

**HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61**

Bond Order

The board of directors (the “Board”) of Harris County Fresh Water Supply District No. 61 (the “District”) met on October 21, 2020, with the following directors present:

Darrell A. Barroso, President  
Lary J. Cangelose, Vice President  
Mike Kelley, Secretary  
Jon Morgan, Assistant Secretary  
Ben A. Solis, Treasurer

and the following were absent:

None.

when the following business was transacted:

The order set out below (the “Bond Order”) was introduced for consideration of the Board. It was then moved and seconded that said order be adopted; and, after due discussion, said motion carried by the following vote:

Ayes: All directors present

Noes: None.

The order thus adopted is as follows:

**ORDER AUTHORIZING ISSUANCE OF \$15,000,000, HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61 UNLIMITED TAX BONDS, SERIES 2020; PRESCRIBING THE TERMS, PROVISIONS, AND FORM THEREOF; PROVIDING FOR THE PAYMENT THEREOF AND INTEREST THEREON; AWARDED THE SALE OF THE BONDS; APPOINTING PAYING AGENT/REGISTRAR; AND MAKING OTHER PROVISIONS REGARDING SUCH BONDS AND MATTERS INCIDENT THERETO.**

**BE IT ORDERED BY THE BOARD OF DIRECTORS OF HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61:**

ARTICLE I  
FINDINGS AND DETERMINATIONS

Section 1.1: Findings and Determinations. It is hereby officially found and determined that:

(a) Harris County Fresh Water Supply District No. 61 (the “District”), acting through its Board of Directors (“Board”), is authorized pursuant to and in accordance with the provisions of the Constitution and the laws of the State of Texas, specifically, Texas Water Code Ann. Chapters 49 and 54, as amended, and as authorized at elections held for that purpose on (i) September 10, 2005 being the fourth series out of the \$25,000,000 of bonds authorized at said election and (ii) May 6, 2017 being the first series out of the \$30,000,000 of bonds authorized at said election, to issue its 2020 series of \$15,000,000 of bonds, for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving and extending a water and sanitary sewer system, a surface water system, and sewage disposal facilities for the District and a drainage system for the drainage of lands within the District, and for paying fees or charges to any regional water authority or similar entity for charges or contributions lawfully levied on the District and to pay all of the related engineering, legal and fiscal fees in connection therewith, and to pay costs of issuance of the Bonds.

(b) The Board has determined that it is in the best interests of the District and that it is otherwise desirable to issue the Bonds for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving and extending a water and sanitary sewer system, a surface water system, and sewage disposal facilities for the District and a drainage system for the drainage of lands within the District, and for paying fees or charges to any regional water authority or similar entity for charges or contributions lawfully levied on the District, and to pay all of the related engineering, legal and financial advisory fees in connection therewith, and to pay costs of issuance of the Bonds, and to provide for the payment of principal of and interest on such Bonds by the levy and collection of a sufficient ad valorem tax upon all taxable property within the District as authorized by the Constitution and laws of the State of Texas.

(c) There are presently outstanding and unpaid the following bonds of the District (the “Outstanding Bonds”):

\$900,000 of the District’s \$8,630,000 Unlimited Tax Bonds, Series 2011 (the “Series 2011 Bonds”) (\$7,730,000 of such bonds having heretofore matured and been paid).

\$1,520,000 of the District’s \$8,295,000 Unlimited Tax Refunding Bonds, Series 2012 (the “Series 2012 Bonds”) (\$6,775,000 of such bonds having heretofore matured and been paid);

\$4,495,000 of the District’s \$7,390,000 Unlimited Tax Refunding Bonds, Series 2016 (the “Series 2016 Bonds”) (\$2,895,000 of such bonds having heretofore matured and been paid);

\$11,110,000 of the District's \$11,250,000 Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds") (\$140,000 of such bonds having heretofore matured and been paid); and

\$8,505,000 of the District's \$8,540,000 Unlimited Tax Refunding Bonds, Series 2019 (the "Series 2019 Bonds") (\$35,000 of such bonds having heretofore matured and been paid).

(d) The bond orders ordering the Outstanding Bonds to be issued provide in part that the District expressly reserves and thereafter has the right to issue additional bonds payable from and secured by taxes upon all taxable property within the District.

## ARTICLE II DEFINITIONS AND INTERPRETATIONS

Section 2.1: Definitions. As used herein, the following terms shall have the meanings specified, unless the context clearly requires otherwise:

"Attorney General" shall mean the Attorney General of the State of Texas.

"BAM" or "Insurer" shall mean Build America Mutual Assurance Company, or any successor thereto.

"Blanket Issuer Letter of Representations" shall mean the Blanket Issuer Letter of Representations between the District, the Paying Agent/Registrar and DTC.

"Board" shall mean the board of directors of the District.

"Bond Order" or "Order" as used herein and in the Bonds shall mean this Order authorizing the Bonds.

"Bond" or "Bonds" shall mean any or all of the Harris County Fresh Water Supply District No. 61 Unlimited Tax Bonds, Series 2020, authorized and issued pursuant to this Bond Order, including the Initial Bond and the Definitive Bonds, in the aggregate principal amount of \$15,000,000 unless the context clearly indicates otherwise.

"Capital Projects Fund" shall mean the fund so designated in Section 8.3 of this Bond Order.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Commission" shall mean the Texas Commission on Environmental Quality, and any successor agency.

"Comptroller" shall mean the Comptroller of Public Accounts of the State of Texas.

“Dated Date” shall mean November 1, 2020.

“Debt Service Fund” shall mean the fund so designated in Section 8.2 of this Bond Order.

“Definitive Bonds” shall mean the Bonds, other than the Initial Bond, in the form of Exhibit A-1.

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

“DTC Participant” shall mean securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“Fiscal Year” shall mean the District’s fiscal year, which currently is the twelve-month period beginning on January 1 of a calendar year and ending on December 31 of the next succeeding calendar year, and each such period may be designated with the number of the calendar year in which such period ends.

“General Fund” shall mean the fund so designated in Section 8.1 of this Bond Order.

“Holder” or “Holders” or “Registered Holder” or “Registered Holders” or “Owner” or “Registered Owner” when used with respect to any Bond or the Bonds means the person in whose name such Bond is registered in the Bond Register.

“Initial Bond” shall mean the initially issued bond representing the entire principal amount of the Bonds in the form of Exhibit A and used in accordance with the provisions of this Bond Order.

“Interest Payment Date” when used in connection with any Bond, shall mean March 1 and September 1 of each year, commencing March 1, 2021, until the earlier of maturity or redemption.

“Issue Date” or “Date of Delivery” shall mean the date on which the Bonds are delivered to and paid for by the Purchaser.

