt, authorization, power of attorney, or other paper or document which the Prior Paying Agent in good faith believes to be genuine and what it purports to be. The Prior Paying Agent may consult legal counsel in the event of a dispute or question as to the Prior Paying Agent's duties hereunder, and the Prior Paying Agent shall incur no liability and shall be fully protected in acting in accordance with the good faith, opinion and instructions of such counsel.

The Prior Paying Agent shall have only those duties as are specifically provided herein and in the Paying Agent/Registrar Agreements and shall under no circumstances be deemed a fiduciary for the City. The Prior Paying Agent shall neither be responsible for, nor chargeable, with, knowledge of the terms and conditions of any other agreement, instrument or document between the other parties hereto, in connection herewith. The Deposit Letter sets forth all matters pertinent to the payment of the Refunded Obligations contemplated hereunder, and no additional obligations of the Prior Paying Agent shall be inferred from the terms of this Deposit Letter.

You are hereby directed to disburse the Defeasance Deposit on February 15, 2022, in the amount of \$_____ to the owners of the Refunded Obligations to pay the principal of and interest on the Refunded Obligations to the Redemption Date.

The Prior Paying Agent hereby (1) certifies that the Defeasance Deposit is sufficient to pay the redemption price of the Refunded Obligations on February 15, 2022, (2) acknowledges receipt of this Deposit Letter, the Ordinance, and the bond ordinances authorizing the issuance of the Refunded Obligations, (3) acknowledges that the amount due for any paying agent fees owed in connection with the Refunded Obligations is \$_____ and (4) certifies that notices of redemption (the “Notices of Redemption”) have been provided to the holders of the Refunded Obligations in the form and manner required by the provisions of the bond ordinances authorizing the issuance of such Refunded Obligations.

To the extent this Deposit Letter constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code, the Prior Paying Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Deposit Letter. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, “boycott Israel,” a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Prior Paying Agent understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Prior Paying Agent within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

The Prior Paying Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to enable the City to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal or Texas law and excludes the Prior Paying Agent and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Prior Paying Agent understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Prior Paying Agent within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

To the extent this Deposit Letter constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Prior Paying 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 Deposit Letter. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, “boycott energy companies,” a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. The Prior Paying Agent understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Prior Paying Agent within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

To the extent this Deposit Letter constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Prior Paying 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 Deposit Letter. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law.

As used in the foregoing verification and the following definitions,

(a) “discriminate against a firearm entity or firearm trade association,” a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity’s or association’s status as a firearm entity or firearm trade association,

(b) “firearm entity,” a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by such Senate

Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and

(c) “firearm trade association,” a term defined in Section 2274.001(7), Texas Government Code (as enacted by such Senate Bill), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code. The Prior Paying Agent understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Prior Paying Agent within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

To the extent the City directs the Prior Paying Agent to rescind a Notice of Redemption, the City assumes full responsibility and shall indemnify, to the extent permitted by law, the Prior Paying Agent and its officers, directors, agents and employees and save it and them harmless from and against any and all losses, liabilities, costs, claims, suits and expenses (including attorneys’ fees and expenses) arising out of such rescission of the Notice of Redemption.

This Deposit Letter shall be effective as of the date first written above. Thank you for your assistance in this matter.

[signature page follows]

EXECUTED as of the date first written above, but effective as set forth herein.

CITY OF CANYON, TEXAS

Gary Hinders, Mayor

DRAFT

U.S. BANK NATIONAL ASSOCIATION,
Dallas, Texas

Dated: November 10, 2021

By: _____

Name: _____

Title: _____

DRAFT

EXHIBIT D

NOTICE OF REDEMPTION

**CITY OF CANYON, TEXAS,
TAX AND WATERWORKS AND SEWER SYSTEM SURPLUS REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2012
DATED SEPTEMBER 1, 2012**

NOTICE IS HEREBY GIVEN that the certificates of the above series maturing on February 15 in each of the years [2023 through 2032], and aggregating in principal amount \$[5,235,000] have been called for redemption on February 15, 2022 (the "Redemption Date") at the redemption price of par and accrued interest to the date of redemption, such certificates being identified as follows:

<u>Year of Maturity</u>	<u>Principal Amount (\$)</u>	<u>CUSIP Number</u>
2023	445,000	138897DE0
2024	460,000	138897DF7
2025	475,000	138897DG5
2026	495,000	138897DH3
2027	515,000	138897DJ9
2028	530,000	138897DK6
2029	545,000	138897DL4
2030	570,000	138897DM2
2031	590,000	138897DN0
2032	610,000	138897DP5

ALL SUCH CERTIFICATES shall become due and payable on February 15, 2022, and interest thereon shall cease to accrue from and after said redemption date and payment of the redemption price of said certificates shall be paid to the registered owners of the certificates only upon presentation and surrender thereof to U.S. Bank National Association, Attention: Bond Operations, 111 Fillmore Avenue East, St. Paul, Minnesota 55107-1402.

THIS NOTICE is issued and given pursuant to the terms and conditions prescribed for the redemption of said certificates and pursuant to an ordinance by the City Commission of the City of Canyon, Texas.

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent/Registrar,
13737 Noel Road, Suite 800
Dallas, Texas 75240

EXHIBIT E

NOTICE OF REDEMPTION

CITY OF CANYON, TEXAS,
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013
DATED FEBRUARY 15, 2013

NOTICE IS HEREBY GIVEN that the bonds of the above series maturing on February 15 in each of the years [2023 through 2025 and 2027], and aggregating in principal amount \$[1,965,000] have been called for redemption on February 15, 2022 (the "Redemption Date") at the redemption price of par and accrued interest to the date of redemption, such bonds being identified as follows:

<u>Year of Maturity</u>	<u>Principal Amount (\$)</u>	<u>CUSIP Number</u>
2023	575,000	138897DZ3
2024	590,000	138897EA7
2025	610,000	138897EB5
***	***	***
2027*	190,000	138897EC3

*Term Bond

ALL SUCH BONDS shall become due and payable on February 15, 2022, and interest thereon shall cease to accrue from and after said redemption date and payment of the redemption price of said bonds shall be paid to the registered owners of the bonds only upon presentation and surrender thereof to U.S. Bank National Association, Attention: Bond Operations, 111 Fillmore Avenue East, St. Paul, Minnesota 55107-1402.

THIS NOTICE is issued and given pursuant to the terms and conditions prescribed for the redemption of said bonds and pursuant to an ordinance by the City Commission of the City of Canyon, Texas.

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent/Registrar,
13737 Noel Road, Suite 800
Dallas, Texas 75240