

CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS §
COUNTY OF HENDERSON §
CITY OF PAYNE SPRINGS §

We, the undersigned officers of the City of Payne Springs, Texas (the “City”), hereby certify as follows:

1. The City Council of the City (the “City Council”) convened in REGULAR MEETING ON THE 18TH DAY OF OCTOBER, 2022 (the “Meeting”), and the roll was called of the duly constituted officers and members of the City Council, to-wit:

Andrea Miller, Mayor
Ron Spahlinger, Mayor Pro-Tem
Cody Barnett
Lief Haag
Christi Hanson
Russ Rottino

Beth Billings, City Secretary

and all of such persons were present constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written

ORDINANCE OF THE CITY OF PAYNE SPRINGS, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF PAYNE SPRINGS, TEXAS TAX NOTE, SERIES 2022; LEVYING AN ANNUAL AD VALOREM TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID NOTE; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT.

was duly introduced for the consideration of the City Council and read in full (the “Ordinance”). It was then duly moved and seconded that the Ordinance be adopted; and, after due discussion, the motion, carrying with it the adoption of the Ordinance, prevailed and carried with all members present voting “AYE” except the following:

NOES: 1 ABSTAIN: 0

2. That a true, full, and correct copy of the Ordinance adopted at the Meeting 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 adoption 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 adoption at the Meeting, and each of such 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.

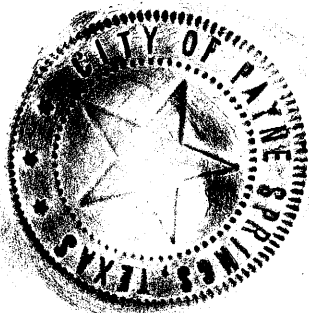
3. That the Mayor (or Mayor Pro-Tem) of the City has approved, and hereby approves, the Ordinance; that the Mayor (or Mayor Pro-Tem) and the City Secretary have duly signed the Ordinance; and that the Mayor (or Mayor Pro-Tem) and the City Secretary hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of the Ordinance for all purposes.

SIGNED AND SEALED this OCTOBER 18, 2022.

Beth Billings
City Secretary

Andrea Miller
Mayor

(SEAL)



ORDINANCE OF THE CITY OF PAYNE SPRINGS, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF PAYNE SPRINGS, TEXAS TAX NOTE, SERIES 2022; LEVYING AN ANNUAL AD VALOREM TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID NOTE; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT.

THE STATE OF TEXAS §
COUNTY OF HENDERSON §
CITY OF PAYNE SPRINGS §

WHEREAS, pursuant to Chapter 1431, Texas Government Code (hereinafter called the “Act”), the City Council of the City of Payne Springs (the “Issuer”) is authorized and empowered to issue tax notes to pay contractual obligations incurred or to be incurred with (i) the construction of a public work; (ii) the purchase of materials, supplies, equipment, machinery, buildings, lands and rights-of-way for the Issuer’s authorized needs and purposes; and (iii) to pay costs of professional services, including a service by a tax appraisal engineer, engineer, architect, attorney, mapmaker, auditor, financial advisor, or fiscal agent; and

WHEREAS, in accordance with the provisions of the Act, the City Council hereby finds and determines that a tax note should be issued and sold at this time to finance the costs incurred by the Issuer in connection with (i) the construction of public works and the purchase of materials, supplies, equipment, machinery, buildings, lands and rights-of-way for the Issuer’s authorized needs and purposes, including constructing, reconstructing and improving streets, roads, and sidewalks, including related drainage, utility relocation, signalization, landscaping, lighting and signage; and (ii) payment of fiscal, engineering and legal fees incurred in connection therewith; and

WHEREAS, the governing body of the Issuer deems it appropriate to adopt this Ordinance (the “Ordinance”) and issue the City of Payne Springs, Texas Tax Note, Series 2022 (the “Note”) herein authorized as permitted by the Act.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PAYNE SPRINGS, TEXAS, THAT:

SECTION 1. DEFINITIONS. Unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this Ordinance, or any Ordinance amendatory or supplemental hereto, shall be construed, are used, and are intended to have meanings as follows:

“Act” - Chapter 1431, Texas Government Code, as amended.