“Issuer” or “District” when referred to herein, shall mean Harris County Fresh Water Supply District No. 61.

“Outstanding” when used with reference to the Bonds, shall mean, as of a particular date, all Bonds theretofore and thereupon delivered pursuant to this Order except: (a) any Bond canceled by or on behalf of the District on or before such date; (b) any Bond defeased pursuant to the defeasance provisions of this Order or otherwise defeased as permitted

by applicable law; and (c) any Bond in lieu of or in substitution for which a replacement Bond shall have been delivered pursuant to this Order.

“Outstanding Bonds” shall mean the District’s bonds described in Section 1.1(c) above.

“Paying Agent/Registrar” shall mean Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, a bank organized and existing under the laws of the United States of America, and its successors in that capacity.

“Person” shall mean any individual, corporation, partnership, joint venture, association, trust, joint stock company, unincorporated organization, government or governmental agency or other legal entity.

“Policy” shall mean the Municipal Bond Insurance policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Bonds when due.

“Purchaser” shall mean the initial purchaser of the Bonds as identified in Section 3.1 hereof.

“Record Date” shall mean the close of business on the fifteenth (15<sup>th</sup>) calendar day of the calendar month immediately preceding the applicable Interest Payment Date.

“Register” shall mean the registration books for the Bonds kept by the Paying Agent/Registrar in which are maintained the names and addresses of and the principal amounts registered to each Registered Owner.

“Registered Owner” or “Registered Holder” shall mean the Person or entity in whose name any Bond is registered in the Register.

“Serial Bonds” shall mean any one or more, as the case may be, of the Bonds maturing September 1, 2031 through September 1, 2040.

“System” shall mean the District’s waterworks and sanitary sewer systems owned and operated by the District, together with any additions and extensions thereto and improvements and replacements thereof whenever so constructed or acquired.

“Term Bonds” or “Term Bond” shall mean any one or more, as the case may be, of the Bond maturing September 1, \_\_\_\_\_.

Section 2.2: Interpretations. All terms defined herein and all pronouns used in this Bond Order shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the articles and sections of this Bond Order have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Bond Order and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to

sustain the validity of the Bonds and the validity of the levy of ad valorem taxes to pay the principal of and interest on the Bonds.

ARTICLE III  
SALE OF BONDS

Section 3.1: Sale of Bonds. The sale of the Bonds is hereby awarded to \_\_\_\_\_ under the terms contained in the official bid for purchase of the Bonds which bid produced the lowest net effective interest rate to the District and acceptance of which has been determined to be in the Issuer's best interest.

Section 3.2: Offering Documents. The Board hereby ratifies, authorizes, and approves, in connection with the sale of the Bonds, the preparation and distribution of the final Official Statement, dated October 21, 2020.

Section 3.3: Approval, Registration, and Delivery. The President or Vice President and Secretary, Assistant Secretary or Secretary Pro Tempore are hereby authorized to have control and custody of the Bonds and all necessary records and proceedings pertaining thereto pending their delivery, and the President or Vice President and Secretary, Assistant Secretary or Secretary Pro Tempore and other officers and employees of the District are hereby authorized and directed to make such certifications, to manually affix the District's seal, and to execute such instruments as may be necessary to accomplish the delivery of the Bonds and the District's obligations under this Order; and to assure the investigation, examination, and approval thereof by the Attorney General and the registration of the Initial Bond by the Comptroller. Upon registration of the Initial Bond, the Comptroller (or a deputy in the office of the Comptroller lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate prescribed herein to be attached or affixed to the Initial Bond and the seal of the Comptroller shall be impressed or printed or lithographed thereon.

In addition, prior to the initial delivery of the Bonds, the President, Vice President, Secretary or Director of the Board of Directors of the District, the District's General Counsel and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Order or to any of the instruments authorized and approved by this Order necessary in order to (i) correct any ambiguity or mistake or to properly or more completely document the transactions contemplated and approved by this Order and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies or satisfy requirements of the Insurer, or (iii) obtain approval of the Bonds by the Texas Attorney General's office.

ARTICLE IV  
TERMS OF THE BONDS

Section 4.1: Amount, Purpose, and Authorization. The Bonds shall be issued in fully registered form, in the total aggregate principal amount of Fifteen Million Dollars (\$15,000,000), for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving and extending a water and sanitary sewer system, a surface water system,

and sewage disposal facilities for the District and a drainage system for the drainage of lands within the District, and for paying fees or charges to any regional water authority or similar entity for charges or contributions lawfully levied on the District, and to pay all related engineering, legal and financial advisory fees in connection therewith, and to pay costs of issuance of the Bonds, under and pursuant to the authority of the Constitution and laws of the State of Texas, particularly Chapters 49 and 54, Texas Water Code, as amended and the Public Security Procedures Act, Tex. Gov't. Code Ann. Chapter 1201..

Section 4.2: Designation, Date, and Interest Payment Dates. Each of the Bonds shall be designated “Harris County Fresh Water Supply District No. 61 Unlimited Tax Bonds, Series 2020.” The Bonds shall be numbered serially from R-1 upward, except that the Initial Bond shall be numbered IB-1, and the Initial Bond shall be submitted to the Attorney General for approval and to the Comptroller for registration until cancellation by the Paying Agent/Registrar in accordance with the provisions of this Order. The Bonds shall be dated November 1, 2020, and shall bear interest at the rates set forth in Section 4.3 below, from the later of the Dated Date (as defined herein) or the most recent Interest Payment Date to which interest has been paid or duly provided for, calculated on the basis of a 360-day year of twelve (12) thirty (30) day months, payable on March 1 and September 1 and of each year, commencing March 1, 2021, until the earlier of maturity or redemption.

Section 4.3: Maturities, Principal Amounts and Interest Rates. The Bonds shall be issued in the principal amounts and bear interest at the rates set forth in the following schedule, and may be transferred and exchanged as set out in this Order. The Bonds shall mature on September 1 in each of the years and in the amounts set out in such schedule. Bonds delivered in transfer of or in exchange for other Bonds shall be numbered in order of their authentication by the Paying Agent/Registrar, shall be in the denomination of \$5,000 or integral multiples thereof, and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered. The Bonds are subject to redemption prior to maturity as further described in Article V herein.

