JOINT SPECIAL MEETING OF THE
HARLINGEN CITY COMMISSION &
HARLINGEN WATERWORKS SYSTEM
UTILITY BOARD OF TRUSTEES
WEDNESDAY, NOVEMBER 6th, 2019
CITY HALL, TOWN HALL MEETING ROOM
118 E. TYLER STREET
HARLINGEN, TEXAS

Notice is hereby given that a Joint Special Meeting of the Harlingen City Commission and the Harlingen Waterworks System Utility Board of Trustees will be held Wednesday, November 6th, 2019 at 4:30 P.M., City Hall, Town Hall Meeting Room, 2nd Floor, 118 E. Tyler Street, Harlingen, Texas.

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

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

Call meeting to order (Harlingen City Commission)

Call meeting to order (Harlingen Waterworks System Utility Board of Trustees)

Citizen Communication / Input

1. (Harlingen Waterworks System Utility Board of Trustees) Consideration and adoption of a resolution by the Harlingen Waterworks System Utility Board of Trustees relating to the issuance and sale of bonds designated as “City of Harlingen, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2019”; and other matters in connection therewith. (HWWS)

2. (Harlingen City Commission) Consideration and possible action to approve an ordinance on first and final reading by the City Commission of the City of Harlingen, Texas authorizing the issuance of the Waterworks and Sewer System Revenue Refunding Bonds, Series 2019; pledging the revenues of the Waterworks and Sewer System for repayment of said Bonds; authorizing the redemption of certain obligations; providing for the parameter sale of said Bonds; and enacting other provisions related thereto. Attachment (City Manager)

Adjournment
I, the undersigned authority, do hereby certify that the above notice of meeting is a true and correct copy of said notice posted on the City’s bulletin board, City Hall, 118 E. Tyler Avenue, a place convenient and readily accessible to the general public at all times and said notice was posted on November 1st, 2019 at 4:25 a.m./p.m. at least 72 hours preceding the scheduled time of said meeting.

Dated this 1st day of November, 2019

Amanda C. Elizondo, City Secretary
RESOLUTION NO._______

A RESOLUTION BY THE HARLINGEN WATERWORKS SYSTEM
UTILITY BOARD OF TRUSTEES RELATING TO THE ISSUANCE AND
SALE OF BONDS DESIGNATED AS “CITY OF HARLINGEN, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING
BONDS, SERIES 2019”; AND OTHER MATTERS IN CONNECTION
THEREWITH

WHEREAS, pursuant to the authority contained in Chapter 1507, as amended, Texas
Government Code, the Home-Rule Charter of the City of Harlingen, Texas (the “Issuer”), and
certain ordinances (the “Prior Bond Ordinances”) previously passed by the City Commission (the
“Governing Body”) of the Issuer, authorizing the issuance of the currently outstanding first lien
revenue bonds (the “Revenue Bonds”), the complete management, control, and operation of the
Issuer’s combined waterworks and sewer system (the “System”) of the Issuer is vested in a board
of trustees known as the City of Harlingen Waterworks System Utility Board of Trustees (the
“Board”), during the period of time any of the Revenue Bonds are outstanding and unpaid; and

WHEREAS, there is presently outstanding the following bonds of the City of Harlingen,
Texas (the “Issuer”) which are secured by a first lien on the Net Revenues of the Issuer’s
Waterworks System and Sewer System:

City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds,
Series 2015A, dated September 1, 2015, maturing November 1, 2020 through
November 1, 2035, now outstanding in the principal amount of $10,140,000 (the “Series
2015A Bonds”); and

City of Harlingen, Texas Waterworks and Sewer System Revenue Refunding
Bonds, Series 2015B, dated September 1, 2015, maturing November 1, 2020 now
outstanding in the principal amount of $3,660,000 (the “Series 2015B Bonds”); and

City of Harlingen, Texas Waterworks and Sewer System Revenue Bonds, Series
2010A, dated September 15, 2010, maturing November 1, 2020 through November 1,
2035, now outstanding in the principal amount of $5,190,000 (the “Series 2010A
Bonds”); and

City of Harlingen, Texas Waterworks and Sewer System Revenue Refunding
Bonds, Series 2010B, dated September 15, 2010, maturing November 1, 2020 now
outstanding in the principal amount of $125,000 (the “Series 2010B Bonds”); and

WHEREAS, the Board has determined that waterworks and sewer system revenue
refunding bonds (the “Bonds”) should be issued by the Issuer pursuant to a delegated sale in
accordance with Chapter 1207, as amended, Texas Government Code (“Chapter 1207”) and an
ordinance to be adopted by the Issuer (the “Ordinance”) authorizing the delegated sale and
issuance of the Bonds with the final terms of the sale to be established in a pricing certificate (the
“Pricing Certificate”) to be approved and executed by an authorized officer of the City (the
“Authorized Officer”) as designated in the Ordinance to provide funds to (i) refund certain
currently outstanding obligations, and (ii) pay certain costs of issuance; and

#60635774
WHEREAS, the proceeds from the Bonds, together with a cash contribution of the Issuer to be deposited into the Escrow Fund, will be used to refund and defease all or a portion of the outstanding Series 2010A Bonds in the maximum aggregate amount of $5,190,000 (collectively, the “Refunded Bonds”) as determined by the Pricing Certificate; and

WHEREAS, by virtue of the authority and power vested in the Board with reference to the expenditure and application of the revenues of the System and to comply with the terms and conditions prescribed in the Prior Bond Ordinances authorizing the Revenue Bonds payable by a first and prior lien on and pledge of the Net Revenues of the System, it is necessary and proper for the Board to formally request the Governing Body of the Issuer to authorize the delegated sale of the Bonds, consent to the issuance of the same, approve the Ordinance, and agree to comply with all the terms and provisions of such Ordinance and the Pricing Certificate, including, but not limited to, those relating to the operation of the System and the handling of the proceeds of the Bonds; now, therefore,

BE IT RESOLVED BY THE CITY OF HARLINGEN WATERWORKS SYSTEM UTILITY BOARD OF TRUSTEES THAT:

1. The Governing Body of the Issuer is hereby formally requested to authorize the delegated sale of tax-exempt waterworks and sewer system revenue refunding bonds in a maximum aggregate principal amount not to exceed $5,190,000 to be payable from the same source, secured in the same manner, as provided in the Ordinance. The Board by the adoption of this Resolution hereby evidences its consent to the issuance and sale of such revenue bonds and the payment thereof from the Net Revenues of the System and its approval of the Ordinance authorizing the issuance of obligations to be designated as the “City of Harlingen, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2019”, and substantially in the form of the Ordinance attached to the Resolution as Exhibit A and the terms and provisions of the Ordinance are incorporated by reference for all purposes; and the Board hereby agrees to comply with all of the terms and provisions of the Ordinance with relation to the administration and operation of the System and the disposition of the revenues therefrom.

2. The Board recognizes that Article XI of the Ordinance relating to “Federal Tax Matters” contains covenants of the Issuer relating to the Bonds. Since the proceeds of these Bonds will be entirely within the control and disposition of the Board, the Board specifically adopts the covenants to be made by the Governing Body in Article XI of the Ordinance.

3. The Board recognizes that Article XIII of the Ordinance relating to “Continuing Disclosure Undertaking” contains covenants of the Issuer relating to the Bonds. Since certain financial information, financial status, operating data, and annual audits of the System will be entirely within the control and disposition of the Board, the Board specifically adopts the covenants to be made by the Governing Body in Article XIII of the Ordinance.

4. The Board by the adoption of this Resolution hereby evidences its approval of the action of the Governing Body authorizing the Bonds to be payable from the Net Revenues of the System at or prior to their stated maturities all as provided in the Ordinance.
5. In order to comply with various provisions of Texas law and for the interest on the Bonds to be tax-exempt, various certificates must be provided to bond counsel and to the Attorney General for the State of Texas; therefore, upon obtaining the advice and consent of legal counsel, the Chairman, the Vice Chairman, the General Manager and the Finance Director of the Board are authorized to execute any certificate (including but not limited to a Federal Tax Certificate), or other documents, relating to the issuance, sale, and delivery of the Bonds.