“Bond Counsel” - McCall, Parkhurst & Horton L.L.P., or such other firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the Issuer.

“Business Day” - Any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in the State or in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close.

“Note” - The “City of Payne Springs, Texas Tax Note, Series 2022” shall mean and include collectively the Note initially issued and delivered pursuant to this Ordinance and all substitute Notes exchanged therefor, as well as all other substitute Note and replacement Note issued pursuant hereto, and the term “Note” shall mean any of such Notes.

“City Council” - The City Council of the Issuer.

“Code” - The Internal Revenue Code of 1986, and any amendments thereto.

“Date of Delivery” - The date the Note is initially delivered to the Purchaser in exchange for the purchase price therefor.

“Issuer” - City of Payne Springs, Texas, a duly incorporated municipality and political subdivision of the State.

“Ordinance” - This ordinance and all amendments hereof and supplements hereto.

“Paying Agent/Registrar” - The bank, trust company, financial institution or other entity so named in accordance with the provisions of Section 4 of this Ordinance.

“Purchaser” - The initial purchaser of the Note designated in Section 16.

“Project” - Collectively, those public improvements for the Issuer being financed with the proceeds of the Note, to wit: to pay all or part of the Issuer’s contractual obligations incurred in connection with (i) the construction of public works and the purchase of materials, supplies, equipment, machinery, buildings, lands and rights-of-way for the Issuer’s authorized needs and purposes, including constructing, reconstructing and improving streets, roads, and sidewalks, including related drainage, utility relocation, signalization, landscaping, lighting and signage; and (ii) payment of fiscal, engineering and legal fees incurred in connection therewith.

“Holder” - The registered holder of the Note from time to time as shown in the books kept by the Paying Agent/Registrar as the registrar and transfer agent for the Note.

“State” - The State of Texas.

SECTION 2. RECITALS, AMOUNT AND PURPOSE OF THE NOTE. 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 Note is hereby authorized to be issued and delivered in the aggregate principal amount of \$2,300,000 FOR THE PURPOSE OF PAYING ALL OR A PORTION OF THE ISSUER’S CONTRACTUAL OBLIGATIONS INCURRED WITH RESPECT TO THE ACQUISITION AND CONSTRUCTION OF THE PROJECT.

SECTION 3. DESIGNATION, DATE, NUMBERS, AND MATURITY OF NOTE. The Note issued pursuant to this Ordinance shall be designated: “CITY OF PAYNE SPRINGS, TEXAS TAX NOTE, SERIES 2022”, and there shall be issued, sold, and delivered hereunder one fully registered Note, without interest coupons, dated November 1, 2022 and finally maturing June 1, 2029, with principal payable in installments on the dates and in the manner specified in the FORM OF NOTE. The Note shall be issued in the principal amount stated above, and shall be numbered R-1, with any Note issued in replacement thereof being in the denomination and principal amount hereinafter stated and numbered consecutively from R-2 upward, payable to the Holder, or to the registered assignee of said Note (in each case, the “Holder”). The Note shall bear interest from the delivery date specified in the FORM OF NOTE, at the rate specified in the FORM OF NOTE. Said interest shall be payable in the manner provided and on the dates stated in the FORM OF NOTE.

SECTION 4. CHARACTERISTICS OF THE NOTE.

(a) Registration, Transfer, Conversion and Exchange; Authentication. The Issuer shall keep or cause to be kept at the office of BOKF, NA (the “Paying Agent/Registrar”), books or records for the registration of the transfer of the Note (the “Registration Books”), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations and transfers as herein provided within three (3) days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Holder of the Note to which payments with respect to the Note shall be mailed, as herein provided; but it shall be the duty of the Holder 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 Issuer 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 Issuer shall pay the Paying Agent/Registrar’s standard or customary fees and charges for making such registration and transfer of a substitute Note. Registration of assignments and transfers of the Note shall be made in the manner provided and with the effect stated in the FORM OF NOTE set forth in this Ordinance. Each substitute Note shall bear a letter and/or number to distinguish it from each other Note.