**Series 2020 Serial Bonds**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
September 1, 2031	\$1,340,000	%
September 1, 2032	\$1,375,000	%
September 1, 2033	\$1,405,000	%
September 1, 2034	\$1,440,000	%
September 1, 2035	\$1,480,000	%
September 1, 2036	\$1,515,000	%
September 1, 2037	\$1,555,000	%
September 1, 2038	\$1,590,000	%
September 1, 2039	\$1,630,000	%
September 1, 2040	\$1,670,000	%

**Series 2020 Term Bonds**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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Section 4.4: Manner of Payment. Form of Initial Bond and Definitive Bonds, Execution, and Authentication. Principal of the Bonds at maturity or on a redemption date shall be payable in lawful money of the United States of America without deduction for paying agent services at the principal payment office of the Paying Agent/Registrar, currently in Dallas, Texas. The Bonds shall be dated November 1, 2020 and shall bear interest from the Dated Date (as defined herein), and such interest shall be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2021, until the principal sum shall have been paid. The Bonds (other than the Initial Bond in the form of Exhibit A) shall be substantially in the form set forth in Exhibit A-1 to this Order, with such appropriate variations, omissions and insertions as are customary or as are permitted or required by this Order and such letters, numbers or other marks of identification as may be consistent herewith and determined by those officials of the Board executing the Bonds, as evidenced by their signing of the Initial Bond. Any portion of the text of the Bonds may be printed on the back of such Bond with an appropriate reference placed on the front of the Bond. There may be printed on the Bonds any approving legal opinion and any CUSIP or other identifying number.

Notwithstanding anything to the contrary contained in this Order, the Initial Bond shall be dated November 1, 2020, shall be registered to the Purchaser of the Bonds described in Section 3.1 of this Order, or such other name, entity or person as the Purchaser designates, and the Initial Bond shall be in typed or printed form, signed manually by the President or Vice President and Secretary, Assistant Secretary or Secretary Pro Tempore of the District and manually sealed, submitted to the Attorney General for approval and thereafter registered by the Comptroller by manual signature on the Comptroller's Registration Certificate. On the Date of Delivery, the Initial Bond shall be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver the Bonds to the DTC in accordance with Article XII of this order. The Initial Bond may be exchanged for registered Definitive Bonds as described herein and in accordance with the Public Security Procedures Act, Tex. Gov't. Code Ann. §1201.

In the event the Purchaser instructs the Paying Agent/Registrar in writing five (5) business days prior to the Issue Date to exchange, authenticate, deliver and register Definitive Bonds to those persons named by the Purchaser, including their addresses, the maturities, interest rates and denominations, then the Initial Bond will be cancelled, and Definitive Bonds will be issued, registered and delivered in accordance with the instructions of the Purchaser on the Issue Date. The Paying Agent/Registrar need not accept instructions regarding exchange of the Initial Bond less than five (5) business days before the Issue Date. If such instructions are not timely received, then cancellation of the Initial Bond and delivery of Definitive Bonds may be delayed until the fifth (5<sup>th</sup>) business day following receipt by the Paying Agent/Registrar of such instructions.

No Bond shall be entitled to any right or benefit under this Bond Order, or be valid or obligatory for any purpose, unless there appears on such Bond (1) with respect to the Initial Bond only, a certificate of registration substantially in the form of Exhibit A executed by the Comptroller of Public Accounts of the State of Texas or duly authorized deputy by manual signature, and (2) with respect to the Definitive Bonds, a certificate of authentication substantially in the form thereof set forth in Exhibit A-1, executed by the manual signature of the



Paying Agent/Registrar. Such certificate of registration and/or authentication, as the case may be, upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified and/or authenticated, registered and delivered.

Section 4.5: Ownership. The District, the Paying Agent/Registrar, and any other Person may treat the Registered Owner in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof and interest thereon and for all other purposes, whether or not such Bond is overdue, and neither the District nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the Person deemed to be the Registered Owner of any Bond in accordance with this Section shall be valid and effective and shall discharge the liability of the District and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 4.6: Registration, Transfer, and Exchange. So long as any Bond remains Outstanding, the Paying Agent/Registrar shall keep the Register at the corporate trust office/payment office of the Paying Agent/Registrar, currently in Dallas, Texas and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of the Bonds in accordance with the terms of this Order.

Each Bond shall be transferable only upon the presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar accompanied by an assignment duly executed by the Registered Owner or the Registered Owner's authorized representative in a form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond for transfer, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor, within seventy-two (72) hours after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon the presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar, currently in Dallas, Texas, for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section 4.6. Each Bond delivered by the Paying Agent/Registrar in accordance with this Section 4.6 shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The District or the Paying Agent/Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bonds. Any fee or service charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the District.

Neither the District nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date.

Neither the District nor the Paying Agent/Registrar shall be required to (1) issue, transfer or exchange any Bond selected for redemption during a period beginning at the opening of business fifteen (15) calendar days before the date of the first mailing of a notice of redemption of Bonds hereunder and ending at the close of business on the day of such mailing, or (2) thereafter to transfer or exchange any Bond so selected for redemption in whole or in part where such redemption is scheduled to occur within thirty (30) calendar days.

Section 4.7: Payment of Principal and Interest. The principal or redemption price of the Bonds shall be deposited in trust by the District with the Paying Agent/Registrar who shall pay out of same the principal due to the Registered Owners of the Bonds at the maturity thereof, upon surrender of such Bonds to the Paying Agent/Registrar for cancellation.

Interest on the Bonds shall be timely deposited in trust with the Paying Agent/Registrar by the District, and such interest shall be paid by check, dated as of the Interest Payment Date, and mailed on the Interest Payment Date, first class, postage prepaid, or paid by other customary means of transfer of funds, including wire transfer, at the risk and expense of the Registered Owners, to the Registered Owners of the Bonds shown on the records of the Paying Agent/Registrar on the Record Date.

Section 4.8: Replacement Bonds. Upon the presentation and surrender to the Paying Agent/Registrar of a damaged or mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate, and principal amount, bearing a number not contemporaneously outstanding. The District or the Paying Agent/Registrar may require the Registered Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Paying Agent/Registrar and the District.

If any Bond is lost, destroyed or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and orders of the District, and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall execute, and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate, and principal amount, bearing a number not contemporaneously outstanding, provided that the Registered Owner thereof shall have:

- (a) furnished to the District and the Paying Agent/Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;
- (b) furnished such security or indemnity as may be required by the Paying Agent/Registrar and the District to save and hold them harmless;
- (c) paid all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar, and any tax or other governmental charge that may be imposed; and

- (d) met any other reasonable requirements of the District and the Paying Agent/Registrar.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was used presents for payment such original Bond, the District and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the District or the Paying Agent/Registrar in connection therewith.

If any such mutilated, lost, destroyed or wrongfully taken Bond has become or is about to become due and payable, the District in its discretion may, instead of issuing a replacement Bond, authorize the Paying Agent/Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section 4.8 shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 4.9: Cancellation. All Bonds paid or redeemed in accordance with this Order, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be canceled and destroyed upon the making of proper records regarding such payment or redemption. The Paying Agent/Registrar shall periodically furnish the District with certificates of destruction of such Bonds.