6. The Board delegates to the System’s General Manager or the Finance Director, or their designees, the authority to take any and all other actions consistent with the provisions of this Resolution and the Ordinance to effectuate the sale, issuance and delivery of the Bonds.

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

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

[Execution page follows]
PASSED AND APPROVED this 6th day of November, 2019.

ATTEST:  
HARLINGEN WATERWORKS SYSTEM  
CITY OF HARLINGEN, TEXAS

______________________________  ________________________________
Secretary, Utility Board of Trustees  Chairman, Utility Board of Trustees
EXHIBIT “A”

Series 2019A Bond Ordinance
See Tab ___
AGENDA ITEM  
EXECUTIVE SUMMARY  

Meeting Date: November 6, 2019  

**Agenda Item:**  
Consideration and possible action to approve an ordinance on first and final reading by the City Commission of the City of Harlingen, Texas authorizing the issuance of the Waterworks and Sewer System Revenue Refunding Bonds, Series 2019; pledging the revenues of the Waterworks and Sewer System for repayment of said Bonds; authorizing the redemption of certain obligations; providing for the parameter sale of said Bonds; and enacting other provisions related thereto.

**Prepared By (Print Name):** Timothy E. Skoglund, P.E.  
**Title:** General Manager  
**Signature:** 

**Brief Summary:**  
An opportunity to refinance Harlingen Waterworks System's Series 2010A bond issue having a principal balance of $5,190,000 has recently become available. The Harlingen Waterworks System Utility Board of Trustees has agreed to allow its financial advisor, Hilltop Securities, to proceed with efforts to refund the Series 2010A Bonds. Adoption of an ordinance granting authority to issue refunding bonds and to execute documents necessary to effectuate such transaction is needed. The refunding bonds are projected to save over $462,000 on a present value basis and are projected to have a present value benefit of approximately 8.98% of refunded bond par amount.

**Funding (if applicable):**  
Are funds specifically designated in the current budget for the full amount [ ] Yes [ ] No*  
*If no, specify source of funding and amount requested:  

**Finance Director's approval:**  
[ ] Yes  
[ ] No  
[ ] N/A

**Staff Recommendation:**  
Staff recommends adoption of the ordinance authorizing refinancing of the existing bond.

**City Manager’s approval:**  
[ ] Yes  
[ ] No  
[ ] N/A

**City Attorney’s approval:**  
[ ] Yes  
[ ] No  
[ ] N/A
ORDINANCE NO. ________

AUTHORIZING THE
ISSUANCE OF

CITY OF HARLINGEN, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS
SERIES 2019

Adopted: November 6, 2019
TABLE OF CONTENTS

Recitals ................................................................. 1

ARTICLE I

FINDINGS AND DETERMINATIONS

Section 1.01. Findings .................................................. 2

ARTICLE II

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 2.01. Definitions ............................................. 2
Section 2.02. Findings .................................................. 7
Section 2.03. Table of Contents, Titles and Headings .................. 7
Section 2.04. Interpretation ........................................... 7

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01. Authorization ........................................... 7
Section 3.02. Date, Denomination, Maturities and Interest .............. 7
Section 3.03. Medium, Method and Place of Payment .................. 8
Section 3.04. Execution and Registration of Bonds .................... 9
Section 3.05. Ownership ................................................ 10
Section 3.06. Registration, Transfer and Exchange .................... 10
Section 3.07. Cancellation ............................................ 11
Section 3.08. Replacement Bonds .................................... 11
Section 3.09. Book-Entry Only System ................................ 12
Section 3.10. Successor Securities Depository: Transfer Outside Book-Entry Only System ........................................ 13
Section 3.11. Payments to Cede & Co ................................ 13

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Limitation on Redemption ................................ 13
Section 4.02. Optional Redemption .................................... 13
Section 4.03. Mandatory Redemption .................................. 13
Section 4.04. Partial Redemption ...................................... 14
Section 4.05. Notice of Redemption to Owners ....................... 14
Section 4.06. Payment Upon Redemption ................................ 15
Section 4.07. Effect of Redemption .................................... 15
Section 4.08. Lapse of Payment ....................................... 15
ARTICLE V
PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar ..................................................16
Section 5.02. Qualifications ........................................................................................................16
Section 5.03. Maintaining Paying Agent/Registrar .....................................................................16
Section 5.04. Termination ..........................................................................................................16
Section 5.05. Notice of Change to Owners .................................................................................16
Section 5.06. Agreement to Perform Duties and Functions .......................................................16
Section 5.07. Delivery of Records to Successor ..........................................................................17

ARTICLE VI
FORM OF THE BONDS

Section 6.01. Form Generally ....................................................................................................17
Section 6.02. CUSIP Registration ...............................................................................................17
Section 6.03. Legal Opinion .......................................................................................................17
Section 6.04. Bond Insurance ....................................................................................................17

ARTICLE VII
SECURITY AND SOURCE OF PAYMENT FOR ALL PARITY OBLIGATIONS;
COVENANTS AND PROVISIONS RELATING TO ALL PARITY OBLIGATIONS

Section 7.01. Pledge ..................................................................................................................18
Section 7.02. Rates ....................................................................................................................18
Section 7.03. Funds ....................................................................................................................18
Section 7.04. Revenue Fund .....................................................................................................19
Section 7.05. Interest and Sinking Fund ....................................................................................19
Section 7.06. Reserve Fund .......................................................................................................19
Section 7.07. Deficiencies in Funds ............................................................................................21
Section 7.08. Excess Revenues ..................................................................................................21
Section 7.09. Security for Funds ................................................................................................21
Section 7.10. Additional Bonds ..................................................................................................21
Section 7.11. Maintenance and Operation; Insurance .................................................................22
Section 7.12. Accounts and Fiscal Year .....................................................................................23
Section 7.13. Accounting Reports ..............................................................................................23
Section 7.14. Inspection .............................................................................................................23
Section 7.15. Special Covenants ...............................................................................................23
Section 7.16. Bonds are Special Obligations ..............................................................................24

ARTICLE VIII
DISCHARGE

Section 8.01. Discharge .............................................................................................................25
ARTICLE IX

DELEGATION OF AUTHORITY, SALE AND DELIVERY OF BONDS, DEPOSIT OF PROCEEDS

Section 9.01. Sale of Bonds; Official Statement ............................................................ 25
Section 9.02. Control and Delivery of Bonds ................................................................. 26
Section 9.03. Deposit of Proceeds; Transfer of Funds ...................................................... 26

ARTICLE X

REPRESENTATIONS AND COVENANTS

Section 10.01. Payment of the Bonds .............................................................................. 27
Section 10.02. Other Representations and Covenants ....................................................... 27

ARTICLE XI

PROVISIONS CONCERNING FEDERAL INCOME TAX MATTERS

Section 11.01. General ...................................................................................................... 27
Section 11.02. No Private Use or Payment and No Private Loan Financing ......................... 27
Section 11.03. No Federal Guarantee ................................................................................. 27
Section 11.04. No Hedge Bonds ........................................................................................ 27
Section 11.05. No Arbitrage ............................................................................................... 28
Section 11.06. Arbitrage Rebate ....................................................................................... 28
Section 11.07. Information Reporting ............................................................................... 28
Section 11.08. Record Retention ....................................................................................... 28
Section 11.09. Registration ............................................................................................... 28
Section 11.10. Deliberate Actions ...................................................................................... 28
Section 11.11. Qualified Tax-Exempt Obligations .............................................................. 28
Section 11.12. Continuing Obligation ............................................................................... 29

ARTICLE XII

SUBSCRIPTION FOR SECURITIES; APPROVAL OF ESCROW AGREEMENT; PAYMENT OF REFUNDED BONDS

Section 12.01. Subscription for Securities ........................................................................... 29
Section 12.02. Appointment of Escrow Agent; Approval of Escrow Agreement; Deposit with Paying Agent for Refunded Bonds .................................................................................. 29
Section 12.03. Redemption and Defeasance of Refunded Bonds ........................................... 29