Except as provided in Section 4(c) hereof, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Note, date and manually sign said Note, and no such Note shall be deemed to be issued or outstanding unless such Note is so executed. The Paying Agent/Registrar promptly shall cancel a Note surrendered for transfer or the Note when paid in full. No additional ordinances, orders or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing transfer of any Note or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Note in the manner prescribed herein. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of transfer of the Note as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Note, said Note shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Note which initially was issued and delivered pursuant to this Ordinance, approved by the Attorney General of the State (the “Attorney General”), and registered by the Comptroller of Public Accounts of the State (the “Comptroller”).

(b) Payment of Principal and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Note, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Note and shall properly and accurately record all payments on the Note on the Registration Books, and shall keep proper records of all transfers of the Note, and all replacements of the Note, as provided in this Ordinance. 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 Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (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 the Holder appearing on the Registration Books at the close of business on the last Business Day next preceding the date of mailing of such notice.

(c) In General. The Note (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Note to be payable only to the Holder thereof, (ii) may and shall

be redeemed prior to its scheduled maturity (notice of which shall be given to the Paying Agent/Registrar by the Issuer at least forty-five (45) days prior to any such redemption date), (iii) may be transferred and assigned, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) the principal of and interest on the Note shall be payable, and (vii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Note, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF NOTE set forth in this Ordinance. The Note initially issued and delivered pursuant to this Ordinance are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Note issued in exchange for any Note the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF NOTE.

(d) Substitute Paying Agent/Registrar. The Issuer covenants with the Holder of the Note that at all times while the Note is outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution or other agency to act as and perform the services of Paying Agent/Registrar for the Note under this Ordinance, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than forty (40) days written notice to the Paying Agent/Registrar, to be effective not later than thirty (30) days prior to 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 Issuer 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 Note, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to the Holder of the Note, 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.

(e) Closing. On the Date of Delivery, the initial Note No. R-1 representing the entire original principal amount of the Note, payable to the Purchaser, executed by manual or facsimile signature of the Mayor (or in the absence of the Mayor, the Mayor Pro-tem) and City Secretary of the Issuer, approved by the Attorney General, and registered and manually signed by the Comptroller, and with the Date of Delivery inserted thereon by the Paying Agent/Registrar, shall be delivered to the Purchaser or its designee upon payment of the purchase price therefor.

SECTION 5. FORM OF NOTE. The form of the Note, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Comptroller's Registration Certificate to be attached to the Note 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.

(a) FORM OF NOTE

NO. R-1	UNITED STATES OF AMERICA STATE OF TEXAS CITY OF PAYNE SPRINGS, TEXAS TAX NOTE SERIES 2022	PRINCIPAL AMOUNT \$2,300,000
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DATE OF DELIVERY: NOVEMBER 16, 2022

REGISTERED HOLDER: PRESIDIO SHORT TERM TAX EXEMPT FUND, L.P.

PRINCIPAL AMOUNT: TWO MILLION THREE HUNDRED THOUSAND DOLLARS

The City of Payne Springs, in Henderson County, Texas (the "Issuer"), being a political subdivision of the State of Texas, for value received, promises to pay, from the sources described herein, to the registered holder specified above, or registered assigns (in each case, the "Holder"), the principal amount specified above, and to pay interest thereon, from the Date of Delivery set forth above, on the balance of said principal amount from time to time remaining unpaid. This Note shall finally mature on June 1, 2029, but shall be payable in installments on the dates and in the principal installment amounts, and shall bear interest at the rates shown below, calculated on the basis of basis of a 360-day year of twelve 30-day months, as set forth in the following schedule:

Payment Date (June 1)	Principal Installment (\$)	Interest Rate (%)
2023	110,000	3.500
2024	125,000	3.600
2025	130,000	3.650
2026	135,000	3.700
2027	140,000	3.750
2028	760,000	3.750
2029	900,000	3.750

The principal of and interest on this Note is payable in lawful money of the United States of America, without exchange or collection charges. The Issuer shall pay interest on this Note on June 1, 2023 and on each December 1 and June 1 thereafter to the date of the final maturity hereof or to the date of redemption prior to maturity. The last principal installment of this Note shall be paid to the Holder hereof upon presentation and surrender of this Note at final maturity, or upon the date fixed for its redemption prior to maturity, at the corporate trust office of BOKF, NA, which is the "Paying Agent/Registrar" for this Note. The payment of all other principal installments of and interest on this Note shall be made by the Paying Agent/Registrar to the Holder hereof on each principal and interest payment date by check or draft, dated as of such principal and interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Ordinance (as defined below) 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 Holder hereof, at its address as it appeared at the close of business on the fifteenth (15th) calendar 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, principal and interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder.

