

**CERTIFICATE FOR ORDINANCE**

**STATE OF TEXAS  
CITY OF LINDEN**

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We, the undersigned officers of the City Council of Linden, Texas (the "City"), hereby certify as follows:

1. The City Council of the City convened in REGULAR MEETING ON THE 14<sup>TH</sup> DAY OF NOVEMBER, 2022, at the Linden City Hall (the "Meeting"), and the roll was called of the duly constituted officers and members of the City Council, to-wit:

Lynn Reynolds	Mayor
Mike Berry	Mayor Pro Tem
Mary Dowd	Alderman
James Johnson	Alderman
Chuck Evans	Alderman
Frank Lanier	Alderman

and all of the persons were present, except the following absentees: \_\_\_\_\_, thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written

**ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF LINDEN, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2022A IN A MAXIMUM PRINCIPAL AMOUNT NOT TO EXCEED \$2,854,000; AUTHORIZING A PAYING AGENT/REGISTRAR AGREEMENT AND ESCROW AGREEMENT; AWARDING THE PURCHASE OF THE CERTIFICATES; AND ORDAINING CERTAIN OTHER MATTERS RELATING TO THE ISSUANCE OF THE CERTIFICATES**

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

AYES: \_\_\_\_\_ ABSTENTION: \_\_\_\_\_  
NOES: \_\_\_\_\_

2. A true, full and correct copy of the Ordinance passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that the Ordinance has been duly recorded in the City Council's minutes of the Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the City Council's minutes of the Meeting pertaining to the passage of the Ordinance; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the City Council as indicated therein; that each of the officers and members of the City Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the Meeting, and that the Ordinance would be introduced and considered for passage at the Meeting, and each of

the officers and members consented, in advance, to the holding of the Meeting for such purpose, and that the Meeting was open to the public and public notice of the time, place and purpose of the meeting was given, all as required by Chapter 551, *Texas Government Code*.

3. The Mayor of the City has approved and hereby approves the Ordinance; that the Mayor and the City Secretary of the City have duly signed the Ordinance; and that the Mayor and the City Secretary of the City hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of the Ordinance for all purposes.

SIGNED AND SEALED as of the 14<sup>th</sup> day of November, 2022.

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City Secretary  
City of Linden, Texas

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Mayor  
City of Linden, Texas

(SEAL)

**ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF LINDEN,  
TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF  
OBLIGATION, SERIES 2022A IN A MAXIMUM PRINCIPAL AMOUNT NOT  
TO EXCEED \$2,854,000; AUTHORIZING A PAYING AGENT/REGISTRAR  
AGREEMENT AND ESCROW AGREEMENT; AWARDING THE  
PURCHASE OF THE CERTIFICATES; AND ORDAINING CERTAIN OTHER  
MATTERS RELATING TO THE ISSUANCE OF THE CERTIFICATES**

**STATE OF TEXAS  
CITY OF LINDEN**

**§  
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WHEREAS, the City Council of the City of Linden, Texas (the "City"), authorized the publication of a Notice of Intention to Issue Certificates of Obligation to the effect that the City Council would meet on November 14, 2022, to adopt an Ordinance and to take such other actions which may be necessary to authorize the issuance of the City's Combination Tax and Revenue Certificates of Obligation, in a maximum principal amount not to exceed \$2,855,000, payable from a pledge of the net revenues derived from the City's Water and Sewer System, and from City ad valorem taxes, for the purpose of evidencing the indebtedness of the City for renovation and replacement of City water distribution lines, water meters and fire hydrants; rehabilitation of existing water wells, construction of an elevated water storage tank; and the costs of all professional services related thereto, all being referred to as the "Project"; and

WHEREAS, notice that such Certificates of Obligation would be approved at the meeting of November 14, 2022, was published and posted on the City website in the manner required by law; and

WHEREAS, no petition signed by at least five percent of the qualified voters of the City was filed or presented to the City Secretary protesting the issuance of such Certificates of Obligation prior to the adoption of this Ordinance on November 14, 2022, as provided in Section 271.049 of the *Texas Local Government Code*; and

WHEREAS this City has the authority to issue Certificates of Obligation pursuant to Chapter 271 of the *Texas Local Government Code*, and has the authority to pledge taxes and revenues derived from the City's water and sewer system as provided in Chapter 1502 of the *Texas Government Code*, to the payment of City obligations, all as presently codified; and

WHEREAS, the United States of America subsequently notified the City that the correct principal amount to be loaned was \$2,854,000 (a reduction of \$1,000 from the amount stated in the notice referred to above);

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LINDEN, TEXAS:**

**Section 1. RECITALS, AMOUNT AND PURPOSE OF THE CERTIFICATES.**

The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this section. The Certificates of Obligation of the City are hereby authorized to be issued and delivered in the aggregate principal amount

of \$2,854,000, for the purpose of providing funds to pay the costs of acquisition and construction of the Project, and to pay costs of issuance of the Certificates.

## **Section 2. DEFINITIONS.**

(a) The term "Additional Certificates" shall mean revenue bonds, certificates of obligation, or other evidences of indebtedness hereafter issued under and pursuant to the laws of the State of Texas and payable from and secured by a parity lien on and pledge of the Net Revenues of the City's waterworks and sewer system, of equal rank and dignity with the lien and pledge securing the payment of the Certificates.

(b) The term "Certificates" or "Series 2022A Certificates" means the \$2,854,000 City of Linden, Texas Combination Tax and Revenue Certificates of Obligation, Series 2022A, in the aggregate and authorized to be issued hereunder, and includes any certificates of obligation issued in exchange or replacement therefor.

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

(c) The term "Gross Revenues" for any period means all revenue during such period in respect or on account of the operation or ownership of the System, excluding restricted gifts, and grants in aid of construction, but including earnings and income derived from the investment or deposit of money in any special fund or account created and established from Gross Revenues.