## ARTICLE V REDEMPTION OF BONDS BEFORE MATURITY

Section 5.1: Optional Redemption. The District reserves the right, at its option, to redeem the Bonds maturing, in whole or in part, on September 1, 2025, or on any date thereafter, at a price equal to the principal amount of the Bonds called for redemption plus accrued interest from the later of the Dated Date or the most recent Interest Payment Date on which interest has been paid or duly provided for to the date fixed for redemption.

The exercise by the District of its option to redeem any Bonds shall be entered in the minutes of the Board of Directors of the District. The District shall, at least forty-five (45) calendar days prior to the redemption date (unless a shorter notice shall be satisfactory to the Paying Agent/Registrar), notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds of each stated maturity to be redeemed, in multiples of \$5,000.

Section 5.2: Mandatory Redemption. The Term Bonds which mature on September 1, \_\_\_\_\_, are subject to mandatory redemption (“Mandatory Redemption”) at a price equal to 100% of the principal amount thereof plus accrued interest to the redemption dates from amounts which are required to be deposited in the District’s Debt Service Fund as defined in this Order in amounts sufficient to redeem the Bond on September 1 in the years and principal amounts shown on the following schedule:

**Series 2020 Term Bonds**

Redemption Date

Principal Amount

While the Bonds are in book-entry only form pursuant to Article XII herein, the Term Bonds will be selected for Mandatory Redemption by the DTC in accordance with its procedures. If the book-entry only system is discontinued, the Term Bonds will be selected for Mandatory Redemption by lot or other customary random method. The principal amount of the Term Bonds of a given maturity required to be redeemed pursuant to the operation of such Mandatory Redemption provisions shall be reduced, at the option of the District, by the principal amount of the Term Bonds of such maturity which, at least fifty (50) days prior to the date of such Mandatory Redemption, (1) shall have been acquired by the District at a price not exceeding the principal amount of such Term Bond plus accrued interest to the date of purchase thereof, and delivered to the Registrar for cancellation, (2) shall have been purchased and canceled by the Registrar at the request of the District at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not thereto credited against a Mandatory Redemption requirement.

Section 5.3: Selection of Bonds for Optional Redemption. While the Bonds are in book entry form pursuant to Article XII herein, if less than all the Bonds of a particular maturity are to be redeemed, the Bonds will be selected for redemption by the DTC in accordance with its procedures. If less than all of the entire outstanding principal amount of the Term Bond(s), if any, is to be redeemed, the District will notify the Paying Agent/ Registrar of the reductions in the remaining mandatory redemption amounts to result from the optional redemption. If the book entry only system is discontinued, and if less than all the Bonds of a particular maturity are to be redeemed, the Paying Agent/Registrar, on behalf of the District, shall select for redemption, by lot or other customary random method, any portion of the principal amount of the Bonds within any given maturity whose principal amount is greater than \$5,000 and whose proration would be necessitated by the nature of the redemption call by the District.

For purposes of this Order, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal of such Bond which has been or is to be redeemed.

Section 5.4: Notice. Notice of redemption shall be sent by United States mail, first class, postage prepaid, by the Paying Agent/Registrar in the name of and at the expense of the District, not less than thirty (30) calendar days prior to the redemption date for the Bonds, to each Registered Owner of the Bonds to be redeemed. Such notice shall be sent to each Registered Owner of a Bond to be redeemed at the address appearing on the Register of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

All notices of redemption shall include a statement (1) as to the redemption date,

(2) as to the redemption price, (3) as to the principal amount of the Bonds to be redeemed and, if less than all Bonds then Outstanding are to be redeemed, an identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, (4) to the effect that, on the redemption date, the redemption price of each of the Bonds to be redeemed will become due and payable and that interest thereon shall cease to accrue from and after such date, and (5) to the effect that such Bonds are to be surrendered for payment of the redemption price at the office of the Paying Agent/Registrar, and the address of such office.

Section 5.5: Payment. Notice of redemption having been given as aforesaid, the Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds shall cease to bear interest. Upon the surrender of such Bonds for redemption in accordance with such notice, such Bonds shall be paid by the Paying Agent/Registrar at the redemption price out of money supplied by the District.

If any Bond called for redemption shall not be so paid on the date set for redemption by reason of the failure of the District to provide collected funds, the same shall continue to bear interest from the redemption date at the rate borne by such Bonds until same is paid by the District.

Section 5.6: Partial Redemption. Any Bond which is to be redeemed only in part shall be surrendered at the office of the Paying Agent/Registrar (if payment is to be made to other than the Registered Owner with due endorsement by, or a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Registered Owner or the Registered Owner's attorney duly authorized in writing), and the District shall execute and the Paying Agent/Registrar shall register and deliver to the Registered Owner of such Bond, without service charge to the Registered Owner, a new Bond or Bonds of the same stated maturity and of any authorized denomination or denominations as requested by such Registered Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

## ARTICLE VI SECURITY FOR THE BONDS: TAX LEVY

Section 6.1: Tax Levy and Pledge. The Bonds are payable from the proceeds of a direct annual ad valorem tax levied upon all taxable property subject to taxation within the District, without limitation as to rate or amount in the manner provided by Section 54.503(1), Texas Water Code, as amended. During each year while any of the Bonds or interest thereon are outstanding, the District shall compute and ascertain a rate and amount of ad valorem taxes which will be sufficient to raise and produce the moneys required to provide for the payment of the interest on the Bonds as such interest comes due and to provide and maintain a sinking fund adequate to pay the principal of the Bonds as such principal matures, and such tax shall be based on the certified tax rolls of the District at the time of the levy, with full allowance being made for tax delinquencies and the cost of tax collection. For the current year there shall hereby be levied, and for each year thereafter while the Bonds or any part of the principal of and interest thereon are outstanding and unpaid, there shall be levied, assessed and collected in due time,

form and manner, a continuing, direct annual ad valorem tax upon all taxable property in the District in the rate and amount as aforesaid, and the proceeds of such tax shall be appropriated and applied to the payment of principal of and interest on the Bonds.

Section 6.2: Additional Bonds. The District expressly reserves and shall hereafter have the right to issue in one or more installments, for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving and extending a water and sanitary sewer system, a surface water system, and sewage disposal facilities for the District and a drainage system for the drainage of lands within the District, and for paying fees or charges to any regional water authority or similar entity for charges or contributions lawfully levied on the District, the unissued \$16,610,000 principal amount of unlimited tax bonds which remain authorized out of the District's bond election dated May 6, 2017, and any unlimited tax bonds or unlimited tax and revenue bonds as may hereafter be authorized at subsequent elections. Furthermore, the District expressly reserves and shall hereafter have the right to issue in one or more installments the following:

(a) Revenue Bonds. The District expressly reserves the right to issue bonds payable solely from net revenues of the System for the purpose of completing, repairing, improving, extending, enlarging or replacing the System, and such bonds may be payable from and equally secured by a lien on and pledge of said net revenues on a parity with the pledge on the Bonds and any previously issued bonds secured by net revenues to the extent net revenues are used to pay the principal of and interest on such bonds..