Any accrued interest due in connection with the payment of the final installment of principal of this Note shall be paid to the Holder upon presentation and surrender of this Note for payment or redemption at the designated corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the Holder of this Note that on or before each principal payment date, interest payment date, and accrued interest payment date for this Note it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the ordinance authorizing the issuance of the Note (the "Ordinance"), the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Note, when due.

If the date for the payment of this Note shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the designated 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 Note is dated as of November 1, 2022 and is authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$2,300,000 for the purpose of paying all or a portion of the Issuer's contractual obligations incurred with respect to the acquisition and construction of the Project (as defined in the Ordinance).

On any date, the unpaid principal installments of this Note are subject to redemption, in whole, or in part, at the option of the Issuer, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date of redemption, without premium. The Issuer shall give written notice of its direction to redeem the principal installments of this Note to the Paying Agent/Registrar and the Holder of this Note by United States mail, first-class postage prepaid, no later than thirty (30) days prior to the redemption date.

This Note is issuable solely as a single fully registered Note, without interest coupons in the denomination of \$2,300,000 or the remaining principal amount of the outstanding Note of this series if an exchange of a Note is made after a reduction in the principal amount of the series, either by a payment of a scheduled installment of principal or as a result of redemption of part of the Note prior to maturity (the "Authorized Denomination"). As provided in the Ordinance, this Note may, at the request of the Holder or the assignee or assignees hereof, be assigned and transferred for a like aggregate principal amount Note, without interest coupons, payable to the appropriate Holder, assignee or assignees, as the case may be, in the Authorized Denomination, upon surrender of this Note 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 Note must be presented and surrendered to the Paying Agent/Registrar, together with the proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Note to the assignee this Note is to be registered. The form of Assignment printed or endorsed on this Note may be executed by the Holder 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 Note from time to time by the Holder. In the case of the assignment and transfer of this Note, the reasonable standard or customary fees and charges of the Paying Agent/Registrar will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment and transfer, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following Payment Date.

In the event any Paying Agent/Registrar for this Note is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer 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 Holder of this Note.

It is hereby certified, recited, and covenanted that this Note 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 Note has been performed, existed, and been done in accordance with law; that this Note is a general obligation of said Issuer, issued on the full faith and credit thereof; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Note, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been pledged for such payment, within the limit prescribed by law, all as provided in the Ordinance.

The Issuer has reserved the right, subject to the restrictions referred to in the Ordinance, to amend the provisions of the Ordinance under the conditions provided in the Ordinance.

By becoming the Holder of this Note, the Holder 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 Issuer, and agrees that the terms and provisions of this Note and the Ordinance constitute a contract between each Holder hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Note to be signed with the manual or facsimile signature of the Mayor (or in the Mayor's absence, the Mayor Pro-Tem) of the Issuer and countersigned with the manual or facsimile signature of the City Secretary of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Note.

(signature)
City Secretary

(signature)
Mayor

(SEAL)

(b) FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION NOTE
(To be executed if this Note is not accompanied by an executed
Comptroller's Registration Certificate)

It is hereby certified that this Note has been issued under the provisions of the Ordinance described in the text of this Note; and that this Note has been issued in replacement of, or in exchange for, a Note 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.

Dated _____

BOKF, NA
Dallas, Texas
Paying Agent/Registrar

By: _____
Authorized Representative

(c) 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 Note
and all rights thereunder, and hereby irrevocably constitutes and appoints
_____, attorney, to register the transfer of the within Note
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 an
eligible guarantor institution participating in a
securities transfer association recognized
signature guarantee program.

NOTICE: The signature above must correspond
with the name of the holder as it appears upon the
front of this Note in every particular, without
alteration or enlargement or any change
whatsoever.

