

NOTICE OF SPECIAL CITY COUNCIL MEETING CITY OF CLYDE, TEXAS

Monday, November 18, 2024

5:30 P.M.

Notice is hereby given of a Special meeting of the Clyde City Council, to be held on Monday, November 18, 2024, at 5:30 p.m., City Hall, Council Chambers, 222 Oak Street, Clyde, Texas 79510, for the purpose of considering the following agenda items. All agenda items are subject to action. The Clyde City Council reserves the right to meet in a closed session for consultation with an attorney on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

1.0 CALL TO ORDER AND ANNOUNCE A QUORUM IS PRESENT

2.0 INVOCATION

3.0 PLEDGES TO U.S. AND TEXAS FLAGS

- *I Pledge Allegiance to the flag of the United States of America and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.*
- *Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.*

4.0 COUNCIL ANNOUNCEMENT(S) (Comments may be made by Council on the following topics without specific notice: expressions of thanks, congratulations, or condolences; information on holiday schedules; recognition of public officials, employees, or citizens other than employees or officials whose status may be affected by the council through action; reminders of community events; update on city properties.) NO ACTION MAY BE TAKEN ON THESE ITEMS.

5.0 PUBLIC COMMENTS AND RECEIPT OF PETITIONS (At this time, anyone will be allowed to speak on any matter other than personnel matters or matters under litigation for length of time not to exceed three minutes. No Council/Board discussion or action may take place on a matter until such matter has been placed on an agenda and posted in accordance with law.)

6.0 REGULAR AGENDA

- 6.1 Discuss and consider adoption of an Ordinance authorizing the issuance and sale of the \$1,272,500 City of Clyde, Texas Tax and Revenue Anticipation Note, Taxable Series 2024, to fund Operating or Current Expenses and a Cumulative Cash Flow Deficit, and Enacting other Provisions related thereto.**

7.0 ADJOURNMENT

"The City Council for the City of Clyde reserves the right to adjourn into an Executive Session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code, Sections 551.071 (Consultation with Attorney) 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters) 551.076 (Deliberations about Security Devices) and 551.086 (Economic Development)."

C E R T I F I C A T I O N

I hereby certify that the above notice of meeting was posted on the bulletin board of City Hall, City of Clyde, Texas, a place readily accessible to the general public at all times on the 15th day of November 2024, by 5:00 p.m., and remained posted for at least 72 continuous hours preceding the scheduled time of said meeting.





Connie Thornton, City Secretary

This facility is wheelchair accessible, and an accessible parking space is available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's Office at (325) 893-0068, or cthornton@clyde-tx.gov or FAX (325) 893-5010

ORDINANCE NO. 2024-016

**ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF THE
\$1,272,500 CITY OF CLYDE, TEXAS TAX AND REVENUE
ANTICIPATION NOTE, TAXABLE SERIES 2024, TO FUND
OPERATING OR CURRENT EXPENSES AND A CUMULATIVE
CASH FLOW DEFICIT, AND ENACTING OTHER PROVISIONS
RELATED THERETO**

THE STATE OF TEXAS	§
COUNTY OF CALLAHAN	§
CITY OF CLYDE	§

WHEREAS, pursuant to Chapter 1431, Texas Government Code (hereinafter called the “Act”), the City Council of the City of Clyde, Texas (the “City”) is authorized and empowered to issue tax notes to pay contractual obligations incurred or to be incurred for: (1) (A) the construction of a public work, (B) the purchase of materials, supplies, equipment, machinery, buildings, lands and rights-of-way for the City’s authorized needs and purposes; or (C) a professional service, including a service by a tax appraisal engineer, engineer, architect, attorney, mapmaker, auditor, financial advisor, or fiscal agent; (2) operating or current expenses; or (3) the City’s cumulative cash flow deficit; and

WHEREAS, in accordance with the provisions of the Act, the City Council hereby finds and determines that tax and revenue anticipation notes should be issued and sold at this time to finance the costs incurred by the City in connection with (i) operating expenses, (ii) the City’s cumulative cash flow deficit, and (iii) the payment of professional services and costs of issuance related to the Note (collectively, the “Project”); and

WHEREAS, the governing body of the City deems it appropriate to adopt this Ordinance and issue the City of Clyde, Texas Tax and Revenue Anticipation Note, Taxable Series 2024 herein authorized as permitted by the Act and by its home rule charter.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CLYDE, 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.

“Available Funds” - The revenues received from the levy and receipt of the ad valorem taxes levied by the City in 2024 and collected in 2025, and other lawfully income and revenues of the City (to the extent available therefor), including without limitation Surplus Revenues.