(b) Combination Unlimited Tax and Revenue Bonds. The District also reserves the right to issue combination unlimited tax and revenue bonds payable from both an unlimited pledge of ad valorem taxes and net revenues of the System for the purposes of completing, repairing, improving, extending, enlarging or replacing the System.

(c) Inferior Lien Bonds. The District also reserves the right to issue inferior lien bonds and to pledge the net revenues of the System to the payment thereof, such pledge to be subordinate in all respects to the lien of the Bonds and any previously issued or subsequently issued bonds which are on a parity with the Outstanding Bonds and the Bonds..

(d) Special Project Bonds. The District further reserves the right to issue special project bonds for the purchase, construction, improvement, extension, replacement, enlargement or repair of water, sewer and/or drainage facilities necessary under a contract or contracts with persons, corporations, municipal corporations, political subdivisions or other entities, such special project bonds to be payable from and secured by the proceeds of such contract or contracts.

(e) Refunding Bonds. The District further reserves the right to issue refunding bonds as authorized by law to refund any of the Bonds or the Outstanding Bonds or any additional unlimited tax bonds, combination unlimited tax and revenue bonds, revenue bonds, inferior lien bonds, special project bonds, or other evidences of indebtedness, or any bonds the holders of which have consented to have refunded. The refunding bonds so issued shall enjoy complete equality of lien with the remaining bonds not refunded, if any such bonds

remain, and the refunding bonds so issued shall enjoy the priority of lien enjoyed by the bonds being refunded.

ARTICLE VII  
THE PAYING AGENT/REGISTRAR

Section 7.1: Paying Agent/Registrar Agreement. At all times while any of the Bonds are outstanding, the District shall maintain and provide for a Paying Agent/Registrar. Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, is hereby appointed, and the District has entered into an agreement with Amegy Bank for the services of Paying Agent/Registrar for the Bonds. The Paying Agent/Registrar shall be completely responsible for the payment of the principal of and interest on the Bonds upon receipt by the Paying Agent/Registrar of sufficient moneys to pay the principal of and interest on the Bonds from the District, and for the replacement, transfer and exchange of the Bonds under the terms and conditions set forth herein. The Paying Agent/Registrar and any successor Paying Agent/Registrar, by undertaking the performance of the duties of the Paying Agent/Registrar hereunder, and in consideration of the payment of any fees pursuant to the terms of any contract between the Paying Agent/Registrar and the District and/or the deposits of money pursuant to this Order, shall be deemed to accept and agree to abide by the terms of this Order.

Section 7.2: Trust Funds. All moneys transferred to the Paying Agent/Registrar in its capacity as Paying Agent/Registrar for the Bonds under this Order (except any sums representing Paying Agent/Registrar's fees) shall be held in trust for the benefit of the District, shall be the property of the District, and shall be disbursed in accordance with this Order.

Section 7.3: Bonds Presented. Subject to the provisions of Section 7.4 of this Order, all matured Bonds presented to the Paying Agent/Registrar for payment shall be paid without the necessity of further instructions from the District. Such Bonds shall be canceled as provided herein.

Section 7.4: Unclaimed Funds Held by the Paying Agent/Registrar. Funds held by the Paying Agent/Registrar that represent principal of or interest on the Bonds remaining unclaimed by the Registered Owner after the expiration of three (3) years from the date such funds have become due and payable (a) shall be reported and disposed of by the Paying Agent/Registrar in accordance with the provisions of Title 6 of the Texas Property Code, as amended, to the extent such provisions are applicable to such funds, or (b) to the extent such provisions do not apply to the funds, such funds shall be paid by the Paying Agent/Registrar to the District upon receipt by the Paying Agent/Registrar of a written request therefor from the District.

The Paying Agent/Registrar shall have no liability to the Registered Owners of the Bonds by virtue of actions taken in compliance with this Section 7.4.

Section 7.5: Paying Agent/Registrar May Own Bonds. The Paying Agent/Registrar in its corporate or any other capacity, may become the Registered Owner or pledgee of Bonds with the same rights it would have if it were not the Paying Agent/Registrar.

Section 7.6: Successor Paying Agent/Registrars. The District retains the right to replace the Paying Agent/Registrar. Further, if the Paying Agent/Registrar or its successor becomes unable for any reason to act as Paying Agent/Registrar hereunder, the District covenants that it will appoint a qualified bank to perform the duties of Paying Agent/Registrar hereunder. Any successor Paying Agent/Registrar shall be either a national or state banking institution and a corporation organized and doing business under the laws of the United States of America or any state thereof, which is authorized under such laws to exercise trust powers, and is subject to supervision or examination by federal or state authority. Upon any change in Paying Agent/Registrar, the District agrees to cause written notice of such change to be sent to each Registered Owner by United States mail, first class, postage prepaid, which notice shall give the address of the successor Paying Agent/Registrar.

ARTICLE VIII  
FUNDS AND ACCOUNTS, APPLICATION OF PROCEEDS

Section 8.1: General Fund. The District hereby confirms the prior establishment of the District's General Fund. The District shall deposit as collected all revenues derived from the operation of the System, if any, into the District's General Fund, which fund shall be kept separate and apart from all other funds and accounts of the District.

Section 8.2 Debt Service Fund. The District hereby confirms the prior establishment of the District's Debt Service Fund. From the proceeds of the Bonds, the District shall deposit to the Debt Service Fund accrued interest on the Bonds from the Dated Date to the date of delivery and an amount equal to six (6) months' interest on the Bonds. From the levy of District taxes pursuant to Section 6.1 hereof there shall be deposited to the Debt Service Fund all tax revenue pledged for repayment of the Bonds after allowance for delinquencies and cost of collection. Moneys in the Debt Service Fund shall be transferred to the Paying Agent/Registrar prior to any interest and/or principal payment date in an amount sufficient to pay the interest on and principal of the Bonds and Paying Agent/Registrar fees, if due.