(d) FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE:

COMPTROLLER'S REGISTRATION CERTIFICATE

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

I hereby certify there is on file and of record in my office a true and correct copy of the opinion of
the Attorney General of the State of Texas approving this Note and that this Note has been registered this
day by me.

Witness my signature and seal this _____.

(COMPTROLLER'S SEAL)

SECTION 6. TAX LEVY. A special "Interest and Sinking Fund" is hereby created and shall be established and maintained by the Issuer at an official depository bank of the Issuer. Said Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the Issuer, and shall be used only for paying the interest on and principal of the Note. All amounts received from the sale of the Note as accrued interest and ad valorem taxes levied and collected for and on account of the Note shall be deposited, as collected, to the credit of said Interest and Sinking Fund. During each year while any Note is outstanding and unpaid, the governing body of the Issuer shall compute and ascertain a rate and amount of ad valorem tax that will be sufficient to raise and produce the money required to pay the interest on the Note as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of the Note as such principal matures (but never less than 2% of the original amount of the Note as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the Issuer, with full allowances 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 Issuer, for each year while any Notes is 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 Note, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

SECTION 7. REMEDIES OF HOLDER. In addition to all rights and remedies of any Holder of the Note provided by the laws of the State, the Issuer and the City Council covenant and agree that in the event the Issuer defaults in the payments of the principal of or interest on the Note when due, or fails to make the payments required by this Ordinance, the Holder of the Note shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the City Council and other officers of the Issuer to observe and perform any covenant, obligation or condition prescribed in this Ordinance. No delay or omission by any Holder to exercise any right or power accruing to him upon 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 or power may be exercised from time to time and as often as may be deemed expedient. The specific remedies mentioned in this Ordinance shall be available to the Holder of the Note and shall be cumulative of all other existing remedies.

SECTION 8. USE OF NOTE PROCEEDS. The proceeds of the issuance of the Note shall be deposited in the Construction Fund created by Section 18 of this Ordinance and used for the purposes for which the Note is hereby authorized to be issued.

SECTION 9. INVESTMENTS. The City Council may place proceeds of the Note (including investment earnings thereon) and amounts deposited into the Interest and Sinking Fund in investments authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended; provided, however, that the Issuer hereby covenants that the proceeds of the sale of the Note will be used as soon as practicable for the purposes for which the Note is issued.

SECTION 10. SECURITY FOR FUNDS. All deposits authorized or required by this Ordinance shall be secured to the fullest extent required by law for the security of public funds.

SECTION 11. ISSUER OFFICER'S DUTIES.

(a) The Mayor, Mayor Pro-tem, City Secretary, and City Manager of the Issuer are hereby instructed and directed to do any and all things necessary in reference to the issuance of the Note and to make money available for the payment of the Note in the manner provided by law and this Ordinance.

(b) The Mayor (or in the absence of the Mayor, the Mayor Pro-tem) and the City Secretary are authorized to execute the Note to which this Ordinance is attached on behalf of the Issuer and to do any and all things proper and necessary to carry out the intent hereof.

SECTION 12. DEFEASANCE OF NOTE.

(a) The Note and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Note") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Note, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar, or other authorized agent, in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Note shall have become due and payable. At such time as the Note shall be deemed to be a Defeased Note hereunder, as aforesaid, such Note and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem tax herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem the Defeased Note that is made in conjunction with the payment arrangements specified in subsection (a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Note for redemption; (2) gives notice of the reservation of that right to the Holder of the Defeased Note immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer also be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Note and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Note may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Note, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Note.

(d) Until the Defeased Note shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Note the same as if it had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Ordinance.

SECTION 13. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED NOTE.

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

(b) Application for Replacement Note. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Note shall be made by the Holder thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Note, the Holder applying for a replacement Note shall furnish to the Issuer 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 Note, the Holder shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Note, as the case may be. In every case of damage or mutilation of a Note, the Holder shall surrender to the Paying Agent/Registrar for cancellation the Note so damaged or mutilated.

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

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

(e) Authority for Issuing Replacement Note. In accordance with Subchapter B, Chapter 1206, Texas Government Code, this Section shall constitute authority for the issuance of any such replacement Note without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such Note is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Note in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for Notes issued in exchange for another Note.