“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 City.

“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 are authorized by law or executive order to close.

“Note” or “Notes” - The “City of Clyde, Texas Tax and Revenue Anticipation Note, Taxable Series 2024” 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 Notes and replacement Notes issued pursuant hereto, and the term “Note” shall mean any of such Notes.

“City Council” - The governing body of the City.

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

“City” - The City of Clyde, Texas, a general law municipality and political subdivision of the State located in Callahan County, Texas.

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

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

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

“Project” - Shall have the meaning set forth in the preambles hereof.

“Holder” - The registered holder of the Note from time to time.

“State” - The State of Texas.

“Stated Maturity Date” – November 20, 2025.

“Surplus Revenues” - The revenues derived by the City from the ownership and operation of the City’s combined water, sewer and sanitation system (the “System”) that remain after the payment of all maintenance and operation expenses thereof, and all debt service, reserve and other requirements in connection with all of the City’s revenue obligations (now or hereafter outstanding) or contractual obligations (now or hereafter existing) which are payable from all or any part of the net revenues of the System.

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 \$1,272,500 for the purpose of paying the costs of the Project.

SECTION 3. DESIGNATION, DATE, NUMBERS, AND MATURITY OF NOTE. Each Note issued pursuant to this Ordinance shall be designated: “CITY OF CLYDE, TEXAS TAX AND REVENUE ANTICIPATION NOTE, TAXABLE SERIES 2024,” and there shall be issued, sold, and delivered hereunder one fully registered Note, without interest coupon dated

November 21, 2024, numbered R-1, with any note issued in replacement thereof being in the denominations and principal amounts hereinafter stated and numbered consecutively from R-2 upward, payable to the Holder thereof (with the initial note being made payable to the Purchaser as described in Section 16 hereof), or to the registered assignee or assignees of said notes or any portion or portions thereof (in each case, the "Holder"), and said note shall finally mature and be payable in full on November 20, 2025 in the principal amount of \$1,272,500 and shall bear interest at a rate of 9.50% from the date set forth in the FORM OF NOTE set forth in Section 5 of this Ordinance to the date of maturity or prior redemption.

SECTION 4. CHARACTERISTICS OF THE NOTE.

(a) Payment of Principal and Interest. The City hereby agrees to make the payment of principal and interest on the Note directly to the Purchaser by mailing a check to the address of the Purchaser set forth in the Purchase Agreement, or by wire in accordance with written instructions provided by the Purchaser to the City at least 10 days prior to the Stated Maturity Date.

(b) 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 Purchaser, (ii) may and shall be redeemed prior to its scheduled maturity (notice of which shall be given to the Purchaser by the City at least 10 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 City 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.

(c) Closing. On the closing date, the initial Note, numbered R-1, representing the entire principal amount of the Note, payable in stated installments to the order of the Purchaser of the Note or its designee, executed by manual or facsimile signature of the Mayor or presiding Mayor and City Secretary of the City, will be electronically delivered to such Purchaser or its designee.

SECTION 5. FORM OF NOTE. The form of the Note, 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	PRINCIPAL
	STATE OF TEXAS	AMOUNT
	CITY OF CLYDE, TEXAS	\$1,272,500
	TAX AND REVENUE ANTICIPATION NOTE	
	TAXABLE SERIES 2024	

DATE OF DELIVERY: NOVEMBER 21, 2024

STATED MATURITY
DATE: NOVEMBER 20, 2025

HOLDER: HUNTINGTON PUBLIC CAPITAL CORPORATION

PRINCIPAL AMOUNT: ONE MILLION TWO HUNDRED SEVENTY TWO THOUSAND FIVE HUNDRED AND NO/100 DOLLARS

INTEREST RATE: 9.50%

The City of Clyde, Texas (the "City"), being a general law municipality and political subdivision of the State of Texas located in Callahan County, 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 at the rate per annum specified above, on the basis of a 360-day year comprised of twelve 30-day months, from the date of delivery set forth above, on the balance of said principal amount from time to time remaining unpaid. 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 City shall pay interest on this Note on the final maturity hereof or to the date of redemption prior to maturity. The principal of this Note shall be paid to the Holder hereof at final maturity, or upon the date fixed for its redemption prior to maturity, at the address of the Holder as set forth in the Purchase Agreement. The payment of interest on this Note shall be made by the City to the Holder hereof on each interest payment date by check or draft, dated as of such interest payment date, payable solely from, funds of the City required by the Note Ordinance (as defined below) to be on deposit for said purpose; and such check or draft shall be sent by the City 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 last business day of the month next preceding each such date (the "Record Date") on the Purchase Agreement. In addition, principal and interest may be paid by such other method, acceptable to the City, 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 of this Note for payment or redemption at the designated office of the City, which shall be accomplished by presenting a digital copy of this Note. The City 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 from the "Interest and Sinking Fund" created by the ordinance authorizing the issuance of the Note (the "Note 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 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 21, 2024 and is authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$1,272,500 for the purpose of paying all or a portion of the City's contractual obligations incurred with respect to the acquisition and construction of the Project (as defined in the Note 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 City, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, without premium. The City shall give written notice of its direction to redeem the principal installments of this Note to 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 the principal amount set forth above or the remaining principal amount of the this Note if an exchange of a Note is made after a reduction in the principal amount as a result of redemption of part of this Note prior to maturity (the "Authorized Denomination"). As provided in the Note 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 City for cancellation, all in accordance with the form and procedures set forth in the Note Ordinance. Among other requirements for such assignment and transfer, an electronic copy of this Note must be presented to the City in electronic form, together with the proper instruments of assignment, in form and with guarantee of signatures satisfactory to the City, 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 City may be used to evidence the assignment of this Note from time to time by the Holder. 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 City 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.

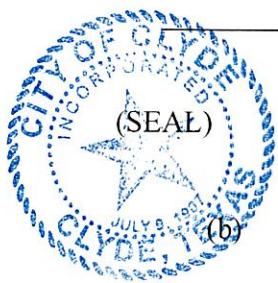
It is hereby certified, recited, and covenanted that this Note has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance and delivery of this Note has been performed, existed, and been done in accordance with law; that this Note is a general obligation of said City, issued on the full faith and credit thereof; and is payable solely from the receipts of the Available Funds (as defined in the Note Ordinance) sufficient to provide for the payment of the interest on and principal of this Note, as such principal and interest comes due; and that the total indebtedness of the City, including this Note, does not exceed any constitutional or statutory limitation.

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

By becoming the Holder of this Note, the Holder thereby acknowledges all of the terms and provisions of the Note Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Note Ordinance is duly recorded and available for inspection in the official

minutes and records of the City, and agrees that the terms and provisions of this Note and the Note Ordinance constitute a contract between each Holder hereof and the City.

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



(signature)
City Secretary

(signature)
Mayor

(b) 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.

SECTION 6. TAX LEVY. (a) A special "Interest and Sinking Fund" is hereby created and shall be established and maintained by the City at an official depository bank of the City. Said 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 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. The principal amount of the Note and the interest thereon are payable from the Available Funds. To secure full and complete payment of the Note and the interest thereon on the Stated Maturity Date, the City hereby irrevocably pledges for such payment the Available Funds of the City, and grants to, and creates in favor of, the Purchaser, for the benefit of the Purchaser and any successor Noteholder, an irrevocable lien on the Available Funds and an irrevocable first priority lien on all money on deposit in the Interest and Sinking Fund.

(b) The City Council hereby declares and covenants that it has for tax year 2024 computed and ascertained a rate and amount of ad valorem taxes which will be sufficient, together with other Available Funds, including without limitation Surplus Revenues, to raise and produce the money required to pay all of the City's obligations, including the Note and the interest thereon by a date not later than the Stated Maturity Date; that the taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding obligations of the City; that the 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 collections; and that said rate and amount of ad valorem tax is intended by the City to be levied against all taxable property in the City, within the limits prescribed by law. Notwithstanding the foregoing, if Available Funds or other lawfully available funds are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied pursuant to this Section 6 may be reduced to the extent and by the amount of the Available Funds or other lawfully available funds then on deposit in the Interest and Sinking Fund.

(c) Notwithstanding the requirements of subsections (a) and (b) of this Section, if Surplus Revenues or other lawfully available moneys of the City are actually on deposit or budgeted and appropriated to be deposited in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes that otherwise would have been required to be levied pursuant to this Section may be reduced to the extent and by the amount of the Surplus Revenues or other lawfully available funds then on deposit or budgeted and appropriated to be deposited in the Interest and Sinking Fund. If Surplus Revenues are budgeted and appropriated for deposit into the Interest and Sinking Fund, the City:

(i) shall transfer and deposit in the Interest and Sinking Fund each month an amount of not less than 1/12th of the annual debt service on the Note that is budgeted to be paid from Surplus Revenues until the amount on deposit in the Interest and Sinking Fund equals the amount required for annual debt service on the Note;