Section 8.3: Capital Projects Fund. The District hereby confirms the prior establishment of the District's Capital Projects Fund. All proceeds of the Bonds not deposited to the Debt Service Fund shall be deposited to the Capital Projects Fund for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving and extending a water and sanitary sewer system, a surface water system, and sewage disposal facilities for the District and a drainage system for the drainage of lands within the District, and for paying fees or charges to any regional water authority, groundwater conservation district or similar entity for charges or contributions lawfully levied on the District as approved by the Commission, and to pay all of the related engineering, legal, and financial advisory fees and related expenses as approved by the Commission, and paying the costs of issuance and printing of the Bonds. Any Bond proceeds remaining after completing projects and paying related costs as approved by the Commission shall be considered surplus bond proceeds and shall be expended only in accordance with the rules of the Commission and will be used only for purposes which are consistent in accordance with the purposes described in the May 6, 2017 bond proposition for so long as the Bonds are outstanding.



ARTICLE IX  
TAX EXEMPTION

Section 9.1: Tax Exemption. The District covenants that it will make such use of the proceeds of the Bonds, regulate investments of proceeds thereof, and take such other and further actions as may be required by Sections 103 and 141-150 of the Internal Revenue Code of 1986, as amended (the “Code”), and all applicable temporary, proposed, and final regulations and procedures promulgated thereunder, to the extent applicable to the Code (the “Regulations”), necessary to assure that the interest on the Bonds is excludable from gross income for federal income tax purposes. Without limiting the generality of the foregoing covenant, the District hereby covenants as follows:

(a) to take any action to insure that no more than ten percent (10%) of the net proceeds of the Bonds are used for any “private business use,” as defined in Section 141(b)(6) of the Code or, if more than ten percent (10%) of the proceeds are so used, that amount, whether or not received by the District, with respect to such private business use, does not, under the terms of this Bond Order, directly or indirectly, secure or provide for the payment of more than ten percent (10%) of the debt service on the Bonds, in contravention of Section 141(b)(2) of the Code;

(b) to take any action to insure that in the event that the “private business use” described in subsection (a) hereof exceeds five percent (5%) of the net proceeds of the Bonds, then the amount in excess of five percent (5%) 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;

(c) to take any action to insure that no amount which is greater than the lesser of (i) \$5,000,000 or (ii) five percent (5%) of the net proceeds of the Bonds is directly or indirectly used to finance loans to persons other than governmental units, in contravention of Section 141(c) of the Code;

(d) to refrain from taking any action which would otherwise result in the Bonds being treated as “private activity bonds” within the meaning of Section 141(b) of the Code;

(e) to otherwise restrict the use of the proceeds of the Bonds so that the Bonds do not contravene the requirements of Section 148 of the Code relating to arbitrage;

(f) to refrain from taking any action that would result in the Bonds being “federally guaranteed” obligations for purposes of Section 149(b) of the Code;

(g) to take all necessary steps to comply with the requirement that excess arbitrage profits earned on the investment of the “gross proceeds” of the Bonds (within the meaning of Section 148(f)(6)(B) of the Code), if any, be rebated to the federal government, and

to maintain such records as will enable the District to fulfill its responsibilities under this section and Section 148 of the Code;

(h) to timely file with the Secretary of the Treasury of the United States the information required by Section 149(e) of the Code with respect to the Bonds on such form and in such place as such Secretary may prescribe;

(i) to refrain from using any portion of the proceeds of the Bonds, 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 Bonds, other than investment property acquired with -

A proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the Bonds are issued,

B amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the 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 stated principal amount (or, in the case of a discount, the issue price) of the Bonds;

(j) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage), section 149(g) of the Code (relating to hedge bonds), and, to the extent applicable, section 149(d) of the Code (relating to advance refundings).

All officers, employees, and agents of the District are authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District regarding the foregoing as of the date the Bonds are delivered. In complying with the foregoing covenants, the District may rely from time to time upon an opinion issued by nationally recognized bond counsel to the effect that any action by the District in reliance upon any interpretation of the Code or Regulations contained in such opinion will not cause interest on the Bonds to be includable in gross income for federal income tax purposes under existing law.

Section 9.2: Not Qualified Tax Exempt Obligations. The District will not designate the Bonds as “qualified tax exempt obligations” as defined in section 265(b)(3) of the Internal Revenue Code of 1986 (the “Code”).

Section 9.3: Allocation of, and Limitation on, Expenditures for the Project. The District covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 4.1 of this Order (the “Project”) on its books and

records by allocating proceeds to expenditures within eighteen (18) months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the District shall not expend sale proceeds or investment earnings thereon more than sixty (60) days after the earlier of (1) the fifth (5th) anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired, unless the District obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the District 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.

Section 9.4: Disposition of Project. The District covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the District of cash or other compensation, unless the District obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. 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 District 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.

Section 9.5: Continuing Compliance. It is the understanding of the District 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 Bonds, the District 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 Bonds 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 Bonds, the District 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 Bonds under Section 103 of the Code. In furtherance of such intention, the District hereby authorizes and directs the President or Vice President of the Board of Directors of the District to execute any documents, certificates or reports required by the Code and to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the District, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

Section 9.6: Written Procedures. Unless superseded by another action of the District, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the District hereby adopts and establishes the instructions attached hereto and incorporated by reference herein as Exhibit "B" as the District's written procedures.

## ARTICLE X

## INSURANCE, AUDITS AND REPORTING

Section 10.1: Maintenance and Insurance. The District covenants and agrees that while the Bonds remain Outstanding, it will maintain and operate the System and maintain casualty loss and other insurance on the System of a kind and in such amounts customarily carried on similar systems by municipal utility districts in the State of Texas; that it will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of Texas.

The District specifically covenants that the System shall be maintained in good condition and operated in an efficient manner at a reasonable cost. So long as any of the Bonds are Outstanding, the District covenants to maintain insurance on such parts of the System as are usually insured by municipal utility districts and political subdivisions in Texas operating like properties in similar locations under the same circumstances with a responsible insurance company or companies against risks, accidents, or casualties against which and to the extent insurance is usually carried by such municipal corporations and political subdivisions; provided, however, that at any time while any contractor engaged in construction work shall be fully responsible therefor, the District shall not be required to carry such insurance.

In the event of any loss or damage, the District covenants that it will reconstruct or repair the destroyed or damaged portion of the System and will apply the proceeds of the insurance policies covering such loss or damage solely for that purpose. The District covenants that it will begin such reconstruction or repair promptly after such loss or damage shall have occurred and will continue and properly complete the same as expeditiously as possible and will pay, or cause to be paid, all costs and expenses in connection therewith out of the insurance proceeds so that the same shall be completed and the property be free and clear of all mechanics' and other liens or claims.

Section 10.2: Books, Records, Audits, and Reporting. The District further covenants and agrees that so long as any of the Bonds or any interest thereon remains Outstanding and unpaid, it will keep and maintain separate and complete records and accounts pertaining to the operations of the System in which complete and correct entries shall be made of all transactions relating thereto, as provided by applicable law. The District further agrees that following the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants, as required by law.