SECTION 14. CUSTODY, APPROVAL, AND REGISTRATION OF NOTE. The Mayor (or in the absence of the Mayor, the Mayor Pro-tem) of the Issuer is hereby authorized to have control of the Note issued and delivered hereunder and all necessary records and proceedings pertaining to the Note pending its delivery and its investigation, examination, and approval by the Attorney General, and its registration by the Comptroller. Upon registration of the Note said Comptroller (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Note, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Note. The approving legal opinion of the Issuer's bond counsel may, at the option of the Issuer, be printed on the Note issued and delivered under this Ordinance, but shall not have any legal effect, and shall be solely for the convenience and information of the Holder of the Note.

SECTION 15. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE NOTE.

(a) Covenants. The Issuer covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Note as an obligation described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Note or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Note, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Note or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Note (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Note being treated as a "private activity bond" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Note being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Note, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Note, other than investment property acquired with:

(A) proceeds of the Note invested for a reasonable temporary period of three (3) years or less or, in the case of current refunding bonds, for a period of ninety (90) days or

less, until such proceeds are needed for the purpose for which the Note or refunding bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the rules and regulations of the United States Department of the Treasury (“Treasury Regulations”), and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Note;

(7) to otherwise restrict the use of the proceeds of the Note or amounts treated as proceeds of the Note, as may be necessary, so that the Note does not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using proceeds of the Note or the proceeds of any prior obligations to pay debt service on another issue more than ninety (90) days after the issuance of the Note in contravention of section 149(a) of the Code (relating to advance refunding); and

(9) to pay to the United States of America at least once during each five-year period (beginning on the Date of Delivery of the Note) an amount that is at least equal to 90 percent of the “Excess Earnings,” within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than sixty (60) days after the Note has been paid in full, one hundred percent (100%) of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(10) to assure that the proceeds of the Note will be used solely for new money projects.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (9), a “Rebate Fund” is hereby established by the Issuer for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the Holder. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The Issuer understands that the term “proceeds” includes “disposition proceeds” as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Note. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Note, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Note under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Note, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Note under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the Mayor, City Manager, and/or City Secretary to execute any documents, Note or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Note.

(d) Allocation of, and Limitation on, Expenditures for the Project. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for Project on its books and records

in accordance with the requirements of the Code. The Issuer recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within eighteen (18) months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three (3) years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Issuer recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than sixty (60) days after the earlier of (1) the fifth anniversary of the delivery of the Note, or (2) the date the Note is retired. The Issuer agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Note. For purposes hereof, the issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The Issuer covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Note. For purpose of the foregoing, the Issuer may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Note. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Reimbursement. This Ordinance is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

SECTION 16. SALE OF NOTE. The Note is hereby sold and shall be delivered to Presidio Short Term Tax Exempt Fund, L.P. (the “Purchaser”), for cash for the par value thereof, pursuant to the Purchase Agreement dated as of October 18, 2022. The Mayor, on behalf of the Issuer, is hereby authorized and directed to execute the Purchase Agreement. The Note shall initially be registered in the name of the Purchaser. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable.

SECTION 17. INVESTMENT EARNINGS ON NOTE PROCEEDS. Investment earnings derived from the investment of proceeds from the sale of the Note shall be used along with other Note proceeds for the purpose for which the Note is issued set forth in Section 2 hereof; provided that after completion of such purpose, if any of such investment earnings remain on hand, such investment earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any investment earnings on Note proceeds which are required to be rebated to the United States of America pursuant to Section 15 hereof in order to prevent the Note from being arbitrage bonds shall be so rebated and not considered as investment earnings for the purposes of this Section.

SECTION 18. CONSTRUCTION FUND. The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the “Series 2022 Tax Note Construction Fund” for use by the Issuer for payment of all lawful costs associated with the acquisition and construction of the Project as hereinbefore provided. Upon payment of all such costs, any moneys remaining on deposit in said Fund shall be transferred to the Interest and Sinking Fund. Amounts so deposited to the Interest and Sinking Fund shall be used in the manner described in Section 6 of this Ordinance.