ARTICLE XIII

CONTINUING DISCLOSURE UNDERTAKING

Section 13.01. Annual Reports ......................................................................................... 29
Section 13.02. Event Notices ............................................................................................. 30
Section 13.03. Limitations, Disclaimers and Amendments ................................................... 32
Section 13.04. Amendments to the Rule.................................................................33

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Changes to Ordinance.................................................................33
Section 14.02. Partial Invalidity ...........................................................................33
Section 14.03. Repealer .......................................................................................33
Section 14.04. Individuals Not Liable .................................................................33
Section 14.05. Related Matters ...........................................................................33
Section 14.06. Severability and Savings.........................................................34
Section 14.07. Force and Effect .........................................................................34

Schedule I – Refunded Bond Candidates
ORDINANCE AUTHORIZING THE ISSUANCE AND DELIVERY OF THE
CITY OF HARLINGEN, TEXAS WATERWORKS AND SEWER SYSTEM
REVENUE REFUNDING BONDS, SERIES 2019; PLEDGING THE
REVENUES OF THE CITY'S WATERWORKS AND SEWER SYSTEM TO
THE PAYMENT OF PRINCIPAL AND INTEREST ON SAID BONDS;
AUTHORIZING THE REDEMPTION PRIOR TO MATURITY OF
CERTAIN OUTSTANDING OBLIGATIONS; PROVIDING FOR THE
AWARD AND SALE OF SAID BONDS IN ACCORDANCE WITH
CERTAIN PARAMETERS; AND ENACTING OTHER PROVISIONS
RELATING THERETO

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

WHEREAS, there is presently outstanding obligations of the City of Harlingen, Texas (the
"City") that are secured by a first lien on the Net Revenues (hereinafter defined) of the City's
Waterworks and Sewer System (the "System"); and

WHEREAS, the City desires to issue the bonds hereinafter authorized for the purpose of
refunding certain of its outstanding obligations as identified and described on Schedule I attached
hereto (the "Refunded Bond Candidates") for the purpose of achieving debt service savings; and

WHEREAS, it is intended that all or a portion of the Refunded Bond Candidates shall be
designated as Refunded Bonds (as hereinafter defined) in the Pricing Certificate (as hereinafter
defined) and shall be refunded pursuant to this Ordinance and the Pricing Certificate; and

WHEREAS, Chapter 1207, Texas Government Code, as amended, ("Chapter
1207") authorizes the City to issue refunding bonds for the purpose of refunding the Refunded Bonds in
advance of their maturities, and to accomplish such refunding by depositing directly with a paying
agent for the Refunded Bonds (or other qualified escrow agent), the proceeds of such refunding
bonds, together with other available funds or securities, in an amount sufficient to provide for the
payment or redemption of the Refunded Bonds, and provides that such deposit shall constitute the
making of firm banking and financial arrangements for the discharge and final payment or
redemption of the Refunded Bonds; and

WHEREAS, the City desires to authorize the execution of an escrow agreement or a
deposit agreement, if necessary, in order to provide for the deposit of proceeds of the refunding
bonds and, to the extent specified pursuant hereto, other lawfully available funds of the City and
to pay the redemption price of the Refunded Bonds when due; and

WHEREAS, upon the issuance of the refunding bonds herein authorized and the deposit
of funds referred to above, the Refunded Bonds shall no longer be regarded as being outstanding,
except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all
other covenants, provisions, terms and conditions of the ordinances authorizing the issuance of the
Refunded Bonds shall be, with respect to the Refunded Bonds, discharged, terminated and
defeased; and
WHEREAS, the City hereby finds and determines that the issuance and delivery of the refunding bonds hereinafter authorized is necessary and in the public interest and the use of the proceeds in the manner herein specified constitutes a valid public purpose; and

WHEREAS, the City hereby finds and determines that the refunding contemplated in this Ordinance will benefit the City by providing present value savings in the debt service payable by the City, and that such benefit is sufficient consideration for the refunding of the Refunded Bonds; and

WHEREAS, pursuant to Chapter 1207, the City desires to delegate the authority to effect the sale of the Bonds (as defined herein) to the Authorized Officer (as defined herein); and

WHEREAS, the bonds hereinafter authorized are to be issued and delivered pursuant to Chapters 1207 and 1502 of the Texas Government Code, as amended (the “Act”); and

WHEREAS, the meeting at which this Ordinance is being considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code; Now, Therefore

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

ARTICLE I

FINDINGS AND DETERMINATIONS

Section 1.01. Findings. It is hereby found and determined that the findings and recitations set out in the preamble to this Ordinance are found to be true and correct and they are hereby adopted by the City Commission of the City and made a part hereof for all purpose.

ARTICLE II

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 2.01. Definitions. Unless otherwise expressly provided in this Ordinance, or unless the context clearly requires otherwise, the following terms shall have the meanings specified below:

“Act” means collectively Chapters 1207 and 1502, Texas Government Code, as amended.

“Additional Bonds” means the additional parity revenue bonds that the City reserves the right to issue and deliver in the future, as provided by this Ordinance.

“Authorized Officer” means the City Manager, Assistant City Manager, the Finance Director of the City or the Mayor of the City or his designee, the General Manager of the System, the Chairman of the System, or the Finance Director of the System, who are authorized to act on behalf of the City in selling and delivering the Bonds, or such other officers of the City as designated in writing.
“Bond” means any of the Bonds.

“Bonds” means the City’s bonds authorized to be issued by Section 3.01 of this Ordinance.

“Bond Counsel” means Bracewell LLP.

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

“Chapter 1207” means Chapter 1207, Texas Government Code, as amended.

“City” means the City of Harlingen, Texas, or the City Commission of the City acting in its official capacity.

“Closing Date” means the date of the initial delivery of and payment for the Bonds.

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

“Credit Facility” means (i) with respect to any Credit Facility consisting of a policy of municipal bond insurance or a surety bond, an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations such as the Bonds or Additional Bonds, provided that a Rating Agency having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds fully insured by a standard policy issued by the issuer in its highest generic rating category for such obligations; and (ii) with respect to any Credit Facility consisting of a letter or line of credit, any financial institution, provided that a Rating Agency having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds in its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the series of Bonds or Additional Bonds and the interest thereon.

“Credit Facility Provider” shall mean (i) with respect to any Credit Facility consisting of a policy of municipal bond insurance or a surety bond, an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations such as the Bonds or Additional Bonds, provided that a Rating Agency having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds fully insured by a standard policy issued by the issuer in its highest generic rating category for such obligations; and (ii) with respect to any Credit Facility consisting of a letter or line of credit, any financial institution, provided that a Rating Agency having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds in its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the series of Bonds or Additional Bonds and the interest thereon.

“Dated Date” means the date of the Bonds as designated in the Pricing Certificate.
“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in the Pricing Certificate, the Designated Payment/Transfer Office as designated in the Paying Agent/Registrar Agreement, or at such other location designated by the Paying Agent/Registrar, and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“DTC” means The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“Escrow Agent” means the escrow agent designated in the Pricing Certificate.

“Escrow Agreement” means the escrow agreement by and between the City and the Escrow Agent relating to the Refunded Bonds.

“Escrow Fund” means the fund or funds established by the Escrow Agreement to hold cash and securities for the payment of debt service on the Refunded Bonds.

“Federal Securities” means (1) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States; (2) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the Pricing Certificate, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of the Pricing Certificate, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

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

“Fiscal Year” means the twelve month period ending September 30 of each year, unless otherwise designated by the City.

“Initial Bond” means the Initial Bond authorized by Section 3.04(d) of this Ordinance.

“Interest Payment Date” means the date or dates on which interest on the Bonds is scheduled to be paid, as designated in the Pricing Certificate.