## ARTICLE XI CONTINUING DISCLOSURE UNDERTAKING

Section 11.1: Definitions. As used in this Article, the following terms have the meanings ascribed below:

“EMMA” means the Electronic Municipal Market Access system of the Municipal Securities Rule Making Board.

“MSRB” means the Municipal Securities Rulemaking Board.

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

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

Section 11.2: Annual Reports. The District shall provide at least annually to the MSRB, through EMMA or such other method approved by the SEC, within six months after the end of each fiscal year ending in or after 2020, financial information and operating data with respect to the District of the general type included in the final Official Statement authorized by this Bond Order, being the information described in this Article XI. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in this Article XI and (2) audited, if the District commissions an audit of such statements and the audit is complete within the period during which they must be provided. If audited financial statements are not so provided, then the District shall provide audited financial statements for the applicable fiscal year to the MSRB, when and if audited financial statements become available.

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

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any publicly available document available on the MSRB website or filed with the SEC as permitted by SEC Rule 15c2-12. Any filing made hereunder may be made solely by transmitting such filing to the MSRB in electronic format as prescribed by MSRB, currently to [www.emma.msrb.org](http://www.emma.msrb.org), and shall be accompanied by identifying information as prescribed by the MSRB.

Section 11.3: Event Notices. The District shall notify the MSRB, within 10 business days of occurrence of the event, of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
6. Defeasances;
7. Rating changes;
8. Tender offers;
9. Bankruptcy, insolvency, receivership or similar proceeding of the District;
10. Default, event of acceleration, termination event, modification of terms, or

other similar events under the terms of the financial obligation of the District, any of which reflect financial difficulties.

Section 11.4: Material Event Notices. The District shall notify the MSRB, within ten (10) business days of occurrence of the event, of any of the following events with respect to the Bonds, if such event is material within the meaning of federal securities laws:

1. Non-payment related defaults;
2. Modification to rights of holders of the Bonds;
3. Bond calls;
4. Release, substitution or sale of property securing repayment of the Bonds;
5. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
6. Appointment of a successor or additional trustee or the change of the name of a trustee;
7. Incurrence of a financial obligation of the District or agreement to covenants, events of default, remedies, priority rights, or other similar terms of financial obligation of the District, any of which affect security holders.

The District shall notify the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with this Article by the time required by such Section. Any filing under this Section/Article may be made solely by transmitting such filing to the MSRB in electronic format as prescribed by MSRB, currently, to [www.emma.msrb.org](http://www.emma.msrb.org), and shall be accompanied by identifying information as prescribed by the MSRB.

Section 11.5: Limitations, Disclaimers and Amendments. The District shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the District remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the District in any event will give the notice required by this Article of any Bond calls and defeasances that cause the District to be no longer such an “obligated person.”

The provisions of this Article are for the sole benefit of the Registered Owners and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The District undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the District’s financial results, condition, or prospects and does not hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The District does not make any representation or

warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

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

No default by the District in observing or performing its obligations under this Article shall constitute a breach of or default under the Bond Order for purposes of any other provision of this Bond Order.

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

The provisions of this Article may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Registered Owners of a majority in aggregate principal amount of the Bonds Outstanding consent to such amendment or (b) a Person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Registered Owners and beneficial owners of the Bonds. If the District so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with this Article an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

Section 11.6: Description of Annual Financial Information. The following information is referred to in Section 11.2 of this Article:

(a) Annual Financial Statements and Operating Data. The financial information and operating data with respect to the District to be provided annually in accordance with such Section 11.2 are as specified below:

The sections titled “DISTRICT DEBT”, “TAX DATA”; and APPENDIX A to the Official Statement, Financial Statements of the District.

(b) Accounting Principles. The accounting principles referred to herein are generally accepted accounting principles for governmental units as prescribed by the

Governmental Accounting Standards Board from time to time, as such principles may be changed from time to time to comply with state law or regulation, or as otherwise stated in the financial statements.

## ARTICLE XII BOOK ENTRY PROCEDURES

Section 12.1: Registration of Nominee of DTC. Notwithstanding the procedures set forth in this Order relating to registration and exchange of the Bonds, the Initial Bond shall be delivered against payment to the Purchaser. The Purchaser shall be required to promptly surrender the Initial Bond to the Paying Agent/Registrar for exchange. Bonds issued in exchange shall be registered in the name of CEDE & CO, as nominee of the Depository Trust Company, New York, New York (“DTC”), as Registered Owner of the Bonds, and held in the custody of DTC. Unless otherwise requested by DTC, a single certificate will be issued and delivered to DTC for each maturity of the Bonds. Beneficial owners of Bonds will not receive physical delivery of Bond certificates except as provided hereinafter. For so long as DTC shall continue to serve as securities depository for the Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Bonds is to receive, hold or deliver any Bond certificate.

Section 12.2: Obligation of Paying Agent/Registrar and District to DTC Participants. With respect to Bonds registered in the name of CEDE & CO., as nominee of DTC, the District and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on whose behalf a DTC Participant holds an interest in the Bonds except as provided in this Order. Without limiting the immediately preceding sentence, the District and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, CEDE & CO., or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than a Registered Owner of the Bonds, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, and (iii) the payment to any DTC Participant or any other Person, other than a Registered Owner of the Bonds, as shown in the Register, of any amount with respect to principal of or premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Order to the contrary, the District and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Registered Owner of such Bond for the purpose of payment of principal of and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the Order of the respective Registered Owners, as shown in the Register as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District’s obligations with respect to payments of principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the District to make payments of amounts due pursuant to



this Order. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of CEDE & CO., and subject to the provisions of this Order with respect to interest checks being mailed to the Registered Owner of record as of the Record Date, the phrase “CEDE & CO.” in this Order shall refer to such new nominee of DTC.

Section 12.3: Blanket Issuer Letter of Representations. The execution and delivery of the Blanket Issuer Letter of Representations from the District to DTC, which sets forth their mutual understanding with respect to all issues, including the Bonds, which the District shall request be made eligible for deposit by the DTC, is hereby approved with such changes as may be approved by the President of the Board, and the President of the Board is hereby authorized and directed to execute such Blanket Issuer Letter of Representations.

