ORDINANCE NO. 2026-03-____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF McKINNEY, TEXAS, AUTHORIZING THE ISSUANCE OF "CITY OF McKINNEY, TEXAS, WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2026," MAKING PROVISIONS FOR THE PAYMENT AND SECURITY OF SAID BONDS; RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, PAYMENT AND DELIVERY OF SAID BONDS, ESTABLISHING PROCEDURES FOR THE SALE AND DELIVERY OF SAID BONDS; AND DELEGATING MATTERS RELATING TO THE SALE AND ISSUANCE OF SAID BONDS TO AN AUTHORIZED CITY OFFICIAL; ENACTING PROVISIONS INCIDENT AND RELATED TO THE PURPOSES AND SUBJECT OF THIS ORDINANCE; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of McKinney, Texas (the "City") pursuant to the authority granted to the City by Texas Government Code, Chapter 1502, as amended, finds and determines that revenue bonds should be authorized to be issued for improving and extending the City's Waterworks and Sewer System (the "System");

WHEREAS, the City has heretofore issued, sold, and delivered, and there is currently outstanding, obligations of the following issue or series, to wit: "City of McKinney, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2016," dated June 1, 2016 (the "Refunded Bonds");

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

WHEREAS, the City shall by this Ordinance, in accordance with the provisions of Section 1207.007 of Chapter 1207 and Chapter 1371, Texas Government Code, as amended, delegate to a Pricing Officer (hereinafter designated) the authority to determine the principal amount of the Bonds to be issued to improve and extend the System and to refund the Refunded Bonds and certain other specified terms of the Bonds, to negotiate the terms of sale thereof and select the specific maturities, in whole or in part, of the Refunded Bonds to be refunded, such terms and information to be included in a pricing certificate (the "Pricing Certificate") to be executed by the Pricing Officer;

WHEREAS, the Council hereby finds and determines that it is a public purpose and in the best interests of the City to refund the Refunded Bonds in order to achieve a present value debt service savings, all in accordance with the provisions of Section 1207.007 of Chapter 1207, Texas Government Code, as amended;

WHEREAS, the City Council hereby finds and determines that the conditions for the issuance of additional bonds as set forth in the ordinances authorizing the issuance of the Previously Issued Bonds can be met and satisfied in that (i) the City is not now in default as to any covenant, condition or obligation prescribed by the ordinances authorizing the Previously Issued Bonds, (ii) each of the funds created by the ordinances authorizing the issuance of the Previously Issued Bonds contains the amount of money now required to be on deposit therein, (iii) the City will secure from a Certified Public Accountant or a Licensed Public Accountant a report showing that the Net Revenues of the System for the last completed fiscal year prior to the month of adoption of this Ordinance are equal to at least 1.25 times the average annual principal and interest requirements and 1.10 times the maximum annual principal and interest requirements for all bonds which will be secured by a first lien on and pledge of the Net Revenues of the System after giving effect to the issuance of the bonds herein authorized, (iv) the bonds herein authorized shall mature on March 15 in each year of maturity and (v) this Ordinance provides that the amount to be accumulated and maintained in the Reserve Fund shall be equal to an amount not less than the average annual requirements for the payment of principal of and interest on all bonds to be secured by a first lien on and pledge of the Net Revenues of the System after giving effect to the issuance of the bonds herein authorized, and any additional amount to be maintained in the Reserve Fund shall be accumulated therein within not more than five years and one month from the execution of the Pricing Certificate; and

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF McKINNEY:

Section 1. Authorization - Designation - Principal Amount – Purpose: Revenue bonds of the City shall be and are hereby authorized to be issued in one or more series in the maximum aggregate principal amount hereinafter set forth, to be designated and bear the title “City of McKinney, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2026” (the “Bonds”), for the purpose of (i) improving and extending the City’s Waterworks and Sewer System, (ii) providing funds for the discharge and final payment of certain obligations of the City (described in the preamble hereof and finally identified in the Pricing Certificate and referred to herein as the “Refunded Bonds”), (iii) making any required deposit to the Reserve Fund and (iv) to pay the costs and expenses of issuance, in accordance with the authority conferred by and in conformity with the Constitution and laws of the State of Texas, including Chapters 1207, 1371, and 1502, Texas Government Code, as amended.

Section 2. Denomination and Maturity: The Bonds shall be issued as fully registered obligations only, without coupons, and the Bonds (other than the Initial Bond referenced in Section 6 hereof) shall be in denominations of $5,000 or any integral multiple (within a Stated Maturity) thereof, shall be lettered "R" and numbered consecutively from one (1) upward and principal shall become due and payable on a date certain in each of the years and in amounts (the "Stated Maturities") and bear interest at the rate(s) per annum in accordance with the details of the Bonds as set forth in the Pricing Certificate.

The Bonds shall bear interest on the unpaid principal amounts from the date specified in the Pricing Certificate at the rate(s) per annum shown in the Pricing Certificate (calculated on the basis of a 360-day year consisting of twelve 30-day months). Interest on the Bonds shall be payable in each year, on the dates, and commencing on the date, set forth in the Pricing Certificate.

Section 3. Delegation of Authority to Pricing Officer:

(a) As authorized by Section 1207.007 of Chapter 1207 and Chapter 1371, Texas Government Code, as amended, the City Manager, Chief Financial Officer or the Director of Financial Services of the City (either, the “Pricing Officer”) is hereby authorized to act on behalf of the City in selling and delivering the Bonds, in one or more series and carrying out the other procedures specified in this Ordinance, including selection of the specific maturities, in whole or in part, of the Refunded Bonds to be refunded, determining the purposes and amounts of the Bonds to be issued to fund improvements to the System, determining the aggregate principal amount of the Bonds, the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, determining whether the Bonds shall be issued in one or more series or subseries, the price at which the Bonds will be sold, the manner of sale (negotiated, privately placed or competitively bid), the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, the date from which interest on the Bonds will accrue, the interest payment dates, the price and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the City, as well as any mandatory sinking fund redemption provisions, determination of the use of a book-entry-only securities clearance, settlement and transfer system, the designation of one or more paying agent/registrars, the designation of one or more escrow agents, if applicable, satisfying the requirements of Chapter 1207, the terms of any bond insurance applicable to the Bonds, including any modification of the continuing disclosure undertaking contained in Section 41 hereof as may be required by the purchasers of the Bonds in connection with any amendments to the Rule (hereinafter defined),

any deposit or adjustment to the Reserve Fund, and all other matters relating to the issuance, sale and delivery of the Bonds, all of which shall be specified in the Pricing Certificate, provided that:

(1) the aggregate original principal amount of the Bonds issued for new money purposes shall not exceed $28,000,000;

(2) the aggregate original principal amount of the Bonds issued for refunding purposes shall not exceed $8,000,000;

(3) the refunding must produce present value debt service savings of at least 3.00% of the debt service of the Refunded Bonds;

(4) the maximum true interest cost for the Bonds shall not exceed 5.00%;

(5) the maximum maturity date of the Bonds issued for new money purposes shall not exceed March 15, 2046; and

(6) the maximum maturity date of the Bonds issued for refunding purposes shall not exceed March 15, 2036.

The execution of the Pricing Certificate shall evidence the sale date of the Bonds by the City to the Purchasers (hereinafter defined).

If the Pricing Officer determines that bond insurance results in a net reduction of the City's interest costs associated with the Bonds, then the Pricing Officer is authorized, in connection with effecting the sale of the Bonds, to make the selection of a municipal bond insurance company for the Bonds (each, an "Insurer") and to obtain from the Insurer a municipal bond insurance policy in support of such series of Bonds. The Pricing Officer shall have the authority to determine the provisions of the commitment for any such policy or policies and to execute any documents to affect the issuance of said policy or policies by the Insurer.

(b) In establishing the aggregate principal amount of the Bonds, the Pricing Officer shall establish an amount not exceeding the amount authorized in subsections (a)(1) or (a)(2) above, as applicable, which shall be sufficient in amount to provide for the purposes for which the Bonds are authorized and to pay costs of issuing the Bonds. The delegation made hereby shall expire if not exercised by the Pricing Officer within one (1) year of the date of the adoption of this Ordinance. The Pricing Officer may exercise such delegation on more than one occasion during such time period. The Bonds shall be sold to the purchaser(s)/underwriter(s) named in the Pricing Certificate (the "Purchasers"), at such price and with and subject to such terms as set forth in the Pricing Certificate and the Purchase

Contract (hereinafter defined), and may be sold by negotiated or competitive sale or by private placement. The Pricing Officer is hereby delegated the authority to designate the Purchasers, which delegation shall be evidenced by the execution of the Pricing Certificate.

Section 4. Payment of the Bonds - Paying Agent/Registrar: The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the registered owners or holders of the Bonds (hereinafter called the "Holders") appearing on the registration and transfer books (the "Security Register") maintained by the Paying Agent/Registrar, and the payment thereof shall be in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

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

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities or on a date of redemption thereof, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated offices as provided in the Pricing Certificate (the "Designated Payment/Transfer Office"); provided, however, while a Bond is registered to Cede & Co., the payment thereof upon a partial redemption of the principal amount thereof may be accomplished without presentation and surrender of such Bond. Interest on a Bond shall be paid to the Holder whose name appears in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest

payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to be closed, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to be closed; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a non-payment of interest on one or more maturities of the Bonds on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment for such maturity or maturities (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of such maturity or maturities appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

Section 5. Book-Entry-Only Transfers and Transactions: Notwithstanding the provisions contained herein relating to the payment, and transfer/exchange of the Bonds, the City hereby approves and authorizes the use of "Book-Entry-Only" securities clearance, settlement and transfer system provided by The Depository Trust Company ("DTC"), a limited purpose trust company organized under the laws of the State of New York, in accordance with the requirements and procedures identified in the current DTC Operational Arrangements memorandum, as amended, the Blanket Issuer Letter of Representations, by and between the City and DTC, and the Letter of Representation from the Paying Agent/Registrar to DTC (collectively, the "Depository Agreement").

In the event the Pricing Officer elects to utilize DTC's "Book-Entry-Only" system, which election shall be made by the Pricing Officer in the Pricing Certificate, pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC who shall hold said Bonds for its participants (the "DTC Participants"). While the Bonds are held by DTC under the Depository Agreement, the Holder of the Bonds on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual

purchaser or owner of each Bond (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City decides to discontinue use of the system of book-entry transfers through DTC, the City covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 4 and 31 hereof.

Section 6. Initial Bond: The Bonds herein authorized shall be initially issued as fully registered Bonds in the aggregate principal amount noted and principal installments to become due and payable as provided in the Pricing Certificate and numbered T-1 (hereinafter called the "Initial Bond") and the Initial Bond shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Bond shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bond, the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond delivered hereunder and exchange therefor definitive Bonds of like series, and of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

Section 7. Forms:

(a) Forms Generally: The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and, with the Bonds to be completed and modified with the information set forth in the Pricing Certificate, 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, hereinafter "CUSIP") and such legends and

endorsements (including insurance legends in the event the Bonds, or any maturities thereof, are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or as determined by the Pricing Officer or the officers executing such Bonds as evidenced by their execution thereof. The Pricing Certificate shall set forth the final and controlling forms and terms of the Bonds. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

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

(b) Form of Definitive Bond:

REGISTERED NO._____ REGISTERED $_____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF McKINNEY, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE
REFUNDING AND IMPROVEMENT BOND
SERIES 2026

Bond Date:	Due Date:	Interest Rate:	CUSIP NO:
_____, 2026	March 15, 20__	_____%	_____

Registered Owner:

Principal Amount:

The City of McKinney (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Collin, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above the Principal Amount hereinabove stated (or so much thereof as shall not have been redeemed prior to maturity) and to pay interest on the unpaid principal amount hereof from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is prior to the initial interest payment date in which case it shall bear interest from _____) at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on March 15 and September 15 in each year until maturity or prior redemption, commencing _____. Principal of this Bond is payable at its Stated Maturity or upon its prior

redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. Interest is payable to the Registered Owner of this Bond (or one or more Predecessor Bonds, as defined in the Ordinance hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States mail, first class postage prepaid, to the address of the Registered Owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to be closed, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to be closed; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the series of fully registered Bonds specified in its title (the "Bonds") issued in the aggregate principal amount of $_____ pursuant to the Pricing Certificate and an ordinance adopted by the governing body of the City (the " Bond Ordinance", and jointly with the Pricing Certificate, the "Ordinance"), for the purpose of (i) improving and extending the City's Waterworks and Sewer System, (ii) providing funds for the discharge and final payment of certain obligations of the City, (iii) making a deposit to the Reserve Fund and (iv) to pay the costs and expenses of issuance, in accordance with the authority conferred by and conformity with the Constitution and laws of the State of Texas, including Chapters 1207, 1371, and 1502 of the Texas Government Code, as amended.

[The Bonds maturing on the dates hereinafter identified (the "Term Bonds") are subject to mandatory redemption prior to maturity with funds on deposit in the Bond Fund established and maintained for the payment thereof in the Ordinance, and shall be redeemed in part prior to maturity at the price of par and accrued interest thereon to the date of redemption, and without premium, on the dates and in the principal amounts as follows:

Term Bonds due March 15, 20__		Term Bonds due March 15, 20__	
Redemption Date	Principal Amount	Redemption Date	Principal Amount
March 15, 20__		March 15, 20__	
March 15, 20__*		March 15, 20__*	

* Stated maturity.

The particular Term Bonds of a Stated Maturity to be redeemed on each redemption date shall be chosen by lot by the Paying Agent/Registrar; provided, however, that the principal amount of Term Bonds for a Stated Maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Term Bonds of like Stated Maturity which, at least fifty (50) days prior to a mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the optional redemption provisions appearing below and not theretofore credited against a mandatory redemption requirement.]

The Bonds maturing on and after March 15, ____, may be redeemed prior to their stated maturities, at the option of the City, on _____, or on any date thereafter, in whole or in part, at the redemption price of par, together with accrued interest to the date of redemption.

At least thirty (30) days prior to the date fixed for any redemption of Bonds, the City shall cause a written notice of such redemption to be sent by United States mail, first class postage prepaid, to the registered owners of each Bond to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinance. If less than all of the principal sum hereof is to be redeemed and the registered owner hereof is someone other than Cede & Co., there shall be issued, without charge therefor, to the registered owner hereof, upon the surrender of this Bond to the Paying Agent/Registrar at its Designated Payment/Transfer Office, a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided in the Ordinance for the then unredeemed balance of the principal sum hereof.

If this Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor; provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar. If this Bond is called for redemption, in whole or in part, neither the City nor the Paying Agent/Registrar shall be required to transfer this Bond to an assignee of the registered owner within thirty (30) days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the Bondholder of the unredeemed balance hereof in the event of its redemption in part.

With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall

give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

The Bonds constitute special obligations of the City and, together with outstanding and unpaid "Previously Issued Bonds" (identified and defined in the Ordinance), are payable solely from and equally and ratably secured by a first lien on and pledge of the "Net Revenues" (as defined in the Ordinance) of the System. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the System, except with respect to the Net Revenues. The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

The City expressly reserves the right to issue additional revenue obligations in all things on a parity with the Previously Issued Bonds and the Bonds, payable solely from and equally and ratably secured by a first lien on and pledge of the Net Revenues of the System; provided, however, that any and all such additional obligations may be so issued only in accordance with and subject to the covenants, conditions, limitations and restrictions relating thereto which are set out and contained in the Ordinance to which reference is hereby made for more complete and full particulars.

Reference is hereby made to the Ordinance, a copy of which is on file at the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Registered Owner by the acceptance hereof hereby assents, for definitions of terms; the properties constituting the System; the Net Revenues pledged to the payment of the principal of and interest on this Bond; the nature, extent and manner of enforcement of the pledge; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Registered Owners; the rights, duties and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity of this Bond, and this Bond deemed to be no longer Outstanding thereunder; and for the other terms and provisions thereof. Capitalized terms used herein and not otherwise defined herein have the meanings assigned in the Ordinance.

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

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

It is hereby certified, recited, represented and declared that the City is a body corporate and political subdivision duly organized and legally existing under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Bonds do not exceed any Constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a pledge of the Net Revenues of the System, as hereinabove recited.

Subject to certain limitations set forth in the Ordinance, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the registered owner hereof or his attorney duly authorized in writing 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.

In case any provision in this Bond or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. This Bond shall be construed in accordance with and shall be governed by the laws of the State of Texas.

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

_____
Mayor [Mayor Pro Tem]
City of McKinney, Texas

COUNTERSIGNED:

_____
City Secretary [Deputy City Secretary]
City of McKinney, Texas

[CITY SEAL]

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

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

WITNESS my signature and seal of office this _____.

_____
Acting Comptroller of Public Accounts
of the State of Texas

[SEAL]

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

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

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

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

_____
_____
as Paying Agent/Registrar

Registration date:
_____

By_____
Authorized Signature

(e) Form of Assignment:

The following "Assignment" substantially in the form set forth shall appear on all Bonds.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto (print or typewrite name, address and zip code of transferee):_____
_____
_____
_____ (Social Security or other identifying number: _____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints
_____
_____attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____ _____

Signature guaranteed:

_____

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

(f) The Initial Bond shall be in the form set forth in paragraph (b) of this Section except as follows:

The heading and first paragraph of the Initial Bond shall be amended to read as follows:

REGISTERED REGISTERED
NO. T-1 $_____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF MCKINNEY, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE
REFUNDING AND IMPROVEMENT BOND
SERIES 2026

Bond Date:
_____, 2026

Registered Owner: _____

Principal Amount: _____ DOLLARS

The City of McKinney (the "City"), a body corporate and municipal corporation in the County of Collin, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, solely from the revenues hereinafter identified, the Principal Amount hereinabove stated on March 15 in each of the years and in principal amounts in accordance with the following schedule:

YEAR OF MATURITY	PRINCIPAL INSTALLMENTS	INTEREST RATES

(Information to be inserted from the Pricing Certificate.)

(or so much thereof as shall not have been redeemed prior to maturity) and to pay interest, computed on the basis of a 360-day year of twelve 30-day months, on the unpaid principal amounts hereof from _____ at the per annum rates of interest specified above; such interest being payable on March 15 and September 15 in each year, commencing _____, until maturity or prior redemption. Principal installments of this Bond are payable in the year of maturity or on a redemption date to the registered owner hereof by _____, _____, _____ (the "Paying Agent/Registrar"), upon its presentation and surrender, at its designated offices, initially in _____, _____, or, with respect to a successor paying agent/registrar, at the designated office of such successor (the "Designated Payment/Transfer Office"). Interest is payable to the registered owner of this Bond (or one or more Predecessor Bonds, as defined in the Ordinance hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date and interest shall be paid by the Paying Agent/Registrar by check sent United States mail, first class postage prepaid, to the address of registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

Section 8. Execution, Registration, Delivery and Dating:

(a) The Bonds shall be executed on behalf of the City by the Mayor or the Mayor Pro Tem under its seal reproduced or impressed thereon and countersigned by the City Secretary or Deputy City Secretary. The signature of said officers and the seal of the City on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile

signatures of individuals who are or were the proper officers of the City on the Bond Date shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Chapter 1201, Texas Government Code, as amended.

(b) No Bond shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 7(c), executed manually or by facsimile by the Comptroller of Public Accounts of the State of Texas, or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 7(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate duly signed upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered and delivered.

Section 9. Definitions: For all purposes of this Ordinance and in particular for clarity with respect to the issuance of the Bonds and the pledge and appropriation of revenues therefor, the following definitions are provided:

(a) The term "Additional Bonds" shall mean the additional parity revenue bonds authorized to be issued in accordance with the terms and conditions prescribed in Section 19 hereof.

(b) The term "Bonds" shall mean the "City of McKinney, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2026," dated as provided in the Pricing Certificate, authorized by this Ordinance.

(c) The term "Bonds Similarly Secured" shall mean collectively the Previously Issued Bonds, the Bonds and the Additional Bonds.

(d) The term "City" shall mean the City of McKinney, Texas.

(e) The term "Fiscal Year" shall mean the 12 month period ending September 30th of each year; provided, however, at such time as the Previously Issued Bonds have been fully paid as to principal and interest, the City may change the Fiscal Year to another period of not less than 12 calendar months, but in no event may the Fiscal Year be changed more than one time in any three calendar year period.

(f) Unless otherwise provided in the Pricing Certificate, the term "Government Securities" shall mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United

States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State of Texas.

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

(1) those Bonds theretofore cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Bonds for which payment has been duly provided by the City in accordance with the provisions of Section 37 hereof by the irrevocable deposit with the Paying Agent/Registrar of money or Government Securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to the Ordinance or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived; and

(3) those Bonds that have been mutilated, destroyed, lost or stolen and for which replacement Bonds have been registered and delivered in lieu thereof as provided in Section 29 hereof.

(h) The term "Net Revenues" shall mean the gross revenues of the System less the expense of operation and maintenance, including all salaries, labor, materials, repairs and extensions necessary to render efficient service, provided, however, that only such repairs and extensions as in the judgment of the City Council, reasonably and fairly exercised, are necessary to keep the System in operation and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair the security of any

obligations payable from and secured by a lien on the net revenues of the System, shall be deducted in determining "Net Revenues."

(i) The term "Owner," with respect to any Bond shall mean the person in whose name such Bond is registered on the register kept by the Paying Agent/Registrar.

(j) The term "Paying Agent/Registrar" shall mean the person or entity designated as such in the Pricing Certificate.

(k) The term "Previously Issued Bonds" shall mean any outstanding and unpaid revenue bonds of the City of McKinney, further identified as follows:

(i) City of McKinney, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2016, dated June 1, 2016, and originally issued in the principal amount of $29,225,000;

(ii) City of McKinney, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2017, dated August 1, 2017, and originally issued in the principal amount of $46,520,000;

(iii) City of McKinney, Texas, Waterworks and Sewer System Revenue Bonds, Series 2018, dated September 1, 2018, and originally issued in the principal amount of $11,415,000;

(iv) City of McKinney, Texas, Waterworks and Sewer System Revenue Bonds, Series 2019, dated August 1, 2019, and originally issued in the principal amount of $31,735,000;

(v) City of McKinney, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2020, dated August 15, 2020, and originally issued in the principal amount of $22,075,000;

(vi) City of McKinney, Texas, Waterworks and Sewer System Revenue Bonds, Series 2021, dated June 1, 2021, and originally issued in the principal amount of $28,795,000;

(vii) City of McKinney, Texas, Waterworks and Sewer System Revenue Bonds, Series 2022, dated May 15, 2022, and originally issued in the principal amount of $56,110,000;

(viii) City of McKinney, Texas, Waterworks and Sewer System Revenue Bonds, Series 2023, dated June 1, 2023, and originally issued in the principal amount of $38,330,000;

(ix) City of McKinney, Texas, Waterworks and Sewer System Revenue Bonds, Series 2024, dated July 1, 2024, and originally issued in the principal amount of $38,170,000; and

(x) City of McKinney, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2025, dated June 17, 2025, and originally issued in the principal amount of $26,355,000.

(l) The term "System" shall mean the City's combined Waterworks and Sewer System, including all present and future extensions, additions, replacements and improvements thereto.

Section 10. Pledge: The City hereby covenants and agrees that all of the Net Revenues of the System, with the exception of those in excess of the amounts required to establish and maintain the special Funds created for the payment and security of Bonds Similarly Secured, are hereby irrevocably pledged to the payment of the Previously Issued Bonds, the Bonds and Additional Bonds, if issued, and the interest thereon, and it is hereby ordained that the Previously Issued Bonds, the Bonds and the Additional Bonds, if issued, and the interest thereon, shall constitute a first lien upon on the Net Revenues of the System and be valid and binding and fully perfected from and after the date of adoption of this Ordinance without physical delivery or transfer of control of the Net Revenues, the filing of this Ordinance or any other act; all as provided in Chapter 1208 of the Texas Government Code, as amended ("Chapter 1208").

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

Section 11. Rates and Charges: The City hereby covenants and agrees with the Holders of the Bonds that rates and charges for water and sewer services afforded by the System will be established and maintained to provide revenues sufficient at all times to pay:

(a) all operating, maintenance, depreciation, replacement, betterment and interest charges and other costs incurred in the maintenance and operation of the System;

(b) the interest on and principal of the Previously Issued Bonds and the Bonds and the amounts required to be deposited into the special Funds created and established for the payment and security of the Bonds Similarly Secured; and

(c) any other legally incurred indebtedness payable from the revenues of the System and/or secured by a lien on the System or the revenues thereof.

Section 12. Fund Designations: The City hereby covenants and agrees that all revenues derived from the operation of the System shall be kept separate and apart from all other funds of the City and the following Funds or Accounts created and established in connection with the issuance of the Previously Issued Bonds are hereby reaffirmed and shall continue to be kept and maintained during the period of time the Bonds are Outstanding, to wit:

(a) City of McKinney Waterworks and Sewer System Fund, hereinafter called the "System Fund," which Fund is kept and maintained at the City's depository bank.

(b) City of McKinney Waterworks and Sewer System Revenue Bond Interest and Sinking Fund, hereinafter called the "Bond Fund," which Fund is hereby declared to be the combined interest and sinking fund created for the payment of principal of and interest on the Bonds and the Previously Issued Bonds and the same shall continue to be a single fund for the payment of principal of and interest on all Bonds Similarly Secured. This Fund shall continue to be kept and maintained at The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (or its successor in interest), as custodian of the pledged revenues, and moneys deposited therein shall be used solely for the purpose of paying the principal of and interest on the Bonds Similarly Secured when and as the same becomes due and payable.

(c) City of McKinney Waterworks and Sewer System Revenue Bond Reserve Fund, hereinafter called the "Reserve Fund," which Fund is and shall continue to be kept and maintained at The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (or its successor in interest), and moneys deposited in this Fund shall be used to pay principal of and interest on the Bonds Similarly Secured falling due at any time when there is insufficient money available in the Bond Fund for such purpose.

It is specifically provided, however, that the City may change the custodian of the Bond Fund and the Reserve Fund, without impairing the obligation of contract with the Holders of the Bonds, if the new custodian bank or banks for such Fund or Funds is a banking

institution with trust powers. The City further reserves the right to provide that the amounts which are required to be deposited in such Funds by the provisions of this Ordinance need not be kept on deposit in the named banks, but may be deposited in another bank or banks having trust powers without impairment of the obligation of contract with the Holders of the Bonds. In no event shall a change of the custodian of either of such Funds be considered as a change in the purpose for which such Funds were created and established as provided in the ordinances authorizing such Previously Issued Bonds or this Ordinance, and the City covenants that it will cause such Funds to be timely utilized for the respective purpose for which they were created.

Section 13. System Fund: The City hereby covenants and agrees that all revenues and income of every nature derived and to be derived from the operation of the System shall be deposited from day to day as collected into the System Fund, and the reasonable and proper maintenance and operation expenses of the System, as set forth in Section 9(h) hereof, shall be paid therefrom upon approval of the Council. All moneys deposited therein which are not required for the payment of maintenance and operating expenses of the System shall be appropriated and used, in the order of priority prescribed, for the purposes specified in the ordinances authorizing the issuance of Bonds Similarly Secured and obligations payable from and secured by an inferior lien on and pledge of the Net Revenues of the System.

Section 14. Bond Fund: In addition to the deposits required to be made for the payment of the Previously Issued Bonds, the City covenants that there shall be deposited from the Net Revenues into the Bond Fund prior to each principal and interest payment date an amount equal to one hundred percent (100%) of the amount required to fully pay the interest on and the principal of the Bonds then falling due and payable, such deposits to pay maturing principal and accruing interest on the Bonds to be made in substantially equal monthly installments on or before the 10th day of each month, beginning on or before the 10th day of the month next following the month the Bonds are delivered to the initial purchaser(s).

The above-described monthly deposits to the Bond Fund for the payment of principal of and interest on the Bonds shall continue to be made as hereinabove described until such time as the total amount on deposit in said Fund is equal to the amount required to pay all Outstanding Bonds Similarly Secured (principal and interest) or the Bonds are no longer Outstanding, i.e., fully paid as to principal and interest or the Bonds are refunded. Also, accrued interest and premium, if any, received from the purchaser of the Bonds, as well as any proceeds of the Bonds not required to complete the improvements and extensions to the System, shall be deposited in the Bond Fund, and shall be taken into consideration and reduce the amount of the monthly deposits hereinabove required which would otherwise be required

to be deposited in the Bond Fund from the Net Revenues of the System (calculated on a Fiscal Year basis).

Section 15. Reserve Fund: The City hereby reaffirms its prior covenant to the holders of the Previously Issued Bonds and agrees with holders of the Bonds to accumulate and, when accumulated, maintain in the Reserve Fund an amount equal to not less than the average annual principal and interest requirements of all bonds secured by a first lien on and pledge of the Net Revenues of the System (calculated on a Fiscal Year basis).

In accordance with the ordinances authorizing the issuance of the Previously Issued Bonds, by reason of the issuance of the Bonds, the total amount to be accumulated and maintained in the Reserve Fund shall be as provided in the Pricing Certificate (the "Required Reserve"), which amount shall be equal to not less than the average annual principal and interest requirement of all bonds secured by a first lien on and pledge of the Net Revenues of the System to be Outstanding after giving effect to the issuance of the Bonds (calculated on a Fiscal Year basis). Proceeds of the Bonds will be deposited to the Reserve Fund to provide for the Required Reserve or beginning on or before 10th day of the month following the delivery of the Bonds and on or before the 10th day of each month thereafter, the City shall cause to be deposited in the Reserve Fund from the Net Revenues of the System substantially equal amounts that will provide for the Required Reserve to be fully accumulated in said Fund within not more than sixty-one (61) months from the date of the execution of the Pricing Certificate, all as provided in the Pricing Certificate.

When the total amount required to be deposited in the Reserve Fund has been fully accumulated, the aforementioned monthly deposits to the Reserve Fund may be terminated; provided, however, should the total amount on deposit in the Reserve Fund be reduced below the annual average principal and interest requirements of all Outstanding Bonds Similarly Secured, such monthly deposits shall be resumed as herein specified and continued to be made on or before the 10th day of each month until the total amount required to be maintained in said Fund has been fully restored.

Money in the Reserve Fund may be invested, at the option of the City, in direct obligations of the United States of America or securities issued by the following federal agencies: Federal Intermediate Credit Banks, Federal Land Banks, Federal National Mortgage Association, Federal Home Loan Banks, and/or Banks for Cooperatives, which obligations or securities shall mature in not more than 10 years from the date of such investment. Any obligations in which money is so invested shall be kept in escrow in the bank which is the custodian of such Fund and shall be promptly sold and the proceeds of sale applied to the making of payments required to be made from the Reserve Fund whenever such payments are necessary to be made

under this Section. The deposits into this Fund shall be subordinate to those required to be made into the Bond Fund.

Section 16. Deficiencies in Funds: If in any month the City shall, for any reason, fail to pay into the Bond Fund or 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 Net Revenues of the System for the following month or months, and such payments shall be in addition to the amounts otherwise required to be paid into said Funds during such month or months.

Section 17. Excess Revenues: Any Net Revenues in excess of those required to establish and maintain the special Funds as above required may be used for the redemption of the Bonds, the Previously Issued Bonds, the Additional Bonds or for any other lawful purpose.

Section 18. Security of Funds: All moneys deposited in the Funds referred to in this Ordinance shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and shall be used only for the purposes permitted by this Ordinance and the ordinances authorizing the issuance of the Previously Issued Bonds.

Section 19. Issuance of Additional Bonds: In addition to the right to issue obligations of inferior lien as authorized by the laws of the State of Texas, the City hereby reserves the right to issue additional parity bonds. The Additional Bonds, when issued, shall be payable from and secured by a first lien on and pledge of the Net Revenues of the System in the same manner and to the same extent as the Previously Issued Bonds and the Bonds; and, the Bonds, the Previously Issued Bonds and the Additional Bonds shall in all respects be of equal dignity. The Additional Bonds may be issued in one or more installments, provided, however, that none shall be issued unless and until the following conditions have been met:

(a) The City is not then in default as to any covenant, condition or obligation prescribed by this Ordinance or the ordinances authorizing the issuance of the Previously Issued Bonds;

(b) That each of the Funds created or reaffirmed by this Ordinance contains the amount then required to be on deposit therein;

(c) The Net Revenues of the System were, during the last completed Fiscal Year, or during any consecutive twelve (12) month period of the last fifteen (15) consecutive months prior to the month of the adoption of the ordinance authorizing the additional parity bonds, equal to at least (i) 1.25 times the average annual principal and interest requirements and (ii) 1.10 times the maximum annual principal and interest requirements of all the bonds which will be secured by a first lien on and pledge of the Net Revenues of the

System, and which will be outstanding upon the issuance of the additional parity bonds, as such Net Revenues are shown by a report of a Certified Public Accountant or a Licensed Public Accountant. The term "Net Revenues" as used shall mean the gross revenues after deduction of expenses of operation and maintenance, but not deducting expenditures which, under standard accounting practice, should be charged to capital expenditures;

(d) The Additional Bonds are made to mature March 15th in each of the years in which they are scheduled to mature; and

(e) The ordinance authorizing the Additional Bonds provides that the amount to be accumulated and maintained in the Reserve Fund shall be increased to an amount not less than the average annual requirements for the payment of principal of and interest on all bonds to be secured by a first lien on and pledge of the Net Revenues after giving effect to the issuance of the proposed Additional Bonds, and the additional amount to be deposited in said Fund as required by such ordinance shall be accumulated within not more than five years and one month from the date of the passage of the ordinance authorizing the issuance of the proposed Additional Bonds.

The Bonds Similarly Secured may be refunded (pursuant to any law then available) upon such terms and conditions as the governing body of the City may deem to be in the best interest of the City and its inhabitants, and if less than all such outstanding revenue bonds are refunded, the proposed refunding bonds shall be considered as "Additional Bonds" under the provisions of this Section and the report required in subdivision (c) shall give effect to the issuance of the proposed refunding bonds (and shall not give effect to the bonds being refunded following their cancellation or provision being made for their payment).

Section 20. Maintenance and Operation – Insurance: The City covenants and agrees that the System shall be maintained in good condition and operated in an efficient manner and at reasonable cost. So long as any of the Bonds are Outstanding, the City agrees to maintain insurance on the System of a kind, and in an amount not less than, customarily carried by municipal corporations in the State of Texas engaged in a similar type of business. Nothing in this Ordinance shall be construed as requiring the City to expend any funds which are derived from sources other than the operation of the System, but nothing herein shall be construed as preventing the City from doing so.

Section 21. Records - Accounts - Accounting Reports: The City hereby covenants and agrees that so long as any of the Bonds or any interest thereon remain Outstanding or unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the operation of the System

and its component parts separate and apart from all other records and accounts of the City in accordance with accepted accounting principles prescribed for municipal corporations, and complete and correct entries shall be made of all transactions relating to said System, as provided by Chapter 1502, Texas Government Code, as amended, or other applicable statutes. The Holder or Owners of any Bonds or any duly authorized agent or agents of such Holders, shall have the right at all reasonable times to inspect all such records, accounts and data relating thereto, and to inspect the System and all properties comprising same. The City further agrees that as soon as possible following the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants or Licensed Public Accountants. Each such audit, in addition to whatever other matters may be thought proper by the Accountant, shall particularly include the following:

(a) a detailed statement of the income and expenditures of the System for such Fiscal Year;

(b) a balance sheet as of the end of such Fiscal Year;

(c) the Accountant's comments regarding the manner in which the City has complied with the covenants and requirements of this Ordinance and his or her recommendations for any changes or improvements in the operation, records and accounts of the System;

(d) a list of the insurance policies in force at the end of the Fiscal Year on the System properties, setting out as to each policy the amount thereof, the risk covered, the name of the insurer and the policy's expiration date;

(e) a list of the securities which have been on deposit as security for the money in the Bond Fund and Reserve Fund throughout the Fiscal Year, a list of the securities, if any, in which the Reserve Fund has been invested, and a statement of the manner in which money in the System Fund has been secured in such Fiscal Year; and

(f) the number of properties connected with the System as of the end of the Fiscal Year.

Expenses incurred in preparing the audits above referred to are to be regarded as maintenance and operating expenses of the System and paid as such. Copies of the aforesaid annual audit shall be immediately furnished to the Executive Director of the Municipal Advisory Council of Texas at his or her office in Austin, Texas, and, upon written request to the initial purchaser and any subsequent Holder of the Bonds.

Section 22. Remedies in Event of Default: In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees

particularly that in the event the City (a) defaults in payments to be made to the Bond Fund and Reserve Fund as required by this Ordinance or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, the Holder or Holders of any Bond shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive. Notwithstanding anything in this Ordinance to the contrary, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

Section 23. Special Covenants: The City hereby further covenants as follows:

(a) That it has the lawful power to pledge the revenues supporting this issue of Bonds and has lawfully exercised said power under the Constitution and laws of the State of Texas, including said power existing under Texas Government Code, Section 1502.052, as amended; that the Bonds, the Previously Issued Bonds, and the Additional Bonds, when issued, shall be ratably secured under said pledge of income in such manner that one bond shall have no preference over any other bond or said issues.

(b) That, other than for the payment of the Previously Issued Bonds, the Bonds herein authorized and the limited pledge of the Net Revenues made in connection with other debt or obligations which have been issued by the City and for which such limited pledge payment has not been made, the Net Revenues of the System have not in any manner been pledged to the payment of any debt or obligation of the City or of the System.

(c) That, as long as any of the Bonds or any interest thereon remain Outstanding, the City will not sell or encumber the System or any substantial part thereof; provided that this shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the System; also, with the exception of the Additional Bonds expressly permitted by this Ordinance to be issued, it will not encumber the Net Revenues thereof unless such encumbrance is made junior and subordinate to all of the provisions of this Ordinance.

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

To the extent that it legally may, the City further covenants and agrees that, so long as any of the Bonds, or any interest thereon, are Outstanding, no franchise shall be granted for the installation or operation of any competing waterworks or sewer system other than those owned by the City, and the operation of any such system by anyone other than the City is hereby prohibited.

Section 24. Bonds are Special Obligations: The Bonds are special obligations of the City payable from the pledged Net Revenues of the System and the Owners thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

Section 25. Bonds are Negotiable Instruments: Each of the Bonds shall be deemed and construed to be a "security," and as such a negotiable instrument, within the meaning of Article 8 of the Uniform Commercial Code.

Section 26. Investments: Moneys in the Reserve Fund may at the option of the City be invested or reinvested from time to time in direct obligations of the United States of America, or securities issued by the following federal agencies: Federal Intermediate Credit Banks, Federal Land Banks, Federal National Mortgage Association, Federal Home Loan Banks and/or Banks for Cooperatives, which obligations or securities shall mature not more than 10 years from the date of such investments. In addition, the City may invest any moneys in any Fund or Account created or reaffirmed by this Ordinance in authorized investments in accordance with the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, and the City's investment policies and guidelines. Any obligations in which money in the Reserve Fund is invested shall be held in escrow by the custodian bank for such Fund and such obligations or investments shall be promptly sold and the proceeds of sale applied to the making of payments required to be made from the Reserve Fund whenever moneys are needed for the authorized purposes for which such Fund was created and established to pay.

Section 27. Payment of Bond: While any of the Bonds are Outstanding, the Mayor, Mayor Pro Tem, City Manager, Chief Financial Officer, Director of Financial Services, City Secretary and Deputy City Secretary of the City, individually or jointly, are hereby authorized to transfer or cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Bond Fund and, if necessary, in the Reserve Fund, amounts sufficient to fully pay and discharge promptly each installment of interest on and principal of the Bonds as the same accrue or mature or come due by reason of redemption prior to maturity; such transfer of funds to be made in such manner as will

cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the business day next preceding the date of payment for the Bonds.

Section 28. Registered Owners - Notices – Waiver: The City, the Paying Agent/Registrar and any agent of either of them may treat the person in whose name any Bond is registered as the Holder of such Bond for the purpose of receiving payment of the principal of and interest on such Bond and for all other purposes whatsoever, and to the extent permitted by law, neither the City, the Paying Agent/Registrar, nor any agent of either of them shall be affected by notice to the contrary.

Wherever this Ordinance provides for notice to the Holder of a Bond of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first class postage prepaid, to the address of such Holder as it appears in the register kept by the Paying Agent/Registrar at the close of business on the business day next preceding the mailing of such notice.

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

Section 29. Mutilated, Destroyed, Lost and Stolen Bonds:

(a) If (i) any mutilated Bond is surrendered to the Paying Agent/Registrar or the City or the Paying Agent/Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond and (ii) there is delivered to the City and the Paying Agent/Registrar such security or indemnity as may be required by the Paying Agent/Registrar to save and hold each of them harmless, then, in the absence of notice to the City or the Paying Agent/Registrar that such Bond has been acquired by a bona fide purchaser, the City shall execute and upon its request the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same stated maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the City, in its

discretion may, instead of issuing a new Bond, pay such Bond if it has become due and payable, or may pay such Bond when it becomes due and payable.

(c) Upon the issuance of any new Bond under this Section, the City may require the payment by the Holder thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent/Registrar) connected therewith.

(d) Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Bond shall constitute a replacement of the prior obligation of the City, whether or not the mutilated, destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds.

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

Section 30. Cancellation: All Bonds surrendered for payment, redemption, transfer, exchange or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be disposed of as directed by the City.

Section 31. Registration, Transfer and Exchange: The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each and every Holder of the Bonds issued under and pursuant to the provisions of this Ordinance, or if appropriate, the nominee thereof. A copy of the Security Register shall at all times be kept and maintained at the Designated Payment/Transfer Office of the Paying Agent/Registrar and at a place within the State of Texas. Any Bond may be transferred or exchanged for Bonds of like series, if applicable, maturity, and amount and in authorized denominations by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar at the Designated Payment/Transfer Office for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any Bond (other than the Initial Bond authorized in Section 6 hereof) at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds, executed on behalf of, and furnished by, the City of authorized denominations and having the same Stated Maturity, of like series, if applicable, and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bond authorized in Section 6 hereof) may be exchanged for other Bonds of like series, if applicable, of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds, executed on behalf of, and furnished by, the City, to the Holder requesting the exchange.

All Bonds issued in any transfer or exchange of Bonds shall be delivered to the Holders at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States mail, first class, postage prepaid to the Holders, and, upon the registration and delivery thereof, the same shall be the valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Bonds surrendered in such transfer or exchange.

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

Bonds cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be “Predecessor Bonds,” evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term “Predecessor Bonds” shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered in lieu thereof pursuant to the provisions of Section 29 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

Neither the City nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of a Holder any Bond called for redemption, in whole

or in part, within 45 days of the date fixed for the redemption of such Bond; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond called for redemption in part.

Section 32. Covenants to Maintain Tax-Exempt Status:

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

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

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

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

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

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

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

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

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

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

(b) Not to Cause Interest to Become Taxable: The City shall not use, permit the use of, or omit to use Gross Proceeds or any other

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

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

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

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

(d) No Private Loan: Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property

acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

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

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

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

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

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

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

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

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

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

transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Elections: The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, Deputy City Manager, Chief Financial Officer and Director of Financial Services, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

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

(l) Current Refunding of the Refunded Bonds: The Bonds are a current refunding of the Refunded Bonds in that the Refunded Bonds are to be paid and redeemed in full within 90 days of the delivery date of the Bonds.

(m) Qualified Tax-Exempt Obligations: The Pricing Officer is hereby authorized to designate in each Pricing Certificate the designation of the Bonds as "qualified tax-exempt obligations" in accordance with the provisions of the paragraph (3) of subsection (b) of Section 265 of the Code in the event the Bonds qualify for such designation and to confirm that the Bonds are not "private activity bonds" as defined in the Code and to confirm the amount of "tax-exempt obligations" to be issued by the City (including all subordinate entities of the City) for the calendar year in which the Bonds are issued will not exceed the applicable limitation.

Section 33. Proceeds of Sale: Immediately following the delivery of the Bonds, the proceeds of sale (less those proceeds of sale designated to pay costs of making permanent public improvements in the City and to pay costs of issuance and any accrued interest received from the Purchasers of the Bonds or additional proceeds being deposited to the Bond Fund) shall be deposited with the Escrow Agent for application and disbursement in accordance with the provisions of the Escrow Agreement or deposited with the paying agent/registrar for the Refunded Bonds for the payment and redemption of the Refunded Bonds. The proceeds of sale of the Bonds not so deposited with the Escrow Agent (or the paying agent/registrar for the Refunded Bonds) for the refunding of the Refunded Bonds shall be disbursed for payment of costs of making permanent public improvements in the City, shall be used to pay costs of issuance, or deposited in the Bond

Fund for the Bonds, all in accordance with written instructions from the City or its financial advisor. Such proceeds of sale may be invested in authorized investments and any investment earnings realized may be (with respect to any accrued interest received from the Purchasers) deposited in the Bond Fund as shall be determined by this City Council.

Additionally, the Pricing Officer shall determine the amount of any City contribution to the refunding from moneys on deposit in the interest and sinking fund(s) maintained for the payment of the Refunded Bonds.

Section 34. Sale of Bonds - Official Statement Approval: The Bonds authorized by this Ordinance are to be sold by the City to the Purchasers in accordance with a bond purchase agreement in the event of a negotiated sale, letter agreement to purchase in the event of a private placement, or the successful bid form in the event of a competitive sale, as applicable (the "Purchase Contract"), the terms and provisions of which Purchase Contract are to be determined by the Pricing Officer in accordance with Section 3 hereof. The Pricing Officer is hereby authorized and directed to execute the Purchase Contract for and on behalf of the City, as the act and deed of this Council, and to make a determination as to whether the terms are in the City's best interests, which determination shall be final.

With regard to such terms and provisions of the Purchase Contract, the Pricing Officer is hereby authorized to come to an agreement with the Purchasers on the following, among other matters:

(1) The details of the purchase and sale of the Bonds;

(2) The details of any public offering of the Bonds by the Purchasers, if any;

(3) The details of any Official Statement or similar disclosure document (and, if appropriate, any Preliminary Official Statement) relating to the Bonds and the City's Rule compliance, if applicable;

(4) A security deposit for the Bonds, if any;

(5) The representations and warranties of the City to the Purchasers;

(6) The details of the delivery of, and payment for, the Bonds;

(7) The Purchasers' obligations under the Purchase Contract;

(8) The certain conditions to the obligations of the City under the Purchase Contract;

(9) Termination of the Purchase Contract;

(10) Particular covenants of the City;

(11) The survival of representations made in the Purchase Contract;

(12) The payment of any expenses relating to the Purchase Contract;

(13) Notices; and

(14) Any and all such other details that are found by the Pricing Officer to be necessary and advisable for the purchase and sale of the Bonds.

The Pricing Officer or the Mayor or Mayor Pro Tem and the City Secretary or Deputy City Secretary of the City are further authorized and directed to deliver for and on behalf of the City copies of a Preliminary Official Statement and Official Statement prepared in connection with the offering of the Bonds by the Purchasers, in final form as may be required by the Purchasers, and such final Official Statement as delivered by said officials shall constitute the Official Statement authorized for distribution and use by the Purchasers.

Section 35. Legal Opinion: The purchasers obligation to accept delivery of the Bonds herein authorized is subject to their being furnished a final opinion of Norton Rose Fulbright US LLP, Dallas, Texas, approving the Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Bonds. A true and correct reproduction of said opinion or an executed counterpart thereof shall accompany the global Bonds deposited with The Depository Trust Company or a reproduction thereof may be printed on the definitive Bonds in the event the book entry only system shall be discontinued. The Council confirms the continuation of the engagement of Norton Rose Fulbright US LLP as the City's bond counsel.

Section 36. CUSIP Numbers: CUSIP numbers may be printed or typed on the Bonds deposited with DTC or on printed definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving the Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

Section 37. Discharge:

(a) If the City shall pay or cause to be paid or there shall otherwise be paid to the Holders of the Bond, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Ordinance, then the pledge of the Net Revenues of the System under this Ordinance and all covenants, agreements and other

obligations of the City to the Holders of the Bond shall thereupon cease, terminate, and become void and be discharged and satisfied.

(b) Bonds or any principal amount thereof and interest installments for which money shall have been set aside in full payment to maturity or the redemption thereof and held in trust by the Paying Agent/Registrar (through deposit by the City of funds for such payment or redemption or otherwise) shall be deemed to have been paid within the meaning and with the effect expressed above in this Section. All Outstanding Bonds shall be deemed to have been paid, prior to their stated maturity within the meaning and with the effect expressed above in this Section if there shall have been deposited with the Paying Agent/Registrar or an authorized escrow agent either money in an amount which shall be sufficient, or Government Securities, which Government Securities have been certified by an independent accounting firm or consulting firm to mature as to principal and interest in such amounts and at such times, together with the moneys, if any, deposited with the Paying Agent/Registrar at the same time, shall be sufficient to pay when due the principal of, premium, if any, and interest to become due on such Bonds on and prior to the stated maturity or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. The City covenants that no deposit of moneys or Government Securities will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or any regulations or published rulings adopted pursuant thereto. Neither Government Securities nor moneys deposited with the Paying Agent/Registrar pursuant to this Section, nor principal or interest payments on any such Government Securities, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on the Bonds. Any cash received from such principal of and interest on such Government Securities deposited with the Paying Agent/Registrar, if not needed for such purpose, shall, to the extent practicable, be reinvested in Government Securities (which may be non-interest bearing) maturing at times and in amounts sufficient to pay when due the principal of, premium, if any, and interest on such Bonds on and prior to the stated maturity thereof, and interest earned from such reinvestments shall be paid over to the City as received by the Paying Agent/Registrar, free and clear of any trust, lien or pledge. Any payment for Government Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Government Securities.

(c) At such time as all of the Bonds are retired, or provision is made for their payment, money in the Bond Fund, if any, held for the payment of the Bonds may be used by the City for any lawful purpose, provided that any money held by the Paying Agent/Registrar which has been provided for the payment of interest or principal and not so utilized for any reason shall continue to be held by the Paying Agent/Registrar for a period of three calendar years, and if not claimed subject to the applicable escheat or similar laws, the same shall be returned to the City.

Section 38. Ordinance a Contract; Amendments: This Ordinance shall constitute a contract with the respective Holder of each such series of any Bond from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Bond of the applicable series remains Outstanding except as permitted in this Section or in Section 41 hereof. The City, may, without the consent of or notice to any Holders of Bonds, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders of any Bond, including the curing of any ambiguity, inconsistency or formal defect or omission herein. In addition, the City may, with the consent of Holders who own a majority of the aggregate of the principal amount of any affected series of Bonds then Outstanding, amend, add to, or rescind any of the provisions of this Ordinance or any provision in the Pricing Certificate; provided that, without the consent of all Holders of any affected series of Outstanding Bonds, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of and interest on the applicable series of Bonds, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the applicable series of Bonds, (2) give any preference to any Bond within such series over any other Bond within such series, or (3) reduce the aggregate principal amount of Bonds within such series required to be held by Holders for consent to any such amendment, addition, or rescission.

Section 39. Control and Custody of Bonds: The Mayor or Mayor Pro Tem of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending the delivery of the Bonds, and shall take and have charge and control of the Initial Bond pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the purchaser(s).

Section 40. Incorporation of Findings and Determinations: The findings and determinations of the City Council contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

Section 41. Continuing Disclosure Undertaking: This Section shall apply unless the Pricing Officer determines in the Pricing Certificate that an undertaking is not required pursuant to the Rule (defined below).

(a) Definitions:

As used in this Section, the following terms have the meanings ascribed to such terms below:

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

"*MSRB*" means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports: The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year, beginning with the year stated in the Pricing Certificate, financial information and operating data with respect to the City of the general type included in the final Official Statement approved by the Pricing Officer and described in the Pricing Certificate and (2) within twelve months after the end of each fiscal year, beginning with the year stated in the Pricing Certificate, if not provided as part of such financial information and operating data, audited financial statements of the City. If audited financial statements are not available by the required time, the City will file unaudited financial statements within such twelve-month period and audited financial statements when and if such audited financial statements become available. Any financial statements so provided shall be prepared in accordance with the accounting principles described in the Pricing Certificate, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided.

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

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC.

(c) Notice of Certain Events: The City shall provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

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

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

(9) Defeasances;

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

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;

(13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or

the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

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

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

For these purposes, (a) any event described in the immediately preceding item (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, and (b) the City intends the words used in the immediately preceding items (15) and (16) in this Section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such Section.

(d) Filings with the MSRB: All financial information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) Limitations, Disclaimers and Amendments: The City shall be obligated to observe and perform the covenants specified in this Section while, but only while, the City remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the City in any event will give the notice required by subsection (c)

hereof of any Bond calls and defeasance that cause the City to be no longer such an "obligated person."

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

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

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

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

Notwithstanding anything to the contrary in this Ordinance, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any

greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent an underwriter of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided pursuant to subsection (b) of this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

Section 42. Escrow Agreement: A "Special Escrow Agreement' or an "Escrow Agreement" (the "Escrow Agreement") by and between the City and an authorized escrow agent (the "Escrow Agent"), if any such agreement is required in connection with the issuance of the Bonds, shall be attached to and approved in the Pricing Certificate. Such Escrow Agreement is hereby authorized to be finalized and executed by the Pricing Officer for and on behalf of the City and as the act and deed of this Council; and such Escrow Agreement as executed by said Pricing Officer shall be deemed approved by this Council and constitute the Escrow Agreement herein approved. With regard to the finalization of certain terms and provisions of any Escrow Agreement, a Pricing Officer is hereby authorized to come to an agreement with the Escrow Agent on the following details, among other matters:

(1) The identification of the Refunded Bonds;

(2) The creation and funding of the Escrow Fund or Funds; and

(3) The Escrow Agent's compensation, administration of the Escrow Fund or Funds, and the settlement of any paying agents' charges relating to the Refunded Bonds.

Furthermore, appropriate officials of the City in cooperation with the Escrow Agent are hereby authorized and directed to make the necessary arrangements for the purchase of the escrowed securities referenced in the Escrow Agreement, if any, and the delivery thereof to the Escrow Agent on the day of delivery of the Bonds to the Purchasers for deposit to the credit of the "CITY OF McKINNEY, TEXAS, WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2026 ESCROW FUND" (referred to herein as the "Escrow Fund"),

or such other designation as specified in the Pricing Certificate; all as contemplated and provided in Chapters 1207 and 1371 of Texas Government Code, as amended, the Ordinance, the Pricing Certificate and the Escrow Agreement.

On or immediately prior to the date of the delivery of the Bonds to the Purchasers, the Pricing Officer, or other authorized City official listed in Section 51 hereof, shall also cause to be deposited (and is hereby authorized to cause to be deposited) with the Escrow Agent from moneys on deposit in the debt service fund(s) maintained for the payment of the Refunded Bonds an amount which, together with the proceeds of sale of the Bonds, and the investment earnings thereon, will be sufficient to pay in full the Refunded Bonds (or the amount of accrued interest due thereon) scheduled to mature and authorized to be redeemed on the earliest date established in the Pricing Certificate for the redemption of any of the Refunded Bonds (or the earliest date of payment, to be made from moneys in the Escrow Fund(s), as established in the Pricing Certificate, of the amount of accrued interest due thereon).

Section 43. Refunded Bonds:

(a) In order to provide for the refunding, discharge, and retirement of the Refunded Bonds as selected by the Pricing Officer, the Refunded Bonds, identified, described, and in the amounts set forth in the Pricing Certificate, are called for redemption on the first date such Refunded Bonds are subject to redemption or such other date specified by the Pricing Officer in the Pricing Certificate at the price of par plus accrued interest to the redemption date, and a notice of such redemption shall be given in accordance with the applicable provisions of the ordinance adopted by this Council, which authorized the issuance of the Refunded Bonds. The Pricing Officer is hereby authorized and directed to issue or cause to be issued a notice of redemption for the Refunded Bonds in substantially the form set forth as an exhibit to the Pricing Certificate, to the paying agent/registrar for Refunded Bonds, in accordance with the redemption provisions applicable to the Refunded Bonds.

(b) The paying agent/registrar for Refunded Bonds is hereby directed to provide the appropriate notice of redemption as required by the ordinance authorizing the issuance of the Refunded Bonds and is hereby directed to make appropriate arrangements so that the Refunded Bonds may be redeemed on the redemption date specified in the Pricing Certificate.

(c) The source of funds for payment of the principal of and interest on the Refunded Bonds on their respective maturity or redemption date shall be from the funds deposited with the Escrow Agent, pursuant to the Escrow Agreement, if any, or with the paying agent/registrar

for the Refunded Bonds pursuant the provisions of Chapters 1207 and 1371 of the Texas Government Code, as amended, this Ordinance and the Pricing Certificate finalized by the Pricing Officer.

Section 44. Municipal Bond Insurance: The Bonds may be sold with the principal of and interest thereon being insured by a municipal bond insurance provider authorized to transact business in the State of Texas. The Pricing Officer is hereby authorized to make the selection of municipal bond insurance (if any) for the Bonds and make the determination of the provisions of any commitment therefor.

Section 45. Effect of Headings: The Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 46. Benefits of Ordinance: Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders.

Section 47. Inconsistent Provisions: All ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

Section 48. Governing Law: This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 49. Severability: If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and the Council hereby declares that this Ordinance would have been enacted without such invalid provisions.

Section 50. Construction of Terms: If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

Section 51. Further Procedures: Any one or more of the Mayor, Mayor Pro Tem, City Manager, Chief Financial Officer, Director of Financial Services, City Secretary and Deputy City Secretary are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver

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

Section 52. Public Meeting: It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551 of the Texas Government Code, as amended.

Section 53. Effective Date: In accordance with the provisions of Texas Government Code, Section 1201.028, as amended, this Ordinance shall be in force and effect from and after its passage and it is accordingly so ordained.

[*remainder of page intentionally left blank*]

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF McKINNEY, TEXAS, THIS 17th DAY OF MARCH, 2026.

CITY OF McKINNEY, TEXAS

_____
BILL COX
Mayor

CORRECTLY ENROLLED:

_____
EMPRESS DRANE, TRMC
City Secretary

[CITY SEAL]

APPROVED AS TO FORM:

_____
MARK S. HOUSER
City Attorney

EXHIBIT A

FORM OF PAYING AGENT/REGISTRAR AGREEMENT