(d) The term "Maintenance and Operating Expenses" shall mean all current expenses of operating and maintaining the System as allowed by generally accepted accounting principles applicable to the City.

(e) The term "Net Revenues" for any period means the Gross Revenues of the System less Maintenance and Operating Expenses of the System.

(f) The term "Project" shall mean renovation and replacement of City water distribution lines, water meters and fire hydrants; rehabilitation of existing water wells, construction of an elevated water storage tank; and the cost of professional services incurred in connection therewith.

(g) The term "Series" means the Series 2022A Certificates.

(h) The term "System" means the entire waterworks and sanitary sewer system of the City (including the Project), together with all additions thereto.

**Section 3. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND MATURITIES OF CERTIFICATES, REDEMPTION.** Each Certificate issued pursuant to this Ordinance shall be designated: "**CITY OF LINDEN, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2022A**", and initially there shall be issued, sold, and delivered hereunder fully registered certificates, without interest

coupons, dated October 1, 2022 (for identification purposes only), in the respective denominations (with a minimum denomination of \$1,000) and principal amounts hereinafter stated, numbered consecutively from R-1 upward (except the initial Certificate submitted to the Attorney General of the State of Texas which will be numbered T-1), payable to the respective initial registered owners thereof (as designated in Section 18 hereof), or to the registered assignee or assignees of the Certificates or any portion or portions thereof (in each case, the "Registered Owner"), and the Certificates shall mature and be payable annually on each October 1 in each of the years and in the principal amounts, respectively, as set forth in the following schedule:

<u>Series 2022A Certificates</u>	
<u>Payment Date</u> <u>(October 1)</u>	<u>Principal Due</u>
2023	\$41,000
2024	\$42,000
2025	\$43,000
2026	\$44,000
2027	\$46,000
2028	\$47,000
2029	\$48,000
2030	\$49,000
2031	\$51,000
2032	\$52,000
2033	\$53,000
2034	\$55,000
2035	\$56,000
2036	\$58,000
2037	\$59,000
2038	\$61,000
2039	\$62,000
2040	\$64,000
2041	\$66,000
2042	\$67,000
2043	\$69,000
2044	\$71,000
2045	\$73,000
2046	\$75,000
2047	\$77,000
2048	\$79,000
2049	\$81,000
2050	\$83,000
2051	\$85,000
2052	\$87,000
2053	\$90,000
2054	\$92,000
2055	\$94,000
2056	\$97,000
2057	\$99,000
2058	\$102,000
2059	\$105,000

Series 2022A Certificates

<u>Payment Date</u> <u>(October 1)</u>	<u>Principal Due</u>
2060	\$107,000
2061	\$110,000
2062	\$114,000

The Certificates are subject to optional redemption, in whole or in part, in principal amounts chosen by the City, on any date chosen by the City, at the option of the City, at the par value thereof plus accrued interest, to the date of redemption. If less than all the Certificates are to be redeemed, the City may select the maturities to be redeemed. The particular maturities to be redeemed shall be in inverse order of maturity, and if less than all of a maturity is to be redeemed, the Paying Agent/Registrar shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed.

Not less than thirty (30) days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the Registered Owners of the Certificates to be redeemed, in whole or in part, at the address of each Registered Owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the fifteenth business day next preceding the date of mailing such notice. Redemption payments shall be made directly to the Holder by the City, and not through the Paying Agent.

The City will be responsible for the payment of interest that accrues due to Certificate redemption notwithstanding notification issues, whether the improper notification lies with the City or the Paying Agent.

**Section 4. INTEREST.** The Certificates scheduled to mature during the years, respectively, set forth in Section 3 shall bear interest from their date of delivery, to their respective dates of maturity or redemption prior to maturity at the lower of (i) 2.6250% per annum, or (ii) that rate of interest established by the United States of America as applicable to the Certificates on the date the first Certificate is funded.

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

**Section 5. CHARACTERISTICS OF THE CERTIFICATES.**

(a) Registration, Transfer, Conversion and Exchange; Authentication. The City shall keep or cause to be kept at BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), books or records for the registration of the transfer, conversion and exchange of the Certificates (the "Registration Books"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided within three days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Certificate to which payments with respect to the Certificates shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to

notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The City shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The City shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Certificate or Certificates. Registration of assignments, transfers, conversions and exchanges of Certificates shall be made in the manner provided and with the effect stated in the FORM OF CERTIFICATE set forth in this Ordinance. Each substitute Certificate shall bear a letter and/or number to distinguish it from each other Certificate. Any tax or governmental charges required to be paid with respect to any registration, exchange, or transfer of Certificates shall be paid by the person requesting such transfer.

New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in a like aggregate principal amount as the Certificates surrendered for exchange or transfer.

Except for Certificate No. T-1 of each Series (to be authenticated by the Attorney General of Texas) hereof, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate, date and manually sign the Certificate, and no such Certificate shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Certificates and Certificates surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing conversion and exchange of any Certificate or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of substitute Certificates in the manner prescribed herein. Pursuant to Section 1203.021 of the *Texas Government Code*, the duty of conversion and exchange of Certificates as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Certificate, the converted and exchanged Certificate shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Certificates which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

Notwithstanding any other provision hereof, in the event of a conflict between the Paying Agent Agreement and this Ordinance, the provisions of this Ordinance shall govern.



(b) Payment of Certificates and Interest. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Certificates, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Certificates, and of all conversions and exchanges of Certificates, and all replacements of Certificates, as provided in this Ordinance. The record date ("Record Date") for the interest payable on the Certificates on any interest payment date means the close of business on the last day of the preceding month. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the 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 Registered Owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

Notwithstanding the foregoing, as to Certificates held by the United States of America, payment of principal and interest due on such Certificates shall be made directly to the United States of America at its designated place for payment, and not to the Paying Agent/Registrar.