Section 12.4: Replacement of DTC or Issuance of Replacement Bonds. Replacement Bonds may be issued directly to beneficial owners of Bonds other than DTC, or its nominee, but only in the event that (i) DTC determines not to continue to act as securities depository for the Bonds (which determination shall become effective no less than ninety (90) days after delivery of written notice to such effect to the District and the Paying Agent/Registrar); or (ii) the District has advised DTC of its determination (which determination is conclusive as to DTC and the beneficial owners of the Bonds) that the interests of the beneficial owners of the Bonds might be adversely affected if such book-entry only system of transfer is continued. Upon occurrence of any of the foregoing events, the District shall use its best efforts to attempt to locate another qualified securities depository. If the District fails to locate another qualified securities depository to replace DTC, the District shall cause to be authenticated and delivered replacement Bonds, in certificate form, to the beneficial owners of the Bonds. In the event that the District makes the determination noted in (ii) above (provided that the District undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the District to make any such determination), and has made provisions to notify the beneficial owners of Bonds of such determination by mailing an appropriate notice to DTC, it shall cause to be issued replacement Bonds in certificate form to beneficial owners of the Bonds as shown on the records of DTC provided to the District.

Section 12.5: DTC Requirements to be met. Whenever, during the term of the Bonds, the beneficial ownership thereof is determined by a book entry at DTC, the requirements in this Order of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate Person or entity to meet the requirements of DTC as to registering or transferring the book entry to produce the same effect.

Section 12.6: Payments to CEDE & CO. Notwithstanding any other provision of this Order to the contrary, so long as any Bonds are registered in the name of CEDE & CO., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Blanket Issuer Letter of Representations.

Section 12.7: Cessation of DTC as Securities Depository. If at any time, DTC ceases to hold the Bonds as securities depository, all references herein to DTC shall be of no further force or effect.

ARTICLE XIII  
INSURANCE POLICY

BUILD AMERICA MUTUAL ASSURANCE COMPANY

The following Statement of Insurance shall be printed on the Initial Bond and Definitive Bonds:

Statement of Insurance

Build America Mutual Assurance Company (“BAM”), New York, New York, has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on this Bond to Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, or its successor, as paying agent/registrar for the Bonds (the “Paying Agent/Registrar”). Said Policy is on file and available for inspection at the principal office of the Paying Agent/Registrar and a copy thereof may be obtained from BAM or the Paying Agent/Registrar. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

ARTICLE XVI  
MISCELLANEOUS

Section 14.1: Defeasance. The District may defease the Bonds and discharge its obligation to the Registered Owners of any or all of the Bonds to pay the principal of and interest thereon in any manner permitted by law. Upon such deposit, the Bonds shall no longer be Outstanding or unpaid. Any surplus amounts not required to accomplish such defeasance shall be returned to the District.

Section 14.2: Remedies Upon Default. In addition to all of the rights and remedies provided by the laws of the State of Texas, the District further covenants and agrees that in the event of default in the payment of the principal of or any interest on any of the Bonds when due, or, in the event it fails to make the payments required to be made into the Debt Service Fund or defaults in the observance or performance of any other covenants, conditions or obligations set forth in this Bond Order, the following remedies shall be available:

(a) The Registered Owners of the Bonds shall be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the District and the officials thereof to observe and perform the covenants, obligations or conditions prescribed in this Bond Order.

(b) Any delay or omission to exercise any right or power accruing upon any default shall not impair any such right or power and shall not be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 14.3: Annexation/Strategic Partnership Agreement. The District is party to a Strategic Partnership Agreement with the City of Houston (the “City”) pursuant to which the City has annexed a portion of the District for limited purposes and has agreed for a 30-year period not to annex the District for full purposes. If upon termination of the Strategic Partnership Agreement the District is annexed by the City for full purposes, the City must assume all of the debts, liabilities, and obligations of the District, including the Bonds and the Outstanding Bonds and must perform all of the functions of the District, including the provision of services. If the District is annexed for full purposes and the obligations thereof payable in whole or in part from ad valorem taxes become obligations of the City, the City is thereafter required to levy and collect taxes on all taxable property in the City sufficient to pay the principal of and interest on the Bonds and the Outstanding Bonds as it becomes due and payable.

Section 14.4: Consolidation. The laws of the State of Texas permit the District to be consolidated with one or more other conservation and reclamation districts. In that event, the District reserves the right to consolidate the System with a similar system of one or more such districts with which the District is consolidating. The District further reserves the right to:

(a) assume such other district’s bonds, notes or other obligations and voted but unissued bonds payable in whole or in part from taxation, and to provide for the joint levy of taxes to pay for the bonds so assumed;

(b) apply the net revenues from the operation of such consolidated system to the payment of principal, interest, redemption price and bond charges on the revenue bonds or combination unlimited tax and revenue bonds of the District and/or of the district or districts with which the District is consolidating, if any, without preference to any series of bonds with the same parity provided that subordinate lien revenue bonds shall continue to be subordinate to first lien revenue bonds of the consolidating districts; and

(c) pledge the net revenues of the consolidated system to the payment of principal, interest, redemption price and bond charges on revenue bonds which may be issued by the consolidating districts on a parity with the outstanding first lien revenue bonds of the consolidating districts.

Section 14.5: Amendment of Bond Order. The District may, without the consent of or notice to any Registered Owners of the Bonds, amend, change or modify this Bond Order as may be required (1) by the provisions hereof, (2) in connection with the issuance of any additional bonds, (3) for the purpose of curing any ambiguity, inconsistency, error or formal defect or omission herein, or (4) in connection with any other change which is not to the prejudice of any Registered Owner of the Bonds. Except for such amendments, changes and modifications, the District shall not amend, change or modify this Bond Order in any manner without the written consent of each Registered Owner of the Bonds, including particularly any

amendment, change or modification which would (1) extend the time or times of payment of the principal of and interest (or accrual of interest) on the Bonds, or reduce the principal amount thereof or the rate of interest thereon or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) create any lien ranking prior to or on a parity with the lien of the Bonds except for additional bonds as set forth in Section 6.2 hereof, (3) give preference of any Bond over any other bond, or (4) extend any waiver of default to subsequent defaults.

Section 14.6: Legal Holidays. On any date on which interest is payable on the Bonds or principal of the Bonds matures and such date shall be a legal holiday for the District or a day on which the Paying Agent/Registrar is authorized by law to close, then payment of interest or principal need not be made on such date but may be made on the next succeeding day which is not a legal holiday for the District or a day on which the Paying Agent/Registrar is authorized by law to close, and such payment on such succeeding day shall be treated with the same force and effect as if made on the Interest Payment Date or the date of maturity and no interest shall accrue for the period from the Interest Payment Date or maturity date to the date of actual payment.

Section 14.7: No Recourse Against District Officials. No recourse shall be had for the payment of principal of or interest on any of the Bonds or for any claim based thereon or on this Order against any official of the District or any person executing any Bonds.

Section 14.8: Further Proceedings. The President or Vice President, the Secretary, an Assistant Secretary and other appropriate officials of the District are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms or effectuate the intent of this Order.

Section 14.9: Severability. If any section, paