
RESOLUTION NO. 2022-08

BENBROOK WATER AUTHORITY
WATERWORKS AND SEWER SYSTEM REVENUE BONDS
SERIES 2022

Adopted: October 18, 2022

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A RESOLUTION PROVIDING FOR THE ISSUANCE OF BENBROOK WATER AUTHORITY WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2022, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____; PRESCRIBING THE FORM OF THE BONDS; AWARDED THE SALE THEREOF; APPROVING THE OFFICIAL STATEMENT; APPROVING AN ENGAGEMENT LETTER, AND ENACTING OTHER PROVISIONS RELATING THERETO

WHEREAS, Benbrook Water Authority (the “Authority”), formerly known as Benbrook Water and Sewer Authority, is a conservation and reclamation district created pursuant to Article XVI, Section 59, of the Texas Constitution and currently exists and operates under the provisions of Chapter 123, Acts 54th Legislature, Regular Session, 1955, as amended, and Chapters 49 and 51, Texas Water Code, as amended (collectively, the “Act”);

WHEREAS, the Board of Directors (the “Board”) of the Authority has found and determined that additional improvements and extensions to the Authority’s waterworks and sewer system should be made;

WHEREAS, pursuant to the Act, the Authority is authorized to issue bonds to finance such improvements and extensions and to provide that such bonds shall be payable from and secured by a first lien on and pledge of the revenues of the Authority’s waterworks and sewer system on a parity with certain previously issued and outstanding revenue bonds of the Authority (hereinafter defined as the “Previously Issued Bonds”);

WHEREAS, the Authority has reserved the right and option to issue, under certain conditions, Additional Bonds, payable from the Net Revenues of the System and on a parity as to lien and right with any Previously Issued Bonds; and

WHEREAS, having determined that the conditions precedent to the issuance of additional bonds on a parity with the Authority’s Previously Issued Bonds have occurred and are existing, the Board hereby finds and determines that the issuance of the Bonds, as described and authorized by this Resolution, as additional bonds on a parity with the Previously Issued Bonds, for the purpose of constructing improvements and extensions to the Authority’s waterworks and sewer system, is in the best interests of the Authority and is in the public interest, and the use of the proceeds in the manner herein specified constitutes a valid public purpose; and

WHEREAS, pursuant to a resolution heretofore adopted by the Board, the Official Notice of Sale for the Authority’s waterworks and sewer system revenue bonds was duly published (i) at least one time not less than 10 days before the date of sale in a newspaper of general circulation in the County in which the Authority is located and (ii) at least one time in a recognized financial publication of general circulation in the State of Texas as approved by the Attorney General; and

WHEREAS, the Texas Commission on Environmental Quality (“TCEQ”) has approved the issuance of the bonds hereinafter authorized for the purpose of financing additional

improvements and extensions to the Authority's waterworks and sewer system and has approved the projects to be financed or refinanced with said bonds; and

WHEREAS, the meeting at which this Resolution is 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 Section 551, Texas Government Code, as amended.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BENBROOK WATER AUTHORITY:

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01. Definitions. Unless otherwise expressly provided or unless the context clearly requires otherwise, in this Resolution, the following terms shall have the meanings specified below:

“Act” means, collectively, Chapter 123, Acts 54th Legislature, Regular Session, 1955, as amended, and Chapters 49 and 51, Texas Water Code, as amended.

“Additional Bonds” means the additional parity revenue bonds which the Authority has reserved the right to issue under the provisions of this Resolution and the Previous Resolutions.

“Authority” means the Benbrook Water Authority (formerly known as Benbrook Water and Sewer Authority), a governmental agency and a body politic and corporate, created and existing as a conservation and reclamation district pursuant to the authority of Article XVI, Section 59, of the Texas Constitution.

“Board of Directors” or “Board” means the board of directors of the Authority.

“Bond” means any of the Bonds.

“Bonds” means the Authority's bonds entitled “Benbrook Water Authority Waterworks and Sewer System Revenue Bonds, Series 2022.”

“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).

“Construction Fund” means the construction fund established by Section 7.05(a).

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named herein, its office in Dallas, Texas, 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 Authority and such successor.

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

“DTC Participants” shall mean 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.

“EMMA” means the Electronic Municipal Market Access System.

“Event of Default” means any Event of Default as defined in Section 11.01.

“Financial Obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities 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 December 31 of each year, or such other twelve month period as may be determined by the Board of Directors.

“Initial Bond” means the Initial Bond authorized by Section 2.04(d).

“Interest and Sinking Fund” means the Benbrook Water and Sewer Authority Interest and Sinking Fund created and established in the Previous Resolutions and reaffirmed in Section 7.01(b).

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being June 1 and December 1 of each year, commencing June 1, 2023.

“Letter of Representations” means that certain Issuer Blanket Letter of Representations, between the Authority and DTC.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Revenues” means the gross revenues of the System after deduction of the amount necessary to pay the cost of maintaining and operating the System.

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

“Paying Agent/Registrar” means The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or any successor thereto or an entity which is appointed as and assumes the duties of paying agent/registrar as provided in this Resolution.

“Paying Agent/Registrar Agreement” means the paying agent/registrar agreement dated as of November 15, 2022, between the Authority and the Paying Agent/Registrar with respect to the Bonds.

“Previous Resolutions” means the resolutions that authorized the issuance of the Previously Issued Bonds.

“Previously Issued Bonds” means the Authority’s outstanding and unpaid Waterworks and Sewer System Revenue Refunding Bonds, Series 2012, Waterworks and Sewer System Revenue Bonds, Series 2013, Waterworks and Sewer System Revenue Bonds, Series 2016, Waterworks and Sewer System Revenue Bonds, Series 2019 and Waterworks and Sewer System Revenue Refunding Bonds, Series 2020. Should the Authority issue bonds for the purpose of refunding Previously Issued Bonds, then such term shall mean the said refunding bonds from time to time outstanding.

“Purchaser” means _____.

“Record Date” means the Record Date as prescribed by Section 2.03(b).

“Register” means the Register specified in Section 2.06(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.

“Reserve Fund” means the Benbrook Water Authority Reserve Fund created and established in the Previous Resolutions and reaffirmed in Section 7.01(c).

“Resolution” means this resolution of the Board of Directors of the Benbrook Water Authority.

“Revenue Fund” means the Benbrook Water Authority Revenue Fund created and established in the Previous Resolutions and reaffirmed in Section 7.01(a).

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

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

“Special Record Date” means the Special Record Date as prescribed in Section 2.03(b) of this Resolution.

“State” means the State of Texas.

“System” means the Authority’s waterworks and sewer system, together with all present and future extensions, additions, replacements and improvements thereto.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of principal of, redemption premium, if any, or interest on the Bonds as the same come due and payable, and or money set aside for the payment of Bonds duly called for redemption prior to maturity, that remains unclaimed by the Owner or Owners entitled thereto.

Section 1.02. Findings. The declarations, determinations and findings declared, made and found in the preamble to this Resolution are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.03. Titles and Headings. The titles and headings of the Articles and Sections of this Resolution 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 Resolution or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.04. Interpretation. 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.

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

(b) All article and section references shall mean references to the respective articles and sections of this Resolution.

ARTICLE II

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 2.01. Authorization. The Authority’s bonds to be designated “Benbrook Water Authority Waterworks and Sewer System Revenue Bonds, Series 2022,” are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State, including the Act, in the aggregate principal amount of \$_____ will be used for the purpose of (i) paying costs of the construction of improvements and extensions to the Authority’s waterworks and sewer system, to wit: the projects as described in the TCEQ Order dated September 28, 2022; (ii) funding the debt service reserve fund; and (iii) paying the costs of issuing the Bonds.

Section 2.02. Date, Denomination, Maturities, Numbers and Interest.

(a) The Bonds shall be dated October 1, 2022. The Bonds shall be in fully registered form, without coupons, in denominations of \$5,000 and integral multiples thereof and shall be

numbered separately from one upward or such other designated acceptable to the Authority and Paying Agent/Registrar, except the Initial Bond, which shall be numbered T-1.

(b) Interest on the Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2023, computed on the basis of a 360-day year of twelve 30-day months, until payment of the principal thereof has been paid or provision for such payment has been made. The Bonds shall mature on December 1 in the years and the principal amounts, and interest on each Bond shall accrue from the later of the date of delivery of the Bonds or the most recent interest payment date to which interest has been paid or provided for at the per annum rates of interest, all as set forth in the schedule below:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2023			2033		
2024			2034		
2025			2035		
2026			2036		
2027			2037		
2028			2038		
2029			2039		
2030			2040		
2031			2041		
2032			2042		

Section 2.03. Medium, Method and Place of Payment.

(a) The principal of, premium, if any, and interest on the Bonds shall be paid in lawful money of the United States of America as provided in this Section.

(b) Interest on the Bonds shall be payable to the Owner whose name appears in the Register at the close of business on the 15th day of the month next preceding such interest payment date (the “Record Date”). However, in the event that interest is not paid on a scheduled interest payment date and remains unpaid for thirty (30) days thereafter, a new record date for such interest payment (a “Special Record Date”) shall be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to each Owner of a Bond at the address of such Owner appearing on the Register at the close of business on the last business day next preceding the date of mailing of such notice.

(c) Interest shall be paid by check, dated as of the Interest Payment Date, and mailed on or before such Interest Payment Date, by first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each Owner as such appears in the Register, or by such other customary banking arrangement acceptable to the Paying

Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expenses of such customary banking arrangement.

(d) The principal of each Bond shall be paid to the Owner thereof on the due date, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond at the Paying Agent/Registrar Office.

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday or day on which banking institutions in the city where the Paying Agent/Registrar Office is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in this Section.

(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 Owner of the Bonds to which the Unclaimed Payments pertain. Subject to Title 6 of the Texas Property Code, as amended, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three 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 after the retirement of all outstanding Bonds, shall be paid to the Authority to be used for any lawful purpose. Thereafter, neither the Authority, the Paying Agent/Registrar nor any other person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law.

Section 2.04. Control, Execution and Initial Registration.

(a) The Bonds shall be executed on behalf of the Authority by the President or Vice President of the Board and countersigned by the Secretary of the Board, by their manual or facsimile signatures, and the official seal of the Authority 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 Authority had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the Authority whose facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such facsimile 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 Resolution unless and until there appears thereon the certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same officer 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 Bonds initially 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 Authority, and has been registered by the Comptroller.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of all Bonds, payable in stated installments to the purchasers of the Bonds, or their designee, executed by the President or Vice President and Secretary by their manual or facsimile signature, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the purchasers or their 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 2.09.

Section 2.05. Ownership.

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

(b) All payments made to the person deemed to be the owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the Authority and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 2.06. Registration, Transfer and Exchange.

(a) So long as any Bonds remain outstanding, the Authority shall cause the Paying Agent/Registrar to keep at its Designated Payment/Transfer Office a 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 Resolution.

(b) Registration of any Bond may be transferred in the Register only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of the Bonds, or any portion thereof in any integral multiple of \$5,000, to the assignee or assignees thereof, and the right of such assignee or assignees thereof to have the Bond or any portion thereof registered in the name of such assignee or assignees. No transfer of any Bond shall be effective until entered in the Register. Upon

assignment and transfer of any Bond or portion thereof, a new Bond or Bonds will be issued by the Paying Agent/Registrar in conversion and exchange for such transferred and assigned Bond. To the extent possible the Paying Agent/Registrar will issue such new Bond or Bonds in not more than three business days after receipt of the Bond to be transferred in proper form and with proper instructions directing such transfer.

(c) Any Bond may be converted and exchanged only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the Owner or assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantees of signatures satisfactory to the Paying Agent/Registrar, for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange. If a portion of any Bond is redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in the denomination or denominations of any integral multiple of \$5,000 at the request of the Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Owner upon surrender thereof for cancellation. To the extent possible, a new Bond or Bonds will be required to be delivered by the Paying Agent/Registrar to the Owner of the Bond or Bonds in not more than three business days after receipt of the Bond to be exchanged in proper form and with proper instructions directing such exchange.

(d) Each bond issued in exchange for any Bond or portion thereof assigned, transferred or converted shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall convert and exchange the Bonds as provided herein, and each substitute Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the Authority and shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such substitute Bond is delivered.

(e) The Authority will pay the Paying Agent/Registrar's reasonable and customary charge for the initial registration or any subsequent transfer, exchange or conversion of Bonds, but the Paying Agent/Registrar will 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, exchange or conversion of a Bond. In addition, the Authority hereby covenants with the Owners of the Bonds that it will (i) pay the reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer, registration, conversion and exchange of Bonds as provided herein.

(f) Neither the Authority nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, where such redemption is scheduled to occur within 30 calendar days, provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

Section 2.07. Cancellation and Authentication.

(a) All Bonds paid or redeemed before scheduled maturity in accordance with this Resolution, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Resolution, shall be cancelled and destroyed upon the making of proper records regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall periodically furnish the Authority with certificates of destruction of such Bonds.

(b) Each substitute Bond issued in conversion of and exchange for or replacement of (pursuant to the provisions of Section 2.08 hereof) any Bond or Bonds issued under this Resolution shall have printed thereon a Paying Agent/Registrar's authentication certificate, in the form hereinafter set forth. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, manually sign and date such Certificate, and no such Bond shall be deemed to be issued or outstanding unless such certificate is so executed. No additional ordinances, orders, or resolutions need be passed or adopted by the Board of Directors or any other body or person so as to accomplish the foregoing conversion and exchange or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the execution and delivery of the substitute Bonds in the manner prescribed herein. Pursuant to Chapter 1201, Texas Government Code, as amended, and particularly Subchapter D thereof, the duty of conversion and exchange or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the above Paying Agent/Registrar's authentication certificate, the converted and exchanged or replaced Bonds shall be valid, incontestable and enforceable in the same manner and with the same effect as the Bond originally delivered pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(c) Bonds issued in conversion and exchange or replacement of any other Bond or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, by this Resolution.

Section 2.08. 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 tenor and principal amount, bearing a number not contemporaneously outstanding. The Authority 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 herewith.

(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 tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first:

(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 acceptable to the Authority, to save it and the Authority 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 Authority 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 Authority 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 Authority 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.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the Authority and shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 2.09. Book-Entry Only System.

(a) As provided in Section 2.04(d), Bonds delivered to DTC in replacement of the Initial Bond shall be issued in the form of a separate single 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 2.10 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 Authority 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 Resolution. Without limiting the immediately preceding sentence, the Authority 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, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the Authority 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 of redemption 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, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of, premium, if any, 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 certificate evidencing the obligation of the Authority to make payments of amounts due pursuant to this Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks or drafts being mailed to the registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(c) The Letter of Representations is hereby affirmed.

Section 2.10. Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the Authority or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Letter of Representations, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the Authority or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, 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, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. 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 Resolution.

Section 2.11. Payments to Cede & Co. Notwithstanding any other provision of this Resolution 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 Letter of Representations.

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

Section 3.01. Limitation on Redemption. The Bonds shall be subject to redemption before scheduled maturity only as provided in this Article III.

Section 3.02. Optional Redemption.

(a) The Authority reserves the option to redeem Bonds maturing on or after December 1, 2033, in whole or in part, before their respective scheduled maturity dates, on December 1, 2032, or on any date thereafter (such redemption date or dates to be fixed by the Authority) at a price equal to the principal amount of the Bonds called for redemption plus accrued interest from the most recent interest payment date on which interest has been paid or duly provided for to the redemption date.

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

Section 3.03. Partial Redemption.

(a) If less than all of the Bonds are to be redeemed, the Authority shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot Bonds, or portions thereof within such maturity or maturities and in such principal amounts, 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 the Bonds 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 2.06 of this Resolution, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

(d) The Paying Agent/Registrar shall promptly notify the Authority in writing of the principal amount to be redeemed of any Bond as to which only a portion thereof is to be redeemed.

Section 3.04. Notice of Redemption to Owners.

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

(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) 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 3.05. Payment Upon Redemption.

(a) Before or on each redemption date, 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 an amount from the Interest and Sinking Fund or otherwise received by the Paying Agent/Registrar from the Authority sufficient to pay the principal of, premium, if any, and accrued interest on such Bonds.

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

Section 3.06. Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 3.04 of this Resolution, and subject, in the case of optional redemption under Section 3.02, to any conditions or rights reserved by the Authority under Section 3.07, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the Authority defaults in the payment of the principal thereof, premium, if any, or accrued interest thereon, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

(b) If any Bond or portion thereof called for redemption is not so paid upon presentation and surrender of such Bond for redemption, such Bond or portion thereof shall continue to bear interest at the rate stated on the Bond until paid or until due provision is made for the payment of same.

Section 3.07. Conditional Notice of Redemption. The Authority reserves the right, in the case of an optional redemption pursuant to Section 3.02 herein, to give notice of its election or direction to redeem Bonds 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 Authority retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Authority delivers a certificate of the Authority 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 and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the Authority to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

ARTICLE IV

PAYING AGENT/REGISTRAR

Section 4.01. Appointment of Initial Paying Agent/Registrar. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as the initial Paying Agent/Registrar for the Bank.

Section 4.02. Qualifications. Each Paying Agent/Registrar shall be a commercial bank, trust company organized under the laws of the State or other entity duly qualified and legally authorized to serve and perform the duties and services of paying agent and registrar for the Bonds.

Section 4.03. Maintaining Paying Agent/Registrar.

(a) At all times while any Bonds are outstanding, the Authority will maintain a Paying Agent/Registrar that is qualified under Section 4.02 of this Resolution. The General Manager or the President of the Board of the Authority is hereby authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the Authority and the Paying Agent/Registrar, in substantially the form presented to and hereby approved by the Board.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the Authority will promptly appoint a replacement.

Section 4.04. Termination. The Authority reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated a certified copy of a resolution of the Authority (i) giving notice of the termination of the appointment and of the Paying Agent/Registrar agreement, (ii) stating the effective date of such termination, and (iii) appointing a successor Paying Agent/Registrar; provided, that, no such termination shall be effective until a successor Paying Agent/Registrar has assumed the duties of Paying Agent/Registrar for the Bonds.

Section 4.05. Notice of Change to Owners. Promptly upon each change in the entity serving as Paying Agent/Registrar, the Authority will cause notice of the change to be sent to each Owner by first class United States mail, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 4.06. Agreement to Perform Duties and Functions. By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Resolution and that it will perform the duties and functions of Paying Agent/Registrar prescribed hereby.

Section 4.07. Delivery of Records to Successor. If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the 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 V

FORM OF THE BONDS

Section 5.01. Form Generally.

(a) The Bonds, including the registration certificate of the Comptroller of Public Accounts of the State to accompany the initially delivered Bond, and the certificate of the Paying Agent/Registrar, and the assignment form to appear on each of the Bonds, (i) shall be substantially in the form set forth in this Article, with such appropriate insertions, omissions, substitutions and other variations as are permitted or required by this Resolution, and (ii) may have such letters, numbers or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistent herewith, may be determined by the Authority or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The Bonds shall be 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, except that the Initial Bond submitted to the Attorney General and the definitive Bonds delivered to DTC may be typewritten or photocopied or otherwise reproduced.

Section 5.02. Form of the Bonds. The form of the Bond, including the form of the registration certificate of the Comptroller of Public Accounts of the State to accompany the initially delivered Bond, and the form of certificate of the Paying Agent/Registrar and the form of assignment appearing on the Bonds, shall be substantially as follows:

(a) [Form of Bonds].

REGISTERED
NO. _____

REGISTERED
\$ _____

United States of America
State of Texas
County of Tarrant
BENBROOK WATER AUTHORITY
WATERWORKS AND SEWER SYSTEM REVENUE BONDS
SERIES 2022

Interest Rate: Maturity Date: Closing Date: CUSIP NO:
_____ % December 1, _____ __November 15, 2022 _____

Benbrook Water Authority (the "Authority"), in the County of Tarrant, State of Texas, for value received, hereby promises to pay to

or registered assigns, on the Maturity Date specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the principal hereof shall have been paid or the payment thereof provided for, and to pay interest on such principal amount from the later of the Closing Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on June 1 and December 1 of each year, commencing June 1, 2023.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate office in Dallas, Texas, of The Bank of New York Mellon Trust Company, N.A., as Paying Agent/Registrar (the "Designated Payment/Transfer Office") or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the Owner at the address shown on the registration books kept by the Paying Agent/Registrar, or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, such person. For the purpose of the payment of interest on this Bond, the Owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the 15th day of the month next preceding such interest payment date. However, in the event that interest is not paid on a scheduled

payment date and remains unpaid 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 Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which date shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$_____ (herein referred to as the “Bonds”), issued pursuant to a certain Resolution of the Authority (the “Bond Resolution”) for the purpose of (i) paying costs of the construction of improvements and extensions to the Authority’s waterworks and sewer system, to wit: the projects as described in the TCEQ Order dated September 28, 2022; (ii) funding the debt service reserve fund; and (iii) paying the costs of issuing the Bonds.

The Authority has reserved the option to redeem the Bonds maturing on or after December 1, 2033, before their respective scheduled maturities in whole or in part in integral multiples of \$5,000 on December 1, 2032, or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the redemption date. If less than all of the Bonds are to be redeemed, the Authority shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot Bonds, or portions thereof within such maturity or maturities and in such amounts, for redemption.

Notice of such redemption or redemptions shall be given by first class mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the registered owner of each of the Bonds to be redeemed in whole or in part. Notice having been so given, the Bonds or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice, and from and after such date, notwithstanding that any of the Bonds or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue.

The Authority reserves the right, in the case of an optional redemption pursuant to the Resolution, to give notice of its election or direction to redeem Bonds 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 Authority retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Authority delivers a certificate of the Authority 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 and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the Authority to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

As provided in the Bond Resolution, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar, and, thereupon, one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the Authority nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 30 calendar days after the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The Authority, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date or, if applicable, the Special Record Date) and for all other purposes, whether or not this Bond be overdue, and neither the Authority nor the Paying Agent/Registrar shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to exist precedent to and in the issuance of the Bond to render the same lawful and valid have been properly done, have happened and been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas and the Bond Resolution; and that the interest on and principal of this Bond, and the series of which it is a part, together with certain outstanding parity lien revenue bonds of the Authority, constitute special obligations of the Authority and are secured by and payable solely from a first lien on and pledge of the Net Revenues (as defined in the Bond Resolution) of the Authority's waterworks and sewer system.

The Authority reserves the right, subject to the restrictions stated in the Bond Resolution to issue additional parity revenue bonds which also may be secured by and made payable from the same source and revenues as the Bonds.

The registered owner hereof shall never have the right to demand payment of this obligation out of funds raised or to be raised by taxation.

IN WITNESS WHEREOF, this Bond has been duly executed on behalf of the Authority, under its official seal, in accordance with law.

Secretary
Board of Directors, Benbrook
Water Authority

President,
Board of Directors, Benbrook
Water Authority

(SEAL)

(b) [Form of Comptroller's Registration Certificate Attached to the Initial Bond Upon Delivery Thereof]

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

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas , and that it is a valid and binding special obligation of the Benbrook Water Authority, and that this Bond has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, _____.

Comptroller of Public Accounts of
the State of Texas

[SEAL]

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

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Bond of this series of bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas and that this is one of the Bonds referred to in the within-mentioned Resolution.

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

Dated: _____

By: _____
Authorized Signatory

(d) [Form of Assignment]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee): _____

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

Signature Guaranteed By:

Authorized Signatory

(e) Initial Bond Insertions

The Initial Bond shall be in the form set forth in paragraph (a) (b) and (d) of this Section, except that:

(i) immediately under the name of the Bond the headings “Interest Rate” and “Maturity Date” shall both be completed with the phrase “As shown below” and the heading “CUSIP NO.:" shall be deleted;

(ii) in the first paragraph, the words “on the Maturity Date specified above” shall be deleted and the following will be inserted: “on the first day of December in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:”

<u>Year</u>	<u>Principal Installment</u>	<u>Interest Rate</u>
(Information to be inserted from schedule in Section 2.02(b) hereof.)		

(iii) the Initial Bond shall be numbered T-1.

(iv) the form of certificate of Paying Agent/Registrar shall not appear on the Initial Bond.

Section 5.03. CUSIP Registration. The Authority may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor’s Corporation, New York, New York, and may authorize the printing of such numbers on the face of the Bonds.

Section 5.04. Legal Opinion. The approving legal opinion of Bracewell LLP, Bond Counsel, may be printed on or attached to each Bond over the certification of the Secretary of the Board of Directors of the Authority, which may be executed in facsimile.

Section 5.05. Statement of Insurance. A statement relating to a municipal bond insurance policy, if any, to be issued for the Bonds may be printed on or attached to each Bond.

ARTICLE VI

SECURITY FOR THE BONDS AND RATES

Section 6.01. Pledge. The Net Revenues of the Authority in an amount sufficient to establish and maintain the funds provided in Article VII hereof are hereby irrevocably pledged for the payment of the Bonds, the Previously Issued Bonds and the Additional Bonds (if issued under the conditions and in the manner specified herein) and the interest thereon, and it is hereby resolved, ordered, declared and covenanted that the Bonds, the Previously Issued Bonds, and the Additional Bonds if so issued, and the interest thereon, shall be secured by and payable from a first lien upon and pledge of said Net Revenues, all of which shall be of equal dignity in all respects.

Section 6.02. Rates. The Authority covenants and agrees with the Owners of the Bonds and the holders of the Previously Issued Bonds and the Additional Bonds if and when issued:

(a) that it will fix and from time to time, revise the rates of compensation for services rendered by the Authority which will be sufficient to pay the expenses of operating and maintaining the System and to produce a sum each year equal to not less than 110% of the amount required annually to pay the Bonds and the Previously Issued Bonds as they mature and the interest thereon as it accrues; and

(b) if any Additional Bonds are issued, or if the System should become legally liable for any other indebtedness, the Authority will fix, maintain and collect additional rates, if necessary, sufficient to discharge such indebtedness.

ARTICLE VII

CREATION OF FUNDS

Section 7.01. Funds. The Authority covenants and agrees that all revenues derived from the operation of the System shall be kept separate and apart from other funds of the Authority. To that end, the following special funds are hereby created and reaffirmed, to-wit:

(a) Benbrook Water Authority Revenue Fund (the “Revenue Fund”), which shall be maintained at the Authority’s depository bank;

(b) Benbrook Water Authority Interest and Sinking Fund (the “Interest and Sinking Fund”), which shall be maintained at the Authority’s depository bank; and

(c) Benbrook Water Authority Reserve Fund (the “Reserve Fund”) which shall be maintained at the Authority’s depository bank.

Section 7.02. Revenue Fund. All revenues of every nature received through the operation of the System shall be deposited from day to day, as collected, into the Revenue Fund and the reasonable and proper expenses of operating and maintaining the System, including salaries, labor and materials shall be paid therefrom. The resulting Net Revenues of the Authority not actually required to pay expenses and costs incurred as permitted by this Section shall be deposited, to the extent required, in the other funds reaffirmed by this Resolution, each of which shall have priority thereto in the order in which they are treated in the following sections.

Section 7.03. Interest and Sinking Fund. In addition to the deposits required by the Previous Resolutions to be made into the Interest and Sinking Fund for the Previously Issued Bonds, the Authority shall deposit into the Interest and Sinking Fund the following:

(a) such amounts, in equal monthly installments, made on or before the 10th day of each month, commencing the 10th day of the month following the Closing Date, as will be sufficient to pay the interest scheduled to come due on the Bonds on the next interest payment date; and

(b) such amounts, in equal monthly installments, made on or before the 10th day of each month, commencing the 10th day of the month following the Closing Date, as will be sufficient to pay the next maturing principal of the Bonds.

Interest accrued on the Bonds to the date of delivery shall be placed into the Interest and Sinking Fund and shall reduce by such amount the sums which would otherwise be required to be placed into the Interest and Sinking Fund from the Net Revenues.

Section 7.04. Reserve Fund.

(a) Upon the issuance of the Bonds, the Authority shall deposit \$_____ into the Reserve Fund, such amount being sufficient to cause the balance in the Reserve Fund to be equal to one-half (1/2) of the average annual debt service requirements on all Bonds and Previously Issued Bonds which will be outstanding following the issuance of the Bonds. Upon the issuance of Additional Bonds, there shall be deposited into the Reserve Fund, in not more than sixty (60) equal monthly deposits, such additional amounts, if any are required, to cause the balance in the Reserve Fund to be equal to one-half (1/2) of the average annual debt service requirements on all Bonds, Previously Issued Bonds and Additional Bonds which will be outstanding following the issuance of the proposed Additional Bonds. So long as the Reserve Fund contains a balance of not less than an amount equal to one-half (1/2) of the average annual debt service requirements on the Bonds, the Previously Issued Bonds and any Additional Bonds then outstanding, the Authority shall not be required to make further payments into the Reserve Fund. If any money is withdrawn from the Reserve Fund to pay principal or interest on the Bonds, the Previously Issued Bonds or Additional Bonds, the Authority shall restore such amount from the first revenues available for such purpose and until such amount is restored, the Reserve Fund shall not contain the amount required to be on deposit therein.

(b) The Reserve Fund shall be used to pay the principal of and interest on the Bonds, the Previously Issued Bonds and any Additional Bonds at any time when there is not sufficient moneys available in the Interest and Sinking Fund for such purpose. Money in the Reserve Fund may, upon authorization by the Board of Directors of the Authority and to the extent permitted by law, be invested in direct obligations of, or obligations which the principal of and interest on are guaranteed by, the United States of America, or invested in direct obligations of the Federal Intermediate Credit Banks, Federal Land Banks, 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 five (5) years from the date of the making of such investments. Any obligation in which money in the Reserve Fund is so invested shall be kept and held at the Authority's depository bank for the benefit of the Owners of the Bonds and the holders of the Previously Issued 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.

Section 7.05. Construction Fund.

(a) The Benbrook Water Authority Waterworks and Sewer System Revenue Bonds, Series 2022 Construction Fund (the “Construction Fund”) is hereby created and established. The Construction Fund shall be maintained at the Authority’s depository bank.

(b) Money on deposit in the Construction Fund, together with investment earnings thereon, shall be used for the purposes specified in Section 2.01 and in accordance with the TCEQ Order dated September 28, 2022.

(c) Subject to TCEQ rules on use of surplus funds, to the extent applicable, all amounts remaining in the Construction Fund after the accomplishment of the purposes for which the Bonds are hereby issued, including investment earnings thereon, shall be deposited into the Interest and Sinking Fund, unless applicable law permits or authorizes all or part of such funds to be used for other purposes.

Section 7.06. Excess Funds. Money realized from revenues of the System and remaining in the Revenue Fund at the end of each Fiscal Year after all payments have been made as required by Sections 7.02, 7.03 and 7.04 of this Resolution may be used for improvements, extensions and replacements to the System or for calling in accordance with Article III hereof (or purchasing) and retiring bonds, or for any other lawful purposes, including but not limited to, the payment of junior lien revenue bonds.

Section 7.07. Deficiencies in Funds. If in any Fiscal Year the Authority shall, for any reason, fail to pay into the Interest and Sinking Fund and Reserve Fund the full amounts above stipulated, amounts equivalent to such deficiencies shall be set apart and paid into said funds from the first available and unallocated revenues of the following Fiscal Year or Years, and such payments shall be in addition to the amounts hereinabove provided to be otherwise paid into said funds during such Fiscal Year or Years.

Section 7.08. Security of Funds. All Funds provided for in this Resolution shall be secured in the manner and to the fullest extent permitted by the laws of the State for the security of public funds, and the monies in such funds shall be used solely for the purposes permitted herein.

ARTICLE VIII

INVESTMENTS

Section 8.01. Investments.

(a) Money in each fund established by this Resolution, at the option of the Authority, may be invested in such securities or obligations as permitted under applicable law; provided that, money in the Reserve Fund shall be invested only as provided in Section 7.04(b) of this Resolution. Investment of money is subject to the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

(b) Any securities or obligations in which money is so invested shall be kept and held in trust for the benefit of the Owners of the Bonds and the holders of the Previously Issued Bonds and any Additional Bonds and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the fund from which the investment was made.

Section 8.02. Investment Income. Interest and income derived from investment of any fund hereunder shall be credited to such fund.

ARTICLE IX

ADDITIONAL BONDS AND REFUNDING BONDS

Section 9.01. Additional Bonds. The Authority reserves the right to issue, in one or more installments, Additional Bonds secured by and payable from a first lien upon and pledge of the Net Revenues of the Authority in the same manner and to the same extent as are the Bonds and the Previously Issued Bonds; and all of said Bonds, the Previously Issued Bonds and the Additional Bonds shall be in all respects of equal dignity. It is provided, however, that none of the Additional Bonds shall be issued unless:

(a) The Authority is not in default as to any of the covenants, conditions or obligations prescribed in the Previous Resolutions or herein;

(b) The Interest and Sinking Fund and the Reserve Fund contain at least the amount of money then required to be on deposit therein;

(c) The Net Revenues for the next preceding Fiscal Year are equal to at least 1-1/4 times the average annual principal and interest requirements on the Bonds, the Previously Issued Bonds, the Additional Bonds, if any, and the Additional Bonds then proposed to be issued, as such Net Revenues are shown by a report by a certified public accountant; provided that, if the Authority has increased rates for its services either prior to or concurrently with the issuance of the proposed Additional Bonds, the estimated Net Revenues that would have resulted if such increased rates had been in effect for the entire period of such Fiscal Year, to the extent not reflected in the Net Revenues for such Fiscal Year, may be employed in determining Net Revenues for the purpose of meeting the requirements of this paragraph (c), the determination of such estimated additional Net Revenues that would have resulted from such rate increase shall be made and certified to in writing by an independent engineer or firm of independent engineers;

(d) [Reserved];

(e) The interest payment dates for the Additional Bonds are the same as interest payment dates for the Bonds and the Previously Issued Bonds;

(f) The proceeds of such Additional Bonds shall be used solely for the making of improvements and extensions of the System;

(g) Provision is made in the authorizing proceedings increasing the maximum amount required to be deposited into the Reserve Fund in an amount equal to one-half (1/2) of the average annual debt service requirements of the Bonds, the Previously Issued Bonds and the Additional Bonds then proposed to be issued; and

Section 9.02. Refunding Bonds. The Authority reserves the right, power and authority to issue refunding bonds for the purpose of refunding in whole, or in part, any Bonds then outstanding in such manner and at such time or times the Authority shall consider appropriate to the extent permitted by any law existing at the time of such refunding applicable to the Authority; and, if issued, such refunding bonds shall be in all respects of equal dignity and on a parity with the Bonds, the Previously Issued Bonds and the Additional Bonds, if any; provided, however, if less than all of the Bonds then outstanding are refunded, then the provisions of paragraph (a), (b), (c), (d) and (g) of Section 9.01 of this Resolution shall be applicable to such refunding bonds with the earnings test required by paragraph (c) and (d) to be applied to only those Bonds which will remain outstanding after the issuance of the proposed refunding bonds.

ARTICLE X

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 10.01. Payment of the Bonds. While any of the Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such interest on and principal of the Bonds as will accrue or mature on each applicable interest payment date.

Section 10.02. Other Representations and Covenants.

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

(b) The Authority 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 duly and effectively taken; and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the Authority in accordance with their terms.

Section 10.03. Maintenance and Operation. The Authority shall maintain the System in good condition and operate the same in an efficient manner and at a reasonable cost. So long as any of the Bonds, the Previously Issued Bonds or Additional Bonds are outstanding the Authority agrees to maintain insurance for the benefit of the holder or holders of such bonds, on the System of a kind and in an amount which usually would be carried by private companies engaged in a similar type of business.

Section 10.04. Accounts and Fiscal Year. The Authority shall keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of all transactions relating to the System. The Authority will operate the System and will keep its books of records and accounts on the basis of a Fiscal Year.

Section 10.05. Accounting Reports. The Authority within ninety (90) days of the close of each Fiscal Year will furnish, without cost to any Owner or holder of 25% or more in principal amount of the 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) Income and Expense Statement;
- (b) Balance Sheet;
- (c) Accountant's comment regarding the manner in which the Authority has complied with the requirements of this Resolution, and his recommendation for any changes or improvements in the operation of the System;
- (d) List of insurance policies in force at the end of the Fiscal Year, showing as to each policy, the risk covered, the name of the insurer and expiration date; and
- (e) The number of properties connected with such System and the total income from such System for the year.

Section 10.06. Inspection. Any Owner or holder of Additional Bonds shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Authority relating thereto.

Section 10.07. Special Covenants. The Authority hereby further covenants as follows:

- (a) That it has the lawful power to pledge the revenues herein pledged to the payment of the Bonds and the funds created or reaffirmed herein, and has lawfully exercised said power under the Constitution and laws of the State; that the Bonds issued hereunder, the Previously Issued Bonds and the Additional Bonds when issued, shall be ratably secured under said pledge in such manner that no one bond shall have preference over any other bond of said issues;
- (b) Except for the Previously Issued Bonds, the rents, revenues and income of the System have not been in any manner pledged to the payment of any debt or obligation of the Authority or of the System;
- (c) That, so long as any of the Bonds remain outstanding, the Authority will not sell or encumber the System or any substantial part thereof, and except as expressly permitted by this Resolution, it will not encumber the revenues thereof; and
- (d) That no free or unmetered service of the System shall be allowed, except to the extent required to furnish fire protection for the City of Benbrook, Texas.

Section 10.08. Bonds as Special Obligations. The Bonds are special obligations of the Authority payable from the revenues herein pledged to their payment, and the Owners thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

Section 10.09. Parties in Interest. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or give to, any person or entity, other than the Authority, the Paying Agent/Registrar, the issuer of a municipal bond guaranty insurance policy for the Bonds (the “Insurer”), if any, the Owners or the holders of the Previously Issued Bonds and any Additional Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Paying Agent/Registrar, the Insurer, if any, the Owners and the holders of the Previously Issued Bonds and any Additional Bonds.

Section 10.10. Federal Tax Matters.

(a) General. The Authority 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 Authority 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 Authority in connection with the Bonds.

(b) No Private Activity Bonds. The Authority 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 Authority 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.

(c) No Federal Guarantee. The Authority 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.

(d) No Hedge Bonds. The Authority 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.

(e) No Arbitrage Bonds. The Authority 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.

(f) Required Rebate. The Authority covenants that, if the Authority does not qualify for an exception to the requirements of section 148(f) of the Code, the Authority will comply

with the requirement that certain amounts earned by the Authority on the investment of the gross proceeds of the Bonds, be rebated to the United States.

(g) Information Reporting. The Authority 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.

(h) Record Retention. The Authority covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of 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.

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

(j) Favorable Opinion of Bond Counsel. Notwithstanding the foregoing, the Authority will not be required to comply with any of the federal tax covenants set forth above if the Authority 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.

(k) Continuing Compliance. Notwithstanding any other provision of this Resolution, the Authority’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.

(l) Official Intent. For purposes of section 1.150-2(d) of the Regulations, to the extent that an official intent to reimburse by the Authority is not in effect for a particular project, this Resolution serves as the Authority’s official declaration of intent to use proceeds of the Bonds issued in the maximum amount authorized by this Resolution to reimburse itself for certain expenditures paid in connection with the projects set forth herein. Any such reimbursement will only be made (i) for an original expenditure paid no earlier than 60 days prior to the date hereof and (ii) not later than 18 months after the later of (A) the date the original expenditure is paid or (B) the date on which the project to which such expenditure relates is placed in service or abandoned, but in no event more than three years after the original expenditure is paid.

(m) Qualified Tax-Exempt Obligations. The Authority hereby designates the Bonds as “qualified tax-exempt obligations” for purposes of section 265(b) of the Code. In connection therewith, the Authority represents that (i) the aggregate amount of tax-exempt obligations (including the Bonds) issued by the Authority in the same calendar year as 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 (ii) the reasonably anticipated amount of tax-exempt obligations (including the Bonds) that will be issued by the Authority in the same calendar year as the Bonds

will not exceed \$10,000,000. The term “tax-exempt obligation” 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, the Authority includes all entities that are aggregated with the Authority under the Code.

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.01. Events of Default. Each of the following occurrences or events for the purpose of this Resolution is hereby declared to be an “Event of Default”:

- (i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or
- (ii) default in the performance or observance of any other covenant, agreement or obligation of the Authority, the failure to perform which materially, adversely affects the rights of the Owners of the Bonds, including but not limited to, their prospect or ability to be repaid in accordance with this Resolution, and the continuation thereof for a period of 60 days after notice of such default is given by any Owner to the Authority.

Section 11.02. Remedies for Default.

(a) Upon the happening of any Event of Default, or the failure to perform or observe any other covenant, agreement or obligation of the Authority, the failure to perform which materially, adversely affects the rights of the Owners of the Bonds, including but not limited to, their prospect or ability to be repaid in accordance with this Resolution, then and in every case any Owner or an authorized representative thereof, including but not limited to, a trustee or directors therefor, may proceed against the Authority for the purpose of protecting and enforcing the rights of the Owners of the Bonds under this Resolution, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners of the Bonds hereunder or any combination of such remedies.

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

Section 11.03. Remedies Not Exclusive.

(a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity.

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

ARTICLE XII

DISCHARGE

Section 12.01. Discharge. The Bonds may be defeased, discharged or refunded in any manner permitted by applicable law.

ARTICLE XIII

SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS

Section 13.01. Sale of Bonds; Official Statement.

(a) The Bonds, having been duly advertised and offered for sale at competitive bid, are hereby officially sold and awarded to _____ (the "Purchaser") for a purchase price equal to the principal amount thereof plus a cash premium of \$_____ together with interest accrued on the Bonds to the Closing Date, being the bid which produced the lowest net effective interest cost to the Authority. The Initial Bond shall be registered in the name of the Purchaser or its designee.

(b) The form and substance of the Notice of Sale, Official Bid Form, Preliminary Official Statement, and any addenda, supplement or amendment thereto, are hereby in all respects approved and adopted and is hereby deemed final as of its date within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The final Official Statement (the "Official Statement") presented to and considered at this meeting is hereby in all respects approved and adopted and the President and Secretary of the Board are hereby authorized and directed to execute the same and deliver appropriate numbers of executed copies thereof to the Purchaser. The Official Statement as thus approved, executed and delivered, with such appropriate variations as shall be approved by the General Manager, President, Vice-President, Secretary or Treasurer of the Board and the Purchaser, may be used by the Purchaser in the public offering and sale thereof. The Board Secretary is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Official Statement, and the preliminary public offering of the Bonds by the Purchaser, is hereby ratified, approved and confirmed.

(c) All officers of the Authority are authorized to execute such documents, Bonds and receipts, and to make such elections with respect to the tax exempt status of Bonds, as they may deem appropriate in order to consummate the delivery of the Bonds in accordance with the provisions and terms of sale therefor. Further, in connection with the submission of the record of proceedings for the Bonds to the Attorney General of the State of Texas for examination and approval of such Bonds, the appropriate officer of the Authority is hereby authorized and directed to issue a check of the Authority payable to the Attorney General of the State of Texas

as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount to be the lesser of (i) 1/10th of 1% of the principal amount of the Bonds or (ii) \$9,500).

(d) The obligation of the Purchaser to accept delivery of the Bonds is subject to the Purchaser being furnished with the final, approving opinion of Bracewell LLP, Bond Counsel for the Authority, which opinion shall be dated as of and delivered on the Closing Date. The President or Vice President of the Authority is hereby authorized and directed to execute the engagement letter with Bracewell LLP, setting forth such firm's duties as Bond Counsel for the Authority, and such engagement letter and the terms thereof in the form presented at this meeting is hereby approved and accepted.

Section 13.02. Control and Delivery of Bonds.

(a) The President and Vice President of the Board are 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 the Purchaser under and subject to the general supervision and direction of the President and Vice President of the Board, against receipt by the Authority of all amounts due to the Authority under the terms of sale.

Section 13.03. Deposit of Proceeds.

(a) The sum of \$ _____ shall be deposited to the Construction Fund and shall be used for the purposes stated in Section 2.01(i) and \$ _____ shall be deposited to the Construction Fund and shall be used of the purposes stated in Section 2.01(iii).

(b) The sum of \$ _____ shall be deposited to the Reserve Fund.

ARTICLE XIV

CONTINUING DISCLOSURE UNDERTAKING

Section 14.01. Annual Reports.

(a) The Authority shall provide annually to the MSRB, (1) within six (6) months after the end of each Fiscal Year of the Authority, financial information and operating data with respect to the Authority of the general type included in the final Official Statement, being the information described in Exhibit A as Tables numbered 1 through 10, including financial statements of the Authority if audited financial statements are then available, and (2) if not provided as part of such financial information and operating data, audited financial statements of the Authority within 12 months after the end of each Fiscal Year, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting

principles described in Exhibit A hereto, and (ii) audited, if the Authority commissions an audit of such statements and the audit is completed within the period during which they must be provided; and (iii) submitted through EMMA, in an electronic format with accompanying identification as described by the MSRB. If the audit of such financial statements is not complete within 12 months after any such Fiscal Year end, then the Authority shall provide notice that audited financial statements are not available and shall provide unaudited financial statements within such 12-month period for the applicable Fiscal Year to the MSRB. Thereafter, when and if audited financial statements become available, the Authority shall provide such audited financial statements as required to the MSRB.

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

(c) All financial information, operating data, financial statements, and notices required by this Section to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided pursuant to Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's Internet Web site or filed with the SEC.

Section 14.02. Certain Event Notices.

(a) The Authority 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 occurrence of the event, of any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;

- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Authority;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material;
- (xv) Incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

For these purposes, (A) any event described in the immediately preceding clause (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, 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 of business of the Authority, and (B) the Authority intends the words used in the immediately preceding clauses (xv) and (xvi) in this Section and in the definition of Financial Obligation in Section 40(a) to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

(b) The Authority shall provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the Authority to provide required annual financial information and notices of material events in accordance with Section 14.01 and section (a) above. All documents provided to the MSRB pursuant to this section shall be accompanied

by identifying information as prescribed by the MSRB, and will be available via . EMMA at at www.emma.msrb.org.

Section 14.03. Limitations, Disclaimers and Amendments.

(a) The Authority shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the Authority remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Authority in any event will give notice of any deposit made in accordance with Article XII that causes 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 Authority 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 Authority’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 Authority 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 AUTHORITY 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 AUTHORITY, WHETHER NEGLIGENT 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 Authority in observing or performing its obligations under this Article shall comprise a breach of or default under the Resolution for purposes of any other provisions of this Resolution.

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

(e) The provisions of this Article may be amended by the Authority 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 Authority, but only if (i) 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 (ii) either (a) the Owners of a majority in aggregate

principal amount (or any greater amount required by any other provisions of this Resolution that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Authority (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. If the Authority so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 15.02 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.

ARTICLE XV

MISCELLANEOUS

Section 15.01. Changes to Resolution. The General Manager or President of the Board, in consultation with Bond Counsel, is hereby authorized to make changes to the terms of this Resolution 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 Texas.

Section 15.02. Partial Invalidity. If any section, paragraph, clause or provision of this Resolution 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 Resolution.

Section 15.03. No Personal Liability. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Resolution, against any official or employee of the Authority or any person executing any Bonds.

ADOPTED, APPROVED AND EFFECTIVE this ____ day of October, 2022.

EXHIBIT A

DESCRIPTION OF ANNUAL DISCLOSURE OF FINANCIAL INFORMATION

The following information is referred to in Article XIV of this Resolution.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the Authority to be provided annually in accordance with such Section XIV are as specified (and included in the Appendix B or other headings of the Official Statement referred to) below:

1. The audited financial statements of the Authority for the most recently concluded Fiscal Year.
2. Statistical and financial data set forth in Tables 1 through 10 in the Official Statement.

Accounting Principles

The accounting principles referred to in such Article are the accounting principles described in the notes to the financial statements set forth in Appendix B to the Official Statement.