(ii) shall establish, adopt and maintain an annual budget that provides for either the monthly deposit of sufficient Surplus Revenues and/or tax revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, or a combination thereof, into the Interest and Sinking Fund for the repayment of the Note; and

(iii) shall at all times maintain and collect sufficient System rates and charges in conjunction with any other legally available funds that, after payment of the costs of operating and maintaining the System, produce revenues in an amount not less than the debt service requirements of all outstanding revenue bonds of the City and other obligations of the City which are secured in whole or in part by a pledge of revenues of the System and for which the City is budgeting the repayment of such obligations from the revenues of the System, or the City shall provide documentation which evidences the levy of an ad valorem tax rate dedicated to the Interest and Sinking Fund, in conjunction with any other legally available funds except System rates and charges, sufficient for the repayment of System debt service requirements.

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

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 City and the City Council of the City covenant and agree that in the event the City 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 City 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 are 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 City 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. CITY OFFICER'S DUTIES.

(a) The Mayor (or Mayor Pro-Tem), City Secretary, and Finance Director of the City 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 Mayor Pro-Tem) and the City Secretary are authorized to execute the certificate to which this Ordinance is attached on behalf of the City and to do any and all things proper and necessary to carry out the intent hereof.

SECTION 12. DEFEASANCE OF NOTE.

(a) Any 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 an eligible commercial bank or trust company 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 insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the City with a bank 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 City 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 a bank or trust company may at the written direction of the City also be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received said bank or trust company 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 City, or deposited as directed in writing by the City. 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 13(a)(i) or (ii) of this Section. All income from such Defeasance Securities received

by the escrow agent 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 City or deposited as directed in writing by the City.

(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.

SECTION 13. NOT A TAX-EXEMPT OBLIGATION.

The Note shall not be designated as, treated as, or considered as an obligation described in section 103 of the Code.

SECTION 14. ENGAGEMENT OF BOND COUNSEL; ENGAGEMENT OF FINANCIAL ADVISOR. 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 City, 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 City in connection with issuance, sale and delivery of the Note is hereby approved and confirmed. The execution and delivery of an engagement letter between the City and such firm, with respect to such services as bond counsel, is hereby authorized in such form as may be approved by the Mayor or Mayor Pro-Tem, and the Mayor or Mayor Pro-Tem are hereby authorized to execute such engagement letter.

SECTION 15. FURTHER PROCEDURES. The Mayor, Mayor Pro-tem, City Manager and City Secretary of the City 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 City a Paying Agent/Registrar Agreement with the Paying Agent/Registrar, if necessary or desirable, 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.

SECTION 16. SALE OF NOTE. (a) The Note is hereby sold and shall be delivered to First Financial Bank, N.A. in Abilene, Texas (the "Purchaser"), for cash for the par value thereof, pursuant to the Purchase Agreement dated the date of the adoption of this Ordinance. 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. PROJECT FUND. The City hereby creates and establishes and shall maintain on the books of the City a separate fund to be entitled the "Series 2024 Note Project Fund" for use by the City 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 Project 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 City 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 City is not, therefore, obligated pursuant to the Rule to provide any on-going disclosure relating to the City or the Note.

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

(a) The City 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 City; 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 rates of interest borne by the Note;

(3) Reduce the amount of the principal of, or redemption premium, if any, payable on any 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 City shall desire to amend this Ordinance under this Section, the City 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 City 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 City 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 City 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 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 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 City.

For the purposes of establishing ownership of the Note, the City shall rely solely upon the ownership of such Note as set forth in the Purchase Agreement or an Assignment of the Note.

SECTION 21. FURTHER PROCEDURES.

(a) The Mayor, Mayor Pro-Tem, City Administrator, City Secretary, City Attorney and Finance Director of the City and all other officers, employees and agents of the City, 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 City a Paying Agent/Registrar Agreement with a Paying Agent/Registrar, if necessary or desirable, a Signature Identification, No-Litigation and General Certificate, any certificates required by the Purchase Agreement, 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.

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 25. APPROPRIATION. To pay the debt service coming due on the Note prior to receipt of the taxes 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.

[Execution Page Follows]

APPROVED AND ADOPTED ON THE 18th DAY OF NOVEMBER, 2024.

CITY OF CLYDE, TEXAS

Mayor

Attest:

City Secretary

[CITY SEAL]



ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF THE \$1,272,500 CITY OF CLYDE, TEXAS TAX AND REVENUE ANTICIPATION NOTE, TAXABLE SERIES 2024, TO FUND OPERATING OR CURRENT EXPENSES AND A CUMULATIVE CASH FLOW DEFICIT, AND ENACTING OTHER PROVISIONS RELATED THERETO.