“Investment” means cash, investments, any Credit Facility, or any combination of the foregoing.
“Maturity” means the date on which the principal of the Bonds becomes due and payable according to the terms thereof, whether at Stated Maturity or by proceedings for prior redemption.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Revenues” means all gross revenues of the System, after deducting the expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs, and extensions necessary to render efficient service, provided, however, that only such repairs and extensions, as in the judgment of the City Commission of the City, reasonably and fairly exercised by the passage of appropriate ordinances, are necessary to keep the System in operation 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 the Bonds and any Additional Bonds, shall be deducted in determining the “Net Revenues.” Depreciation and payments into and out of the Interest and Sinking Fund and the Reserve Fund, the existence and maintenance of which are hereinafter reaffirmed, shall never be considered as expenses of operation and maintenance.

“Ordinance” means this Ordinance authorizing the Bonds.


“Owner” means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

“Paying Agent/Registrar” means the paying agent/registrar designated in the Pricing Certificate.

“Paying Agent Registrar Agreement” means the Paying Agent/Registrar Agreement between the Paying Agent/Registrar and the City relating to the Bonds.

“Pricing Certificate” means a certificate or certificates to be signed by the Authorized Officer in connection with the issuance of the Bonds under this Ordinance.

“Purchase Agreement” means the purchase agreement between the City and the Underwriter providing for the sale of the Bonds.

“Rating Agency” means any nationally recognized municipal securities rating service.

“Record Date” means the Record Date set forth in the Pricing Certificate.

“Refunded Bond Candidates” means the obligations of the City described in Schedule I attached hereto which are hereby authorized to be designated as Refunded Bonds in the Pricing Certificate.

“Refunded Bonds” mean those obligations of the City designated as such in the Pricing Certificate from the list of Refunded Bond Candidates.
“Register” means the bond register specified in Section 3.06(a).

“Regulations” means the applicable, proposed, temporary or final Treasury Regulations promulgated under the Code, or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Representations Letter” means the Blanket Letter of Representations between the City and DTC.

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

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

“Special Payment Date” means the date that is 15 days after the Special Record Date, as described in Section 3.03(e).

“Special Record Date” means the new record date for interest payment established in the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, as described in Section 3.03(e).

“State” means the State of Texas.

“Stated Maturity” means the respective stated maturity dates of the Bonds specified in the Pricing Certificate.

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

“Subordinate Debt” means any obligation of the City heretofore or hereafter issued which is payable (i) in whole or in part from the Net Revenues and (ii) secured by a lien on and pledge of Net Revenues which is not, by its terms, a first lien on and pledge of such Net Revenues, or on parity with these Bonds.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of principal, premium, if any, or interest, or money set aside for the payment of Bonds duly called for redemption prior to Stated Maturity and remaining unclaimed by the Owners of such Bonds for 90 days after the applicable payment or redemption date.

“Underwriter” means the underwriter or underwriters designated in the Purchase Agreement.

“Utility Board of Trustees” shall mean the City of Harlingen Waterworks System Utility Board of Trustees as established by the City’s charter.

Section 2.02. Findings. The declarations, determinations and findings declared, made and found in the preamble to this Ordinance are hereby adopted, restated and made a part of the operative provisions hereof.
Section 2.03. Table of Contents, Titles and Headings. The table of contents, titles and headings of the articles and sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise. References to section numbers shall mean sections in this Ordinance.

Section 2.04. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Any action required to be taken on a date which is not a Business Day shall be taken on the next succeeding Business Day and have the same effect as if taken on the date so required.

(c) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Ordinance.

(d) References to section numbers shall mean sections in this Ordinance unless designated otherwise.

ARTICLE III
AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01. Authorization. The City's Bonds to be designated “City of Harlingen, Texas, Waterworks and Sewer System Revenue Refunding Bonds, Series 2019,” unless otherwise designated in the Pricing Certificate, are hereby authorized to be issued and delivered pursuant to the Act. The Bonds shall be issued in the aggregate principal amount not to exceed $5,190,000 for the purpose of refunding the Refunded Bonds and paying the costs of issuing the Bonds.

Section 3.02. Date, Denomination, Maturities and Interest.

(a) The Bonds shall be dated the Dated Date as set forth in the Pricing Certificate, shall be issued in fully registered form, without coupons, in denominations of $5,000 or any integral multiple thereof, and shall be numbered separately from R-1 upward or such other designation acceptable to the City and the Paying Agent/Registrar, except the Initial Bond, which shall be numbered I-1. Bonds delivered on transfer of or in exchange for other Bonds shall be numbered in order of their authentication by the Paying Agent/Registrar, shall be in denominations of $5,000 or any integral multiple thereof, and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

(b) The Bonds shall mature on the same day in each of the years and in the principal amounts, and shall bear interest at the per annum rates, all as set forth in the Pricing Certificate.
(c) Interest shall accrue and be paid on each Bond, respectively, until the principal amount thereof has been paid or provision for such payment has been made, from the later of (i) the Dated Date or the Closing Date, as set forth in the Pricing Certificate, or (ii) the most recent Interest Payment Date to which interest has been paid or provided for at the rate per annum for each respective maturity specified in the Pricing Certificate. Such interest shall be payable on each Interest Payment Date until Maturity and shall be calculated on the basis of a 360-day year of twelve 30-day months.

Section 3.03. Medium, Method and Place of Payment.

(a) The principal of and interest on the Bonds shall be paid in lawful money of the United States of America.

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

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

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

(e) 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 special payment date of the past due interest (the “Special Payment Date,” which shall be 15 days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice.

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

Section 3.04. Execution and Registration of Bonds.

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

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

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

(d) On the Closing Date, one Initial Bond representing the entire principal amount of the Bonds designated in the Pricing Certificate, payable in stated installments to the Underwriter or its designee, executed by the manual or facsimile signatures of the Mayor and the City Secretary, approved by the Attorney General of the State, and registered and manually signed by the Comptroller of Public Accounts of the State, will be delivered to the Underwriter or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver registered definitive Bonds to DTC in accordance with Section 3.09 hereof. To the extent the Paying Agent/Registrar is eligible to participate in DTC’s FAST System, as evidenced by an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

Section 3.05. Ownership.

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

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

Section 3.06. Registration, Transfer and Exchange.

(a) So long as any Bonds remain outstanding, the City shall cause the Paying Agent/Registrar to keep at its Designated Payment/Transfer Office a bond register (the “Register”) in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Ordinance.

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

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

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

(e) No service charge shall be made to the Owner for the initial registration, any subsequent transfer, or exchange for a different denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond.

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

Section 3.07. Cancellation. All Bonds paid or redeemed before the Stated Maturity in accordance with this Ordinance, and all Bonds in lieu of which exchange Bonds or replacement
Bonds are authenticated and delivered in accordance with this Ordinance, shall be cancelled upon the making of proper records regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall dispose of such cancelled Bonds in the manner required by the Securities Exchange Act of 1934, as amended.

Section 3.08. Replacement Bonds.

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

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

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

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

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

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

(c) If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the City or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed, or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.
(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.09. **Book-Entry Only System.**

(a) Unless otherwise specified in the Pricing Certificate, the definitive Bonds shall be initially issued in the form of a separate fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.10 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds, except as provided in this Ordinance. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than an Owner of any amount with respect to principal or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the Bonds for the purpose of giving notices with respect to such Bond, and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register, as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City’s obligations with respect to payment of premium, if any, principal and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Bond evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Ordinance with respect to interest payments being mailed to the Owner as shown on the Register on the Record Date, the word “Cede & Co.” in this Ordinance shall refer to such new nominee of DTC.

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

Section 3.10. **Successor Securities Depository; Transfer Outside Book-Entry Only System.** In the event that the City determines that it is in the best interest of the City and of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC
discontinue the services described herein, the City or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

Section 3.11. Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter of the City to DTC.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Limitation on Redemption. The Bonds shall be subject to redemption before Stated Maturity only as provided in this Article IV and in the Pricing Certificate.

Section 4.02. Optional Redemption. The Bonds shall be subject to redemption at the option of the City at such times, in such amounts, in such manner and at such redemption prices as may be designated in the Pricing Certificate.

Section 4.03. Mandatory Redemption.

(a) The Bonds designated as “Term Bonds” in the Pricing Certificate (the “Term Bonds”), if any, are subject to scheduled mandatory redemption and will be redeemed by the City, in part, at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund (hereinafter defined), on the dates and in the respective principal amounts as set forth in the Pricing Certificate.

(b) Prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.05.

(c) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.03 shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City and delivered to
the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.04. Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to Section 4.02, the City shall determine the maturities (or mandatory sinking fund payment with respect to Term Bonds, if any) and the principal amount thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot or any other customary random selection method such Bonds for redemption.

(b) A portion of a single Bond of a denomination greater than $5,000 may be redeemed, but only in a principal amount equal to $5,000 or any integral multiple thereof. The Paying Agent/Registrar shall treat each $5,000 portion of such Bond as though it were a single Bond for purposes of selection for redemption.

(c) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Ordinance, shall authenticate and deliver exchange Bonds in an aggregate principal amount equal to the unredeemed principal amount of the Bond so surrendered, such exchange being without charge.

Section 4.05. Notice of Redemption to Owners.

(a) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by United States mail, first class, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register at the close of business on the Business Day next preceding the date of mailing such notice.

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

(c) The City reserves the right to give notice of its election or direction to redeem Bonds under Section 4.02 conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall remain outstanding and the rescission of such redemption shall not constitute an event of default.
(d) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

Section 4.06. Payment Upon Redemption.

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

(b) Upon presentation and surrender of any Bond called for redemption to the Paying Agent/Registrar on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Bond to the date of redemption from the money set aside for such purpose.

Section 4.07. Effect of Redemption.

(a) When Bonds have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

(b) If the City shall fail to make provision for payment of all sums due on a redemption date, then any Bond or portion thereof called for redemption shall continue to bear interest at the rate stated on the Bond until due provision is made for the payment of same by the City.

Section 4.08. Lapse of Payment. Money set aside for the redemption of the Bonds and remaining unclaimed by the Owners thereof shall be subject to the provisions of Section 3.03(f) hereof.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar.

(a) The Authorized Officer is hereby authorized to select and appoint the initial Paying Agent/Registrar for the Bonds, and the initial Paying Agent/Registrar shall be designated in the Pricing Certificate.

(b) The form of Paying Agent/Registrar Agreement is hereby approved. The Authorized Officer is hereby authorized and directed to execute and deliver, or cause the execution and delivery by the Mayor and the City Secretary, of a Paying Agent/Registrar Agreement, specifying the duties and responsibilities of the City and the Paying Agent/Registrar.
Section 5.02. Qualifications. Each Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State, or any other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Bonds.

Section 5.03. Maintaining Paying Agent/Registrar.

(a) At all times while any of the Bonds are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Ordinance.

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

Section 5.04. Termination. The City reserves the right to terminate the appointment of any Paying Agent/Registrar by (i) delivering to the entity whose appointment is to be terminated 45 days written notice of the termination of the appointment and of the Paying Agent/Registrar Agreement, stating the effective date of such termination, and (ii) appointing a successor Paying Agent/Registrar; provided that, no such termination shall be effective until a successor Paying Agent/Registrar has been appointed and has accepted the duties of Paying Agent/Registrar for the Bonds.

Section 5.05. Notice of Change to Owners. Promptly upon each change in the entity serving as Paying Agent/Registrar, the City will cause notice of the change to be sent to each Owner by first class United States mail, postage prepaid, at the address thereof in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 5.06. Agreement to Perform Duties and Functions. By accepting the appointment as Paying Agent/Registrar, and by executing the Paying Agent/Registrar Agreement, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and functions of Paying Agent/Registrar prescribed herein.

Section 5.07. Delivery of Records to Successor. The Paying Agent/Registrar, promptly upon the appointment of a successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

ARTICLE VI

FORM OF THE BONDS

Section 6.01. Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State to accompany the Initial Bond, the Certificate of the Paying Agent/Registrar, and the Assignment form which shall accompany, appear on or be attached or affixed to each of the Bonds, (i) shall be substantially in the form set forth in the Pricing Certificate, with such appropriate insertions, omissions, substitutions, and other variations as may be necessary or
desirable and not prohibited by this Ordinance and the Pricing Certificate, and (ii) may have such
tletters, 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 any legend relating to bond insurance for the Bonds
or reproduction of an opinion of counsel) as, consistently herewith, may be determined by the
Authorized Officer or by the officers executing such Bonds, as evidenced by their execution
thereof.

(b) The definitive Bonds shall be typewritten, photocopied, printed, lithographed, or
engraved, and may be produced by any combination of these methods or produced in any other
similar manner, all as determined by the officers executing such Bonds, as evidenced by their
execution thereof.

(c) The Initial Bond submitted to the Attorney General of the State may be typewritten
and photocopied or otherwise reproduced.

Section 6.02. CUSIP Registration. The City may secure identification numbers through
the CUSIP Global Services, which is managed on behalf of the American Bankers Association by
S&P Global Market Intelligence, or another entity that provides securities identification numbers
for municipal securities, and may print such numbers on the face of the Bonds. It is expressly
provided, however, that the presence or absence of CUSIP numbers on the Bonds or any errors or
omissions in the printing of such number shall be of no significance or effect in regard to the
legality thereof and neither the City nor Bond Counsel to the City are to be held responsible for
CUSIP numbers incorrectly printed on the Bonds.

Section 6.03. Legal Opinion. The approving legal opinion of Bond Counsel may be
attached to or printed on the reverse side of each Bond.

Section 6.04. Bond Insurance. If it is determined that the purchase of bond insurance
would result in savings to the City, the Authorized Officer is hereby authorized to approve the
purchase of and payment of the premium for bond insurance by the City and the terms of
commitment for such insurance, if any. All officials and representatives of the City are authorized
and directed to execute such documents and to do any and all things necessary or desirable to
obtain such insurance. A statement relating to the bond insurance obtained for the Bonds, if any,
may be printed on or attached to each Bond.

ARTICLE VII

SECURITY AND SOURCE OF PAYMENT FOR ALL PARITY OBLIGATIONS;
COVENANTS AND PROVISIONS RELATING TO ALL PARITY OBLIGATIONS

Section 7.01. Pledge.

(a) The Bonds authorized hereby are payable from and secured by a first lien on and
pledge of the Net Revenues of the System.

(b) The Bonds, and any Additional Bonds which may be issued in accordance with this
Ordinance, and the interest thereon, are and shall be payable from and secured by a first lien on

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-17-
and pledge of the Net Revenues of the System and said Net Revenues are further pledged irrevocably to the establishment and maintenance of the Funds created by this Ordinance.

Section 7.02. Rates. The City covenants and agrees with the holders of the Bonds and all Additional Bonds, as follows:

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

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

Section 7.03. Funds. The following special Funds have been created and maintained in an official depository bank of the City, so long as any of the Bonds, the Outstanding Bonds or Additional Bonds, or the interest thereon, are outstanding and unpaid:

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

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

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

Section 7.04. Revenue Fund. All gross revenues of every nature received from the operation and ownership of the System shall be deposited from day to day as collected into the Revenue Fund, and the reasonable, necessary, and proper expenses of operation and maintenance of the System shall be paid from the Revenue Fund. The revenues of the System not actually required to pay said expenses shall be deposited from the Revenue Fund into the other Funds, the existence of which are reaffirmed by this Ordinance, in the manner and amounts hereinafter provided, and each of such Funds shall have priority as to such deposits in the order in which they are treated in the following sections.

Section 7.05. Interest and Sinking Fund. There shall be deposited into the Interest and Sinking Fund the following:

(i) such amounts, in equal monthly installments made on or before the 10th day of each month hereafter, as will be sufficient to pay the interest scheduled to come due on the Bonds on the next interest payment date; and
such amounts, in equal monthly installments, made on or before the 10th day of each month hereafter, commencing January, 2020 as will be sufficient to pay the next maturing or mandatorily redeemed principal of the Bonds.

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

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

Section 7.06. Reserve Fund.

(a) There is currently on deposit in the Reserve Fund $0. In accordance with Section 7.06(g) herein, the Net Revenues for each Fiscal Year are equal to at least 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds and, therefore, the “Required Reserve”, is $0; provided, however, that if and whenever the Net Revenues for any Fiscal Year are less than 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds, the City will be required to (1) obtain a Credit Facility, as permitted in subsection (b) below, in the amount of the Required Reserve; or (2) commence making monthly deposits in the Reserve Fund in an amount equal to $0 of the full amount then required to be on deposit in the Reserve Fund and such monthly deposits shall be continued until such time as the Reserve Fund has been restored to the average annual principal and interest requirements for the Bonds and all Outstanding Bonds. The Reserve Fund shall be used to pay the principal of and interest on the Bonds, the Outstanding Bonds, the Bonds and all Additional Bonds, at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose. Money in the Reserve Fund may, upon authorization by the City Commission of the City, be invested in direct obligations of, or obligations, the principal of and interest on which are guaranteed by the United States of America, or invested in direct obligations of the Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, Federal National Mortgage Association, Federal Home Loan Banks or Banks for Cooperatives, provided that each of the aforesaid obligations must mature, or be subject to redemption at the option of the holder thereof, within not more than ten years from the date of the making of such investment. Any obligation in which money in the Reserve Fund is so invested shall be kept and held in an official depository bank of the City in escrow and in trust for the benefit of the holders of the Bonds, the outstanding Bonds and all Additional Bonds, and shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the Reserve Fund.

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

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

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

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

(f) In the event there is a draw upon the Credit Facility, the City shall reimburse the Credit Facility Provider for such draw, in accordance with the terms of any agreement pursuant to which the Credit Facility is issued, from Net Revenues, however, such reimbursement from Net Revenues shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the Bonds or Additional Bonds.

(g) Notwithstanding anything to the contrary contained herein, the requirement set forth in subsection (a) above to maintain the Required Reserve in the Reserve Fund shall be suspended for such time as the Net Revenues for each Fiscal Year are equal to at least 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds. In the event that the Net Revenues for any Fiscal Year are less than 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds, the City will be required to (1) obtain a Credit Facility, as permitted in subsection (b) above, in the amount of the Required Reserve; or (2) commence making monthly deposits in the Reserve Fund, as provided in subsection (a) above, and to continue such monthly deposits until the earlier of (i) such time as the Reserve Fund contains the Required Reserve or (ii) the Net Revenues in each of two consecutive years have been equal to not less than 1.35 times the average annual principal and interest requirements for the Bonds and all Outstanding Bonds.
Section 7.07. **Deficiencies in Funds.** If in any month the City shall fail to deposit into any Fund, the existence of which is reaffirmed by this Ordinance, the full amounts required, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available and unallocated Net Revenues of the System for the following month or months, and such payments shall be in addition to the amounts otherwise required to be paid into said Funds during such month or months. To the extent necessary, the City shall increase the rates and charges for services of the System to make up for any such deficiencies.

Section 7.08. **Excess Revenues.** The Net Revenues of the System, in excess of those necessary to maintain the Funds as required in this Ordinance, or as hereafter may be required in connection with the issuance of Additional Bonds, may be used for any lawful purpose.

Section 7.09. **Security for Funds.** All Funds, the existence of which are reaffirmed by this Ordinance, shall be secured in the manner and to the fullest extent permitted or required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Ordinance.

Section 7.10. **Additional Bonds.** The City reserves the right to issue additional parity revenue bonds, to be known as Additional Bonds, which when issued and delivered, shall be payable from and secured by a lien on and pledge of the Net Revenues of the System, in the same manner and to the same extent as the Outstanding Bonds, the Bonds, and all Additional Bonds shall in all respects be on a parity and equal dignity. The Additional Bonds may be issued in one or more installments or series, provided, however, that no installment or series of Additional Bonds shall be issued unless:

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

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

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

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

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

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

Section 7.11. Maintenance and Operation: Insurance. The Utility Board of Trustees of the City shall have managing control of the System while any of the Bonds or Additional Bonds are outstanding, the City covenants and agrees to cause the Utility Board of Trustees to maintain the System in good condition and operate the same in an efficient manner and at reasonable expense, and to maintain insurance on the System, for the benefit of the holder or holders of the Bonds and Additional Bonds, of a kind and in an amount which usually would be carried by private companies engaged in a similar type of business. Nothing in this Ordinance shall be construed as requiring the City to expend any funds which are derived from sources other than the System, but nothing herein shall be construed as preventing the City from doing so.

Section 7.12. Accounts and Fiscal Year. The City shall cause the Utility Board of Trustees to keep proper books of records and accounts, separate from all other records and accounts of the City in which complete and correct entries shall be made of all transactions relating to the System, and shall have said books audited once each fiscal year by a Certified Public Accountant. The City agrees to operate the System and keep its books of records and accounts pertaining thereto on the basis of its current fiscal year; provided, however, that the City Commission of the City may change such fiscal year by ordinance duly passed, if such change is deemed necessary by the City Commission of the City.

Section 7.13. Accounting Reports. Within 90 days after the close of each fiscal year hereafter, the City will furnish, without cost, to any holder of any Bonds, the Outstanding Bonds or Additional Bonds who may so request, a signed or certified copy of a report by a Certified Public Accountant, covering the next preceding fiscal year, showing the following information:
(a) A detailed statement of all gross revenues of the System and all expenses of operation and maintenance thereof for said fiscal year.

(b) A balance sheet as of the end of said fiscal year.

(c) The accountant's comment regarding the manner in which the City has complied with the requirements of this Ordinance and his recommendations, if any, for changes or improvements in the operation and maintenance of the System.

(d) A list of insurance policies in force at the end of said fiscal year, showing, as to each policy, the risk covered, the amount of the policy, the name of the insurer, and the expiration date.

(e) The number of properties connected with the System, and the gross revenues from each of said System for said fiscal year.

(f) The number of unmetered customers of the Waterworks System at the end of said fiscal year.

(g) The approximate number of gallons of water registered through the City meters, and the number of gallons sold during said fiscal year.

Section 7.14. Inspection. Any holder or holders of any Bonds or Additional Bonds shall have the right at all reasonable times to inspect the System and all records, accounts, and data of the City relating thereto.

Section 7.15. Special Covenants. The City further covenants as follows:

(a) That other than for the payment of the Bonds herein authorized, the revenues and income of the System have not in any manner been pledged to the payment of any debt or obligation of the City or of the System.

(b) That while any of the Bonds or Additional Bonds are outstanding, the City will not sell or encumber the System or any substantial part thereof, and that, with the exception of the Additional Bonds expressly permitted by this Ordinance to be issued, it will not encumber the revenues and income of the System, unless such encumbrance is made junior and subordinate in all respects to the Bonds and Additional Bonds and all liens and pledges in connection therewith.

(c) That no free service of the System shall be allowed, and should the City or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by the City out of funds from sources other than the revenues and income of the System.

(d) That to the extent it legally may, the City further covenants and agrees that while any of the Bonds or Additional Bonds are outstanding, no franchise shall be granted for the installation or operation of any competing waterworks system or sewer system; and that the City will prohibit the operation of any such competing system; and the operation of any competing system is hereby prohibited.
(e) That in addition to all of the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees that in the event of default in payment of principal or interest on any of the Bonds or Additional Bonds when due, or, in the event it fails to make the payments required to be made into the Interest and Sinking Fund or Reserve Fund or defaults in the observance of performance of any other of the contracts, covenants, conditions or obligations set forth in this Ordinance or in the Bonds or Additional Bonds, the following remedies shall be available:

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

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

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

Section 7.16. Bonds are Special Obligations. The Bonds and Additional Bonds shall be special obligations of the City, payable solely from the pledged Net Revenues, and the holder or holders thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

ARTICLE VIII

DISCHARGE

Section 8.01. Discharge. The Bonds may be refunded, discharged or defeased in any manner now or hereafter permitted by applicable law.

ARTICLE IX

DELEGATION OF AUTHORITY,
SALE AND DELIVERY OF BONDS, DEPOSIT OF PROCEEDS


(a) The Bonds shall be sold to the Underwriter in accordance with the terms of this Ordinance. As authorized by Chapter 1207, the Authorized Officer is authorized to act on behalf of the City in selling and delivering the Bonds and in carrying out the other procedures specified in this Ordinance, including determining the price at which each of the Bonds will be sold, the number and designation of each series or subseries of Bonds to be issued, whether such series of Bonds will be designated as qualified tax-exempt obligations, the form in which the Bonds shall be issued, the years and dates on which the Bonds will mature, the principal amount to mature in each of such years, the aggregate principal amount of the Refunded Bonds, the aggregate principal
amount of the Bonds to be issued by the City, the rate of interest to be borne by each maturity of the Bonds, the Interest Payment Dates, the Record Date, the dates, prices and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the City and shall be subject to mandatory sinking fund redemption, the final defeasance provisions, the designation of the Refunded Bonds from the Schedule of Refunded Bond Candidates attached hereto as Schedule I, the selection of a paying agent/registrar, the escrow agent, if any, the designation of a verification agent, if any, and bond insurer, if any, and all other matters relating to the issuance, sale and delivery of the Bonds and including the refunding of the Refunded Bonds, all of which shall be specified in the Pricing Certificate; provided that the following conditions can be satisfied:

(i) the Bonds shall not bear interest at a rate greater than the maximum rate allowed by Chapter 1204, Texas Government Code, as amended;

(ii) the aggregate principal amount of the Bonds authorized to be issued for the purposes described in Section 3.01 shall not exceed the limits described in that Section;

(iii) the refunding of the Refunded Bonds shall produce a present value debt service savings of at least 3.00% of the principal amount of the Refunded Bonds;

(iv) the true interest cost rate (TIC) on the Bonds shall not exceed 3.50%; and

(v) no Bond shall mature later than November 1, 2035.

(b) The Authorized Officer is hereby authorized and directed to execute and deliver on behalf of the City a Purchase Agreement providing for the sale of the Bonds to the Underwriter, in such form as determined by the Authorized Officer. The Authorized Officer is hereby authorized and directed to approve the final terms and provisions of the Purchase Agreement in accordance with the terms of the Pricing Certificate and this Ordinance, which final terms shall be determined to be the most advantageous reasonably attainable by the City, such approval and determination being evidenced by its execution thereof by the Authorized Officer. All officers, agents and representatives of the City are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds. The Initial Bond shall initially be registered in the name of the Underwriter or such other entity as may be specified in the Purchase Agreement.

(c) The authority granted to the Authorized Officer under Sections 9.01(a) through Section 9.01(c) shall expire at 11:59 p.m. on a date 180 days from the date of this Ordinance, unless otherwise extended by the City by separate action.

(d) The City hereby authorizes the preparation of a Preliminary Official Statement for use in the initial offering and sale of the Bonds and authorizes the Authorized Officer to approve the final form of and deem the Preliminary Official Statement (with such addenda, supplements or amendments as may be approved by the Authorized Officer) final within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities and Exchange Act of 1934 on behalf of the City. The City hereby authorizes the preparation of an Official Statement reflecting the terms of the Purchase Agreement and other relevant information. The use of such final Official Statement by the Underwriter (in the form and with such appropriate variations as shall be
approved by the Authorized Officer and the Underwriter) is hereby approved and authorized and the proper officials of the City are authorized to sign such Official Statement.

(e) The Authorized Officer and all other officers of the City are authorized to take such actions, to obtain such consents or approvals and to execute such documents, certificates and receipts as they may deem necessary and appropriate in order to consummate the delivery of the Bonds, pay the costs of issuance of the Bonds, and effectuate the terms and provisions of this Ordinance.

Section 9.02. Control and Delivery of Bonds.

(a) The Mayor is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination, and approval of the Attorney General of the State, registration by the Comptroller of Public Accounts of the State and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to either the Underwriter under and subject to the general supervision and direction of the Authorized Officer, against receipt by the City of all amounts due to the City under the terms of sale.

Section 9.03. Deposit of Proceeds; Transfer of Funds. Proceeds from the sale of the Bonds, together with other funds of the City, if any, shall, promptly upon receipt by the City, be applied as set out in the Pricing Certificate. Any proceeds remaining after the accomplishment of such purposes, including interest earnings on the investment of such proceeds, shall be deposited to the Interest and Sinking Fund.

ARTICLE X

REPRESENTATIONS AND COVENANTS

Section 10.01. Payment of the Bonds. On or before each date on which principal, premium, if any, or interest is due on the Bonds, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such principal, premium, if any, or interest when due.

Section 10.02. Other Representations and Covenants.

(a) The City will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance and in each Bond; the City will promptly pay or cause to be paid the principal of and interest on each Bond on the dates and at the places and manner prescribed in such Bond; and the City will, at the times and in the manner prescribed by this Ordinance, deposit or cause to be deposited the amounts of money specified by this Ordinance.

(b) The City is duly authorized under the laws of the State to issue the Bonds; all action on its part for the creation and issuance of the Bonds has been or will be duly and effectively taken;
and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the City in accordance with their terms.

ARTICLE XI

FEDERAL TAX MATTERS

Section 11.01. General. The City covenants not to take any action or omit to take any action that, if taken or omitted would cause the interest on the Bonds to be includable in gross income, for federal income tax purposes. In furtherance thereof, the City covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the City in connection with the Bonds.

Section 11.02. No Private Activity Bonds. The City covenants that it will use the proceeds of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code. Furthermore, the City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Bonds to be a “private activity bond” unless it takes a remedial action permitted by section 1.141-12 of the Regulations.

Section 11.03. No Federal Guarantee. The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

Section 11.04. No Hedge Bonds. The City covenants not to take any action or omit to take action that, if taken or omitted, would cause the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code.

Section 11.05. No Arbitrage Bonds. The City covenants that it will make such use of the proceeds of the Bonds (including investment income) and regulate the investment of such proceeds of the Bonds so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

Section 11.06. Required Rebate. The City covenants that, if the City does not qualify for an exception to the requirements of section 148(f) of the Code, the City will comply with the requirement that certain amounts earned by the City on the investment of the gross proceeds of the Bonds, be rebated to the United States.

Section 11.07. Information Reporting. The City covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning the Bonds in accordance with section 149(e) of the Code.

Section 11.08. Record Retention. The City covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Refunded Bonds and the Bonds and the use of the property financed, directly or indirectly, thereby until three years after the last Bond is redeemed or paid at maturity (or such other period as provided by subsequent
guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

Section 11.09. Registration. If the Bonds are “registration-required bonds” under section 149(a)(2) of the Code, the Bonds will be issued in registered form.

Section 11.10. Favorable Opinion of Bond Counsel. Notwithstanding the foregoing, the City will not be required to comply with any of the federal tax covenants set forth above if the City has received an opinion of nationally recognized bond counsel that such noncompliance will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

Section 11.11. Continuing Compliance. Notwithstanding any other provision of this Ordinance, the City’s obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the excludability of interest on the Bonds from gross income for federal income tax purposes.

Section 11.12. Qualified Tax-Exempt Obligations. The City hereby designates the Bonds as “qualified tax-exempt obligations” for purposes of section 265(b) of the Code. In connection therewith, the City represents that (a) that the aggregate amount of tax-exempt obligations issued by the City during calendar year 2019, including the Bonds, that have been designated as “qualified tax-exempt obligations” under section 265(b)(3) of the Code does not exceed $10,000,000, and (b) the reasonably anticipated amount of tax-exempt obligations that will be issued by the City during calendar year 2019, including the Bonds, will not exceed $10,000,000. For purposes of this Section 11.11, the term “tax-exempt obligations” does not include (i) “private activity bonds” within the meaning of section 141 of the Code, other than “qualified 501(c)(3) bonds” within the meaning of section 145 of the Code or (ii) obligations issued to currently refund any obligation to the extent that the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation. In addition, for purposes of this Section 11.11, the City includes all entities that are aggregated with the City under the Code.