(c) In General. The Certificates (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificates to be payable only to the Registered Owners thereof, (ii) may be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar by the City at least 50 days prior to any such redemption date or otherwise as set forth in Section 3 hereof), (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Certificates, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Certificates shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Certificates, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF CERTIFICATE set forth in this Ordinance. The Certificates initially issued and delivered pursuant to this Ordinance (i.e., Certificate No. T-1) are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Certificate issued in conversion of and exchange for any Certificate or Certificates issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF CERTIFICATE.

(d) Substitute Paying Agent/Registrar. The City covenants with the Registered Owners of the Certificates that at all times while the Certificates are outstanding the City will provide a competent and legally qualified commercial bank, trust company, or other agency duly qualified and legally authorized to act as and perform the services of Paying Agent/Registrar for the Certificates under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 30 days' written notice to the Paying Agent/Registrar, to be effective at such time which will not disrupt or delay payment on the next principal or interest payment date after such notice. In the event

that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Certificates, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Certificates, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

**Section 6. FORM OF CERTIFICATES.** The form of the Certificates, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Certificates initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

**SERIES 2022A  
FORM OF CERTIFICATE**

<b>NO. R-</b>	<b>UNITED STATES OF AMERICA STATE OF TEXAS</b>  <b>CITY OF LINDEN, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION SERIES 2022A</b>	<b>PRINCIPAL AMOUNT</b> <b>\$ _____</b>
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IDENTIFICATION DATE OF <u>CERTIFICATES</u> October 1, 2022	<u>INTEREST RATE</u> As stated below	<u>MATURITY DATE</u> October 1, ____
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REGISTERED OWNER: THE UNITED STATES OF AMERICA

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

**ON THE MATURITY DATE** specified above, **THE CITY OF LINDEN, TEXAS**, (the "City"), being a municipal corporation and a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the principal amount set forth above, and to pay interest thereon from the date of delivery hereof, on April 1, 2023, and semi-annually thereafter on each October 1 and April 1 (or the next following business day if any such October 1 or April 1 is not a business day) to the maturity date specified above, or the

date of redemption prior to maturity, at the interest rate per annum specified below calculated on the basis of a 365 day year, and actual days elapsed.

The interest rate due on the Certificates shall be the lower of (i) 2.6250% per annum, or (ii) that rate of interest established by the United States of America as applicable to the Certificates on the date the first Certificate is funded.

**THIS CERTIFICATE** shall be funded in a series of draws, as provided in Section 19 of the Ordinance authorizing issuance of the Certificates. All draws shall bear interest from the date made, with a record of each draw and the interest accruing thereon to be kept by the holder of this Certificate.

**THE PRINCIPAL OF AND INTEREST ON** this Certificate are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate at maturity or upon the date fixed for its redemption prior to maturity, at BOKF, NA (the "Paying Agent/Registrar"), at their office for payment in Dallas, Texas (the "Designated Payment/Transfer Office"). The payment of interest on this Certificate shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Certificate (the " Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the 15<sup>th</sup> day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner.

**IN THE EVENT** of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Certificate appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

**ANY ACCRUED INTEREST** due at maturity or upon the redemption of this Certificate prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Certificate for redemption and payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The City covenants with the Registered Owner of this Certificate that on or before each principal payment date, interest payment date, and accrued interest payment date for this Certificate it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Certificates, when due.

Notwithstanding the foregoing, as to any Certificate held by the United States of America, all payments of principal and interest due on such Certificates shall be made directly to the United States of America at their designated place for payment. As to any redemption the City shall be responsible to make payment of all interest accrued on the Certificates to be redeemed notwithstanding any error in giving proper notice of redemption, and regardless if such error was caused by the City or the Paying Agent. As to all Certificates held by the United States of America the City shall contact the designated USDA office prior to delivery of funds to the Paying Agent, or deliver all such funds to the United States of America.

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

**THIS CERTIFICATE** is one of a series of Certificates dated October 1, 2022, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of **\$2,854,000 FOR ALL OR ANY PART OF THE COST OF RENOVATION AND REPLACEMENT OF CITY WATER DISTRIBUTION LINES, WATER METERS AND FIRE HYDRANTS; REHABILITATION OF EXISTING WATER WELLS, CONSTRUCTION OF AN ELEVATED WATER STORAGE TANK, AND THE COSTS OF ALL PROFESSIONAL SERVICES RELATED THERETO.**

This Certificate is subject to optional redemption, in whole or in part, in principal amounts chosen by the City, on any date chosen by the City, at the option of the City, at the par value thereof plus accrued interest, to the date of redemption. If less than all the Certificates are to be redeemed, they shall be redeemed in the inverse order of maturity. The particular maturities to be redeemed shall be in inverse order of maturity, and if less than all of a maturity is to be redeemed, the Paying Agent/Registrar shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed.

Not less than thirty (30) days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the Registered Owners of the Certificates to be redeemed, in whole or in part, at the address of each Registered Owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

**ALL CERTIFICATES OF THIS SERIES** are issuable solely as fully registered Certificates, without interest coupons. As provided in the Ordinance, this Certificate, or any unredeemed portion hereof, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Certificates, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon

surrender of this Certificate to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Certificate must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate or any portion or portions hereof to the assignee or assignees in whose name or names this Certificate or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Certificate may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Certificate or portion thereof will be paid by the City. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing on the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, such limitation of transfer shall not be applicable to an exchange by the Registered Owner of the unredeemed balance of the Certificate.