SECTION 19. NO RULE 15c2-12 UNDERTAKING. The Issuer has not made an undertaking in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”) due the offering of the Note not being within the purview of the Rule. The Issuer is not, therefore, obligated pursuant to the Rule to provide any on-going disclosure relating to the Issuer or the Note.

SECTION 20. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of the Holder, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the Holder, (ii) grant additional rights or security for the benefit of the Holder, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the Holder, (v) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (iv) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be materially inconsistent with the provisions of this Ordinance and that shall not, in the opinion of nationally-recognized bond counsel, materially adversely affect the interests of the Holder.

(b) Except as provided in paragraph (a) above, the Holder shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of the Holder, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or the Note so as to:

- (1) Make any change in the maturity of the Note;
- (2) Reduce the rate of interest borne by the Note;
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on the Note;
- (4) Modify the terms of payment of principal or of interest on the Note or impose any condition with respect to such payment; or
- (5) Change the requirement of with respect to Holder consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Ordinance under this Section, the Issuer shall send by U.S. mail to the Holder of the Note a copy of the proposed amendment.

(d) Whenever at any time within one year from the date of mailing of such notice the Issuer shall receive an instrument or instruments executed by the Holder, which instrument or instruments shall refer to the proposed amendment and which shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be modified and amended in accordance with such amendatory Ordinance, and the respective rights, duties, and obligations of the Issuer and the Holder of the Note shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the Holder of the Note pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of such consent and shall be conclusive

and binding upon all future Holder of the Note during such period. Such consent may be revoked at any time after six (6) months from the date of said consent by the Holder who gave such consent, or by a successor in title, by filing notice with the Issuer.

For the purposes of establishing ownership of the Note, the Issuer shall rely solely upon the registration of the ownership of such Note on the Registration Books kept by the Paying Agent/Registrar.

SECTION 21. FURTHER PROCEDURES. (a) The Mayor, Mayor Pro-tem, City Manager, City Secretary of the Issuer and all other officers, employees and agents of the Issuer, and each of them, shall be and they 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 under the corporate seal and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar, and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Note and the sale of the Note. In case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

(b) The obligation of the Purchaser to accept delivery of the Note is subject to the Purchaser being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the Issuer, which opinion shall be dated as of and delivered on the date of initial delivery of the Note to the Purchaser. The engagement of such firm as bond counsel to the Issuer in connection with the issuance, sale and delivery of the Note is hereby approved and confirmed.

SECTION 22. GOVERNING LAW. This Ordinance shall be construed and enforced in accordance with the laws of the State and the United States of America.

SECTION 23. 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 this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 24. CONTINUED PERFECTION OF SECURITY INTEREST. Chapter 1208, Texas Government Code, applies to the issuance of the Note and the pledge of the ad valorem taxes granted by the Issuer under Section 6 of this Ordinance, and such pledge is therefore valid, effective, and perfected. If State law is amended at any time while the Note is outstanding and unpaid such that the pledge of the taxes granted by the Issuer under Section 6 of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Holder of the Note the perfection of the security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, Texas Business and Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

SECTION 25. DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATION. The Issuer hereby designates the Note as a “qualified tax-exempt obligation” as defined in section 265(b)(3) of the Code, conditioned upon the Purchaser identified in Section 16 hereof certifying that the aggregate initial offering price of the Note (excluding any accrued interest) is no greater than \$10 million (or such other amount permitted by such section 265 of the Code). Assuming such condition is met, in furtherance of such designation, the Issuer represents, covenants and warrants the following: (a) that during the calendar year in which the Note is issued, the Issuer (including any subordinate entities) has not designated nor will designate obligations that when aggregated with the Note, will result in more than \$10,000,000 (or such other amount permitted by such section 265 of the Code) of “qualified tax-exempt obligations” being

issued; (b) that the Issuer reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Note is issued, by the Issuer (or any subordinate entities) will not exceed \$10,000,000 (or such other amount permitted by such section 265 of the Code); and, (c) that the Issuer will take such action or refrain from such action as necessary, and as more particularly set forth in Section 16, hereof, in order that the Note will not be considered a “private activity bond” within the meaning of section 141 of the Code.

SECTION 26. APPROPRIATION. To pay the debt service coming due on the Note prior to receipt of the taxes, if any, levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.