ARTICLE XII

SUBSCRIPTION FOR SECURITIES; APPROVAL OF ESCROW AGREEMENT; PAYMENT OF REFUNDED BONDS

Section 12.01. Subscription for Securities. The Authorized Officer is authorized to make necessary arrangements for and to execute such documents and agreements in connection with the purchase of the Federal Securities required by and referenced in the Escrow Agreement, if any, as may be necessary for the Escrow Fund and the application for the acquisition of the Federal Securities is hereby approved and ratified.

Section 12.02. Appointment of Escrow Agent; Approval of Escrow Agreement; Deposit with Paying Agent for Refunded Bonds. The Authorized Officer is hereby authorized to select and appoint the Escrow Agent for Bonds, if any, and the Escrow Agent shall be designated in the Pricing Certificate. The Authorized Officer is hereby authorized to execute and deliver, or cause the execution and delivery by the Mayor and the City Secretary, an Escrow Agreement, having
such terms and provisions as are approved by the Authorized Officer as evidenced by his execution thereof or the execution thereof by other appropriate City officials.

Section 12.03. Redemption and Defeasance of Refunded Bonds. Following the deposit to the Escrow Fund or such other fund held by the paying agent for the Refunded Bonds as herein specified, or with the paying agent for the Refunded Bonds as herein specified, the Refunded Bonds shall be payable solely from and secured by the cash and securities on deposit in the Escrow Fund or such other fund held by the paying agent for the Refunded Bonds for the purpose of refunding the Refunded Bonds and shall cease to be payable from ad valorem taxes. The Refunded Bonds are hereby called for redemption prior to maturity on the dates and at the redemption prices set forth in the Pricing Certificate. The City Secretary is hereby authorized and directed to cause to be delivered to the paying agent/registrar for the Refunded Bonds a certified copy of this Ordinance calling the Refunded Bonds for redemption and a copy of the Pricing Certificate calling the Refunded Bonds for redemption. The delivery of this Ordinance and the Pricing Certificate to the paying agent for the Refunded Bonds shall constitute the giving of notice of redemption to the paying agent for the Refunded Bonds and such paying agent is hereby authorized and directed to give notice of redemption to the owners and insurers, if applicable, of the Refunded Bonds in accordance with the requirements of the respective ordinances authorizing the issuance thereof.

ARTICLE XIII
CONTINUING DISCLOSURE UNDERTAKING

Section 13.01. Annual Reports.

(a) The City shall provide annually to the MSRB, (i) within six (6) months after the end of each Fiscal Year of the City ending in or after 2020, financial information and operating data with respect to the City of the general type included in the Official Statement, being the information described in the Pricing Certificate, and (ii) if not provided as part of such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in the rules to the financial statements for the most recently concluded Fiscal Year, or such other accounting principles as the City may be required to employ, from time to time, by State law or regulation, and (ii) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such financial statements becomes available.

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

(c) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document, including an official statement or other offering document, if it is available to the public.
on the MSRB’s internet website or has been filed with the SEC, the financial information or 
operating data shall be provided in an electronic format as prescribed by the MSRB.

Section 13.02. Event Notices.

(a) The City shall provide the following to the MSRB, in an electronic format as 
prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the 
ocurrence of the event, notice of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of the holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City;

Note to paragraph 12: For the purposes of the event identified in paragraph 12 of this section, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or
liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

(14) Appointment of successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material;

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

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

Note to paragraphs (15) and (16): For purposes of the events identified in paragraphs (15) and (16) of this section and in the definition of Financial Obligation in Section 1.01, the City intends the words used in such paragraphs to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the “2018 Release”) and any further written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

(b) The City shall provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the City to provide required annual financial information in accordance with Section 13.01. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

Section 13.03. Limitations, Disclaimers and Amendments.

(a) The City shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the City remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit that causes the Bonds no longer to be outstanding.

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

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

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

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

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

Section 13.04. Amendments to the Rule. In the event the Authorized Officer, in consultation with Bond Counsel and the City's financial advisor, determines that it is necessary or desirable to amend the provisions of Section 13.01 in order to facilitate compliance with amendments to the Rule and related guidance from the SEC, the Authorized Officer may make such changes in the Pricing Certificate for the Bonds, and such amendments are hereby authorized and shall be deemed effective as set forth in the Pricing Certificate.
ARTICLE XIV
MISCELLANEOUS

Section 14.01. Changes to Ordinance. Bond Counsel is hereby authorized to make changes to the terms of this Ordinance if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Bonds by the Attorney General of the State.

Section 14.02. Partial Invalidity. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 14.03. Repealer. All ordinances or resolutions, or parts thereof, heretofore adopted by the City and inconsistent with the provisions of this Ordinance are hereby repealed to the extent of such conflict.

Section 14.04. Individuals Not Liable. No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member of the City Commission or agent or employee of the City Commission or of the City in his or her individual capacity and neither the members of the City Commission nor any officer thereof, nor any agent or employee of the City Commission or of the City, shall be liable personally on the Bonds, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 14.05. Related Matters. To satisfy in a timely manner all of the City's obligations under this Ordinance, the Mayor, the City Manager, the Assistant City Manager, the Director of Finance, the City Secretary, the City Attorney and all other appropriate officers and agents of the City are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms and purposes of this Ordinance.

Section 14.06. Severability and Savings. It is hereby declared to be the intention of the City Commission that the sections, paragraphs, sentences, clauses and phrases of this Ordinance are severable and, if any phrase, clause, sentence, paragraph or section of this Ordinance should be declared invalid by the final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance.

Section 14.07. Force and Effect. This Ordinance shall be in full force and effect from and after its final passage, and it is so ordained.

[Execution Page Follows]
PASSED, APPROVED AND EFFECTIVE this 6th day of November, 2019.

City Secretary
City of Harlingen, Texas

Mayor
City of Harlingen, Texas
SCHEDULE I

SCHEDULE OF REFUNDED BOND CANDIDATES

The Authorized Officer may select the specific maturities and series of bonds constituting the Refunded Bonds from the following:

Waterworks and Sewer System Revenue Bonds, Series 2010A
CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS §
COUNTY OF HARRIS §
CITY OF HARLINGEN §

I, the undersigned officer of the City Commission of Harlingen, Texas, hereby certify as follows:

1. The City Commission of Harlingen, Texas convened in a regular meeting on the 6th day of November, 2019, at the regular meeting place thereof within said City. The duly constituted officers and members of said City, to wit, were as follows:

   Chris Boswell       Mayor
   Richard Uribe      Commissioner District 1
   Frank Puente       Commissioner District 2
   Michael Mezmar     Commissioner District 3
   Ruben de la Rosa   Commissioner District 4
   Victor Leal        Commissioner District 5

   and all of said persons were present, except for the following absentee(s): ____________________________, thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

   ORDINANCE NO. ______

   ORDINANCE AUTHORIZING THE ISSUANCE AND DELIVERY OF THE CITY OF HARLINGEN, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2019; PLEDGING THE REVENUES OF THE CITY'S WATERWORKS AND SEWER SYSTEM TO THE PAYMENT OF PRINCIPAL AND INTEREST ON SAID BONDS; AUTHORIZING THE REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING OBLIGATIONS; PROVIDING FOR THE AWARD AND SALE OF SAID BONDS IN ACCORDANCE WITH CERTAIN PARAMETERS; AND ENACTING OTHER PROVISIONS RELATING THERETO

   was duly introduced for the consideration of said City Commission. It was then duly moved and seconded that said ordinance be adopted; and, after due discussion, said motion, carrying with it the adoption of said ordinance, prevailed and carried by the following vote:

   _____ Member(s) shown present voted “Aye.”

   _____ Member(s) shown present voted “No.”
2. A true, full and correct copy of the aforesaid ordinance adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said ordinance is on file in the City Commission's minutes of said meeting; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the City Commission as indicated therein; that each of the officers and members of the City Commission was duly and sufficiently notified, in advance, of the date, hour, place and purpose of the aforesaid meeting, and that said ordinance would be introduced and considered for adoption at said meeting; that said meeting was open to the public as required by law; and that public notice of the date, hour, place and subject of said meeting was given as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED this 6th day of November, 2019.

City Secretary
City of Harlingen, Texas

[SEAL]