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

**IT IS HEREBY** certified, recited, and covenanted that this Certificate has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Certificate have been performed, existed, and been done in accordance with law; that this Certificate is a general obligation of the City, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest and principal come due, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limit prescribed by law, and that this Certificate is additionally secured by and payable from a pledge of the Net Revenues derived from the City's water and sewer system. AS TO THE PLEDGE OF SUCH NET REVENUES, THE PLEDGE SECURING THIS CERTIFICATE IS (i) ON A PARITY WITH THE PLEDGE SECURING THE CITY'S WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2015; AND (ii) AS TO THE CITY'S COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2022 (THE "SERIES 2022 CERTIFICATES"), SUCH PLEDGE IS SUPERIOR TO ALL BUT \$1,000 OF THE REVENUE PLEDGE SECURING THE SERIES 2022 CERTIFICATES.

The City has reserved the right to issue additional obligations payable and secured by Net Revenues of the City's water and sewer system, either on a parity with, or subordinate to, the pledge of such Net Revenues securing the Certificates.

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

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

ATTEST:

CITY OF LINDEN, TEXAS

\_\_\_\_\_  
City Secretary

By: \_\_\_\_\_  
Mayor

[CITY SEAL]

**FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**

**PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**

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

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

BOKF, NA

\_\_\_\_\_  
Paying Agent/Registrar

Dated: \_\_\_\_\_

BY: \_\_\_\_\_  
Authorized Representative

**FORM OF ASSIGNMENT**

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto (Please insert Social Security or Taxpayer Identification Number of Transferee) (Please print or typewrite name and address, including zip code, of Transferee) the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to register the transfer of the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

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

\_\_\_\_\_  
NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Certificate in every

particular, without alteration or enlargement or any change whatsoever.

The form of the initial Certificate No. T-1, to be submitted to the Attorney General of Texas, is attached as Exhibit "A" hereto.

**Section 7. INTEREST AND SINKING FUND, AND PLEDGE OF TAXES AND REVENUES.**

(a) In order to secure and provide a source of payment for the Certificates, the City hereby pledges and grants to the Owners of all Certificates an irrevocable lien on ad valorem taxes collected by the City within the limitations imposed by law ("Pledged Taxes"), and further pledges and grants to the owners of all Certificates an irrevocable lien on the Net Revenues derived from the City's water and sewer system (i.e., the "System"), with such Pledged Taxes and Net Revenues to secure payment of the Certificates.

The City hereby covenants and agrees that all Pledged Taxes, and such Net Revenues, shall be deposited and paid into the special funds hereinafter established, and shall be applied in the manner hereinafter set forth, in order to provide for the payment of the principal and interest on the Certificates and all expenses of paying same. The Certificates shall constitute obligations of the City that shall be payable from and shall be equally and ratably secured by an irrevocable lien on the Pledged Taxes and Net Revenues, which Pledged Taxes and Net Revenues shall, in the manner herein provided, be set aside for and pledged to the payment of the Certificates in the Interest and Sinking Fund as hereinafter provided, and the Certificates shall be in all respects on a parity with and of equal dignity with one another.

(b) Chapter 1208, *Government Code* applies to the issuance of the Certificates and the pledge of the Net Revenues and Pledged Taxes granted by the City hereunder, and such pledge, therefore, is valid, effective, and perfected. If Texas law is amended at any time while the Certificates are Outstanding and unpaid such that the pledge of Net

Revenues and Pledged Taxes granted by the City hereunder is to be subject to the filing requirements of Chapter 9, *Business and Commerce Code*, then in order to preserve to the Registered Owner the perfection of the security interest in such pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, *Business and Commerce Code* and enable a filing to perfect the security interest in such pledge to occur.

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

(d) The Certificates are additionally secured by a pledge of the Net Revenues of the System.

The City shall deposit Net Revenues to the credit of the Interest and Sinking Fund created pursuant to Section 7(c), to the extent determined by the City. Notwithstanding the requirements of Section 7(c), if such Net Revenues are actually on deposit for deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any fiscal year, then the amount of taxes which otherwise would have been required to be levied pursuant to Section 7(c) may be reduced to the extent and by the amount of the Net Revenues then on deposit in the Interest and Sinking Fund or budgeted for deposit therein.

For so long as any Certificates remain outstanding during each fiscal year of the City, there shall be transferred into the Interest and Sinking Fund from Net Revenues of the System, or from ad valorem taxes collected by the City, such amounts as will be sufficient to pay (a) the interest scheduled to become due on the Certificates on the immediately next two following semiannual interest payment dates, and (b) the greater of (i) two percent (2%) of the principal amount of the then outstanding Certificates or (ii) the



principal scheduled to become due on the Certificates on the immediately next following annual principal payment date.

(e) Money in the Interest and Sinking Fund and the Construction Fund may, at the option of the City, be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of the United States of America or any of its agencies or in any other obligations permitted by law; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. Any obligation in which money is so invested shall be kept and held by the official depository bank of the City at which the Fund is maintained from which the investment was made. All such investments shall be promptly sold when necessary to prevent any default in connection with the Certificates.

(f) Notwithstanding any other provisions hereof, payment of the principal and interest due on the Certificates shall be made by wire transfer if so instructed by the United States of America.

**Section 8. SYSTEM FUND.** The City hereby covenants and agrees that, while the Certificates remain Outstanding, all revenues derived from the operation of the System shall be kept separate and apart from all other funds and moneys of the City, and such revenues shall be deposited from day to day as collected into a fund or funds maintained at an official depository of the City known as the “City of Linden Waterworks and Sewer System Fund” (hereinafter called the “System Fund”). All moneys deposited in the System Fund shall be pledged and appropriated to the extent required for the following purposes and in the order of priority shown, to wit:

First: To the payment of all necessary and reasonable Maintenance and Operating Expenses of the System as defined herein or required by statute to be a first charge on and claim against the revenues thereof.

Second: To the payment of the principal and interest on (i) the Certificates, (ii) the City’s Waterworks and Sewer System Revenue Bonds, Series 2015, or any further parity indebtedness, as the same become due. (Reference is made to Section 13 below as to additional indebtedness, which may, at the option of the City, be issued on parity with the pledge of Net Revenues securing the Certificates.)

Third: \$1,000 of Net Revenues shall be pledged to the payment of the City’s Combination Tax and Revenue Certificates of Obligation, Series 2022, with such pledge to be superior to the pledge securing the Series 2022A Certificates, but such \$1,000 pledge being subordinate to the pledge securing the City’s Waterworks and Sewer System Revenue Bonds, Series 2015.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for prepayment of any such indebtedness, or for improvements to the System or any other purpose allowed by law.

**Section 9. DEBT SERVICE RESERVE FUND.** The City hereby agrees to create as a separate fund, to be held by a depository bank of the City (which must be a federally

insured financial institution), a "SERIES 2022A BONDS DEBT SERVICE RESERVE FUND" (the "Reserve Fund"). The Reserve Fund initially shall be held by Texana Bank, Linden, Texas. On the first day of each month, beginning on the first month after the date the Bonds are delivered, and ending 120 months later, the City shall deposit into the Reserve Fund an amount equal to \$988.31 per month (being 1/120th of the average annual debt service on the Bonds), until the total sum of \$118,597 (being the average annual debt service on the Bonds) is on deposit therein. The City may withdraw moneys from the Reserve Fund:

- (i) to prevent a default in the payment of the principal of and interest on the Bonds, when due, because of insufficient moneys in the Interest and Sinking Fund for such purpose;
- (ii) paying the cost of repairing or replacing any damage to the System caused by catastrophe;
- (iii) repairing or replacing short lived assets which are a part of the System; or
- (iv) making or extensions or improvements to the System; provided, further, however, that the consent of The United States of America shall be required (if The United States of America remains the holder of the Bonds at such time) for the use of the Reserve Fund for any of the purposes set forth in items (i), (ii), or (iii) above.

The City shall restore and redeposit to the Reserve Fund any amount so withdrawn until the amount therein equals the amount required to be on deposit.

Any amounts on deposit in the Reserve Fund in excess of \$118,597 shall be transferred to the Interest and Sinking Fund.

In the event Additional Bonds are issued, the amounts on deposit in the Reserve Fund shall be increased to equal the average annual debt service on the Bonds and Additional Bonds.

None of the proceeds of the Bonds shall be deposited into the Reserve Fund.

**Section 10. SHORT LIVED ASSET RESERVE FUND.** The City hereby agrees to create a separate Short Lived Asset Reserve Fund, to be held by Texana Bank. During each fiscal year that the Certificates are outstanding the City shall deposit the sum of \$6,000 into the Short Lived Asset Reserve Fund. Such amounts shall be used to make repairs or replacements to the City's water and sewer system.

**Section 11. EXCESS PROCEEDS.** Any proceeds of the Certificates not spent on the Project shall be transferred to the Interest and Sinking Fund.

**Section 12. SECURITY OF FUNDS.** All moneys on deposit in the Funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested) shall be secured or collateralized in the manner and to the fullest extent

required by the laws of Texas for the security of public funds, and moneys on deposit in such Funds shall be used only for the purposes permitted by this Ordinance.

**Section 13. ISSUANCE OF ADDITIONAL INDEBTEDNESS.** That (in addition to the right to issue junior lien Certificates of Obligation or other subordinate lien obligations secured by Net Revenues of the System, as authorized by the laws of the State of Texas), the City, in order to provide for improvements, extensions, enlargements and repairs to the System, reserves the right to issue additional certificates of obligation, revenue bonds, or other evidence of indebtedness ("Additional Bonds"), payable from and secured by a pledge of the Net Revenues of the System on a parity with the pledge of Net Revenues securing the Certificates. When issued in compliance with the law and terms and conditions hereinafter appearing, the lien or pledge securing such Additional Bonds shall occupy a position of parity and equal dignity with the lien or pledge securing the Certificates. The Additional Bonds, which the City reserves the right to issue, may be issued provided that the following conditions shall have been met:

(a) That the laws of the State of Texas in force at such time provide for the issuance of such Additional Bonds.

(b) The City is not in default as to any covenant, condition or obligation prescribed by this Ordinance, and the INTEREST AND SINKING FUND contains the amount of money then required to be on deposit therein, as certified by the Mayor and City Secretary.

(c) The City has secured from a Certified Public Accountant or registered professional engineer and provided to the United States of America (or other holder of the Certificates) a certificate showing that the anticipated Net Revenues for the completed fiscal year next following the year in which such Additional Bonds are to be issued, is equal to at least 1.20 times the average annual debt service requirements (calculated on a fiscal year basis) of all Certificates (and other indebtedness payable from or secured by a lien against Net Revenues) secured in whole or in part by Net Revenues then outstanding and including those Additional Bonds proposed to be issued; provided; this requirement shall not apply to Additional Bonds used to complete the Project, and provided further this requirement may be waived or modified by the written consent of the holders of seventy-five percent (75%) of the Certificates then outstanding, determined by outstanding principal amount.

(d) Provision is made in the ordinance authorizing the Additional Bonds or other indebtedness then proposed to be issued for additional payments to be made into the INTEREST AND SINKING FUND established for such Additional Bonds, and the RESERVE FUND in 120 monthly payments which when fully funded will equal the average annual debt service on the Additional Bonds sufficient to provide for any increased principal of and interest requirements resulting from the issuance of the Additional Bonds or other indebtedness.

(e) The United States of America, if it remains a holder of the Certificates, agrees to the issuance of such additional parity debt.

(f) So long as the United States of America holds any Certificates, the District will not issue any obligations without the prior written consent of the United States of America, except as otherwise provided by applicable law.

The City will not issue any certificates of obligation, bonds, notes, or other obligations secured in whole or in part by liens on the Net Revenues that are junior and subordinate to the lien on Net Revenues securing payment of the Certificates without the prior written consent of the United States of America, except as otherwise provided by applicable law.

#### **Section 14. [deleted]**

#### **Section 15. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATES.**

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

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

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

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

Ordinance equally and proportionately with any and all other Certificates duly issued under this Ordinance.

(e) Authority for Issuing Replacement Certificates. In accordance with Section 1201.061(a)(2), *Texas Government Code*, as amended and presently codified, this Section 13 of this Ordinance shall constitute authority for the issuance of any such replacement Certificate without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such Certificates is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Certificates in the form and manner and with the effect, as provided in Section 5(a) of this Ordinance for Certificates issued in conversion and exchange for other Certificates.

(f) Certificates held by the United States of America. In the event any Certificate is mutilated, destroyed, lost or stolen, any security or indemnity as may be required by the City and/or the Paying Agent/Registrar from the registered owner applying for the replacement Certificate shall not be required from the United States of America as long as it is holder of the Certificates.

**Section 16. CUSTODY, APPROVAL, AND REGISTRATION OF CERTIFICATES; BOND COUNSEL'S OPINION.** The City Secretary of the City is hereby authorized to have control of the Certificates initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Certificates pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Certificates the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Certificates, and the seal of the Comptroller shall be impressed, or placed in facsimile, on such Certificate. The Certificates shall not have or bear CUSIP numbers.

**Section 17. [deleted]**

**Section 18. SALE OF CERTIFICATES.** The Certificates are hereby sold and shall be delivered to the United States of America (sometimes referred to herein as the "Purchaser"), at the price of par, with interest to accrue from the date of delivery of each draw. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable. The initial Certificates shall be registered in the name of the United States of America.

**Section 19. PROCEEDS OF SALE.** The proceeds of sale of the Certificates shall be funded through a series of draws made pursuant to the Escrow Agreement established under Section 20 hereof, with each such draw to be deposited into a Series 2022A Certificates of Obligation construction fund (the "Construction Fund") maintained at Texana Bank. Moneys may be withdrawn from the Construction Fund solely to pay for costs of the Project, and for payment of costs of issuance for the Certificates.

The Certificates are to be funded in a series of draws in a maximum aggregate principal amount of \$2,854,000. The City, or its authorized representative, shall submit each draw request to the United States of America, United States Department of

Agriculture (“USDA”). No draw shall be funded until approved by the USDA. Each draw shall bear interest from the date of such draw, as shown on the books of record kept by the holder of the Certificates. The USDA shall also approve the Project budget and all amendments thereto. All draws shall be deposited into the Construction Fund as established pursuant to this Section 19.

**Section 20. APPROVAL OF PAYING AGENT/REGISTRAR AGREEMENT; ESCROW AGREEMENT.** The Paying Agent/Registrar Agreement with BOKF, NA is hereby approved. The Mayor is hereby authorized to amend, complete or modify such agreement as necessary and is further authorized to execute such agreement and the City Secretary is hereby authorized to attest such agreement.

The City, BOKF, NA, and the USDA shall enter into an Escrow Agreement governing how each draw shall be made, which such Escrow Agreement is further hereby approved.

**Section 21. [deleted]**

**Section 22. RECORDS AND ACCOUNTS - ANNUAL AUDIT.** The City further covenants and agrees that so long as any of the Certificates remain Outstanding, it will keep and maintain accurate and complete records and accounts pertaining to the operations of the City in which complete and correct entries shall be made of all transactions relating thereto, as provided by applicable law. The City further agrees that 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.

The City shall furnish to the USDA and the holder of the Certificates a copy of its annual audit, within one hundred and eighty (180) days after completion thereof, and such other financial reports as the holder of the Certificates or the USDA may request.

**Section 23. [deleted]**

**Section 24. SEVERABILITY.** The provisions of this Ordinance are severable; and in case any one or more of the provisions of this Ordinance or the application thereof to any person or circumstance should be held to be invalid, unconstitutional, or ineffective as to any person or circumstance, the remainder of this Ordinance nevertheless shall be valid, and the application of any such invalid provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

**Section 25. AMENDMENTS.** The City may amend this Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the Certificates affected, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Certificate is due and payable, reduce the principal amount thereof, or the rate of interest thereon, change the place or places at or the coin or currency in which any Certificate or interest thereon is

payable, or in any other way modify the terms of payment of the principal of or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required for consent to any amendment, addition, or waiver.

**Section 26. EVENTS OF DEFAULT.** The following shall constitute an Event of Default hereunder:

(a) The failure by the City to make payment of principal of or interest on the Certificates as the same become due.

(b) Default by the City in the observance or performance of any of the other covenants, conditions or obligations of the City hereunder, the failure to perform which materially adversely affects the rights of the holders, including but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City.

Upon and following any event of default, any Registered Owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring that the City comply with its obligations under this Ordinance. The rights of the Registered Owners hereunder do not include the right to compel acceleration of the maturity of the Certificates but only to require payment of the Certificates as the same are then due as of the date of such mandamus.

**Section 27. FURTHER ASSURANCES.** The Mayor, City Secretary and other City officials are hereby authorized to execute and deliver such further agreements and documents as are necessary to carry out the intents and purposes of this Ordinance.

**Section 28. ORDINANCE TO CONSTITUTE A CONTRACT.** This Ordinance shall constitute a contract between the City and the holders of the Certificates.

**Section 29. [deleted]**

**Section 30: LOAN PROGRAM REQUIREMENTS AND DOCUMENTS TO CONTROL.**

Section 30.01. Definitions.

For the purposes of this Section, the following acronyms and terms shall be defined as follows:

(a) RUS: The Rural Utilities Service, an agency of the United States of America within the United States Department of Agriculture, and any successor agency thereof.

(b) Loan: The loan in the aggregate principal amount of \$2,854,000 from the purchaser to the City, which has been authorized under 7 U.S.C. § 1926, and which is represented by the purchaser's purchase of the City's \$2,854,000 Combination Tax and Revenue Certificates of Obligation, Series 2022A.

(c) Agency rules: The statutes, rules, regulations and policies of the RUS, in effect on the date hereof, which pertain to or which are applicable to the loan and such future statutes, rules, regulations and policies which are not inconsistent with the express provisions hereof.

(d) Loan document provisions: The terms, conditions, requirements and provisions of the loan instruments and loan documents, including but not limited to, loan resolutions, security agreements, assurance agreements, certifications, and equal opportunity agreements, which were signed by the City for the benefit of the United States of America and/or of the RUS, and for the purpose of obtaining the loan evidenced by the Certificates.

#### Section 30.02. Compliance with Agency Rules.

(a) To the extent permitted by State law and if such law is not otherwise preempted by federal statute, regulation or rule, the City shall comply with all agency rules and loan document provisions.

(b) Notwithstanding any other term, condition, requirement or provision contained in this Ordinance, the agency rules and loan document provisions shall, to the extent permitted by State law and if such law is not otherwise preempted by federal statute, regulation or rule, control to the extent of any conflict between the Ordinance and such agency rules or such loan document provisions.

#### Section 30.03. Interest Accrual.

Notwithstanding any other term, condition, requirement or provision contained in this Ordinance to the contrary, interest on a Certificate shall continue to accrue and be payable to the United States of America so long as the Certificate remains unpaid and outstanding. Interest will not cease to accrue for any reason (including the establishment of a redemption date or prepayment date) until the date when payment in full has been received at the agency office designated to receive payments. For the purpose of determining "the date when payment in full has been received at the agency office designated to receive payments," such date shall be:

1. when payment is made by hand delivery, the date when such payment has been physically delivered into the possession of such agency at the address given to the Issuer;
2. when payment is made by first class mail, the third day following Issuer's mailing of the payment, postage prepaid, using the U.S. Postal Service and Issuer's receipt of written proof of the mailing from the U.S. Postal Service identifying the date of mailing;
3. when payment is made by overnight delivery, the first day following Issuer's sending of the payment, using the U.S. Postal Service or another delivery service, such as Federal Express, and Issuer's receipt of written proof of sending from the delivery service identifying the date of sending;



4. when payment is made by electronic transfer of funds, the date that the electronic transfer of funds for the payment is completed; or
5. when payment is made by preauthorized electronic debit or draft, the date that the electronic debit or draft for the payment is paid.

Section 30.04. Redemption or Prepayment.

Notwithstanding any other term, condition, requirement or provision contained in this Ordinance, redemption or prepayment of a Certificate may occur without presentation or presentment of the Certificate.

Section 30.05. Direct Payment.

Notwithstanding any other term, condition, requirement or provision contained in the Ordinance or in the Certificate to the contrary, all payments shall be made by the Issuer directly to the agency office designated to receive payments.

Section 30.06. No Presentment or Surrender.

Notwithstanding any other term, condition, requirement or provision contained in this Ordinance to the contrary, all payments (including payments at maturity or at redemption or prepayment of a Certificate) may occur without surrender, presentation or presentment of the Certificate.

Section 30.07. Replacement Certificates.

Notwithstanding any other term, condition, requirement or provision contained in this Ordinance to the contrary, and in the event that a Certificate is lost, stolen, damaged, mutilated, or destroyed, the United States of America will not be required to obtain a replacement Certificate in order to continue to receive timely payments under such Certificate and will not be required to provide security or indemnity as a condition to receiving timely payments under such Certificate.

Section 30.08. Limitation on Application of this Section.

(a) The provisions of this section shall be operative only for so long as any of the Certificates issued under this Ordinance are owned or held by: (1) the United States of America; or (2) any agency thereof.

(b) The provisions of this section shall not be used to or shall not be construed so as to allow the Ordinance to violate any applicable provision of Texas law to the extent that such law is not otherwise preempted by applicable federal statute, regulation or rule.

Section 30.09. Repealer.

All previous resolutions authorizing certificates of obligation to finance the same Project are hereby repealed.



**READ, PASSED, ADOPTED, AND EFFECTIVE** this 14<sup>th</sup> day of November, 2022.

---

Mayor  
City of Linden, Texas

ATTEST:

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City Secretary  
City of Linden, Texas

Exhibit "A"

**FORM OF INITIAL CERTIFICATE**

NO. T-1

**UNITED STATES OF AMERICA  
STATE OF TEXAS**

**PRINCIPAL  
AMOUNT  
\$2,854,000**

**CITY OF LINDEN, TEXAS,  
COMBINATION TAX AND REVENUE  
CERTIFICATES OF OBLIGATION  
SERIES 2022A**

**Certificate Date: October 1, 2022**

REGISTERED OWNER: THE UNITED STATES OF AMERICA

PRINCIPAL AMOUNT: TWO MILLION EIGHT HUNDRED FIFTY FOUR THOUSAND  
AND NO/100 DOLLARS

**ON THE MATURITY DATES** specified below, the **CITY OF LINDEN, TEXAS**, (the "City"), being a municipal corporation and a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the principal amount set forth above, and to pay interest thereon from the date of each draw hereunder, on April 1, 2023, and semi-annually thereafter on each October 1 and April 1 (or the next business day if any such October 1 or April 1 is not a business day) to the maturity dates specified below, or the date of redemption prior to maturity, at the interest rate per annum specified below calculated on the basis of a 365 day year, and actual days elapsed.

Principal due on this Certificate shall be payable on the following payment dates and amounts, and bear interest at the rate set forth below:

<u>Series 2022A Certificates</u>	
<u>Payment Date</u>	
<u>(October 1)</u>	<u>Principal Due</u>
2023	\$41,000
2024	\$42,000
2025	\$43,000
2026	\$44,000
2027	\$46,000
2028	\$47,000
2029	\$48,000
2030	\$49,000
2031	\$51,000
2032	\$52,000
2033	\$53,000
2034	\$55,000
2035	\$56,000
2036	\$58,000
2037	\$59,000

Series 2022A Certificates

<u>Payment Date</u> <u>(October 1)</u>	<u>Principal Due</u>
2038	\$61,000
2039	\$62,000
2040	\$64,000
2041	\$66,000
2042	\$67,000
2043	\$69,000
2044	\$71,000
2045	\$73,000
2046	\$75,000
2047	\$77,000
2048	\$79,000
2049	\$81,000
2050	\$83,000
2051	\$85,000
2052	\$87,000
2053	\$90,000
2054	\$92,000
2055	\$94,000
2056	\$97,000
2057	\$99,000
2058	\$102,000
2059	\$105,000
2060	\$107,000
2061	\$110,000
2062	\$114,000

**THIS CERTIFICATE** shall be funded in a series of draws, as provided in Section 19 of the Ordinance authorizing issuance of the Certificate. All draws shall bear interest from the date made, with a record of each draw and the interest accruing thereon to be kept by the holder of this Certificate.

The interest rate due on the Certificates shall be the lower of (i) 2.6250% per annum, or (ii) that rate of interest established by the United States of America as applicable to the Certificates on the date the first Certificate is funded.

**THE PRINCIPAL OF AND INTEREST ON** this Certificate are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate at maturity or upon the date fixed for its redemption prior to maturity, at BOKF, NA (the "Paying Agent/Registrar"), at their office for payment in Dallas, Texas (the "Designated Payment/Transfer Office"). The payment of interest on this Certificate shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Certificate (the "Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United

States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the 15<sup>th</sup> day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner.

**IN THE EVENT** of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Certificate appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

**ANY ACCRUED INTEREST** due at maturity or upon the redemption of this Certificate prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Certificate for redemption and payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The City covenants with the Registered Owner of this Certificate that on or before each principal payment date, interest payment date, and accrued interest payment date for this Certificate it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Certificates, when due.

Notwithstanding the foregoing, as to any Certificate held by the United States of America, all payments of principal and interest due on such Certificates shall be made directly to the United States of America at their designated place for payment. As to any redemption the City shall be responsible to make payment of all interest accrued on the Certificates to be redeemed notwithstanding any error in giving proper notice of redemption, and regardless if such error was caused by the City or the Paying Agent. As to all Certificates held by the United States of America the City shall construct the designated USDA office prior to delivery of funds to the Paying Agent, or deliver all such funds to the United States of America.

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

**THIS CERTIFICATE** is one of a series of Certificates dated October 1, 2022, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of **\$2,854,000 FOR ALL OR ANY PART OF THE COST OF RENOVATION AND REPLACEMENT OF CITY WATER DISTRIBUTION LINES, WATER METERS AND FIRE HYDRANTS; REHABILITATION OF EXISTING WATER**

## **WELLS, CONSTRUCTION OF AN ELEVATED WATER STORAGE TANK, AND THE COSTS OF ALL PROFESSIONAL SERVICES RELATED THERETO.**

This Certificate is subject to optional redemption, in whole or in part, in principal amounts chosen by the City, on any date chosen by the City, at the option of the City, at the par value thereof plus accrued interest, to the date of redemption. If less than all the Certificates are to be redeemed, they shall be redeemed in the inverse order of maturity. The particular maturities to be redeemed shall be in inverse order of maturity, and if less than all of a maturity is to be redeemed, the Paying Agent/Registrar shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed.

Not less than thirty (30) days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the Registered Owners of the Certificates to be redeemed, in whole or in part, at the address of each Registered Owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

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

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

**IT IS HEREBY** certified, recited, and covenanted that this Certificate has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Certificate have been performed, existed, and been done in accordance with law; that this Certificate is a general obligation of the City, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest and principal come due, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limit prescribed by law, and that this Certificate is additionally secured by and payable from a pledge of the Net Revenues derived from the City's water and sewer system. AS TO THE PLEDGE OF SUCH NET REVENUES, THE PLEDGE SECURING THIS CERTIFICATE IS (i) ON A PARITY WITH THE PLEDGE SECURING THE CITY'S WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2015; AND (ii) AS TO THE CITY'S COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2022 (THE "SERIES 2022 CERTIFICATES"), SUCH PLEDGE IS SUPERIOR TO ALL BUT \$1,000 OF THE REVENUE PLEDGE SECURING THE SERIES 2022 CERTIFICATES.

The City has reserved the right to issue additional obligations payable and secured by Net Revenues of the City's water and sewer system, either on a parity with, or subordinate to, the pledge of such Net Revenues securing the Certificates.

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



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

ATTEST:

CITY OF LINDEN, TEXAS

By: \_\_\_\_\_

By:

\_\_\_\_\_  
City Secretary  
Mayor

[CITY SEAL]

**FORM OF ASSIGNMENT**

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (Please insert Social Security or Taxpayer Identification Number of Transferee) \_\_\_\_\_ (Please print or typewrite name and address, including zip code, of Transferee) \_\_\_\_\_ within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to register the transfer of the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

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

\_\_\_\_\_  
NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Certificate in every

particular, without alteration or enlargement or any change whatsoever.

**COMPTROLLER'S REGISTRATION CERTIFICATE:  
REGISTER NO. \_\_\_\_\_**

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

Witness my signature and seal this \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

[COMPTROLLER'S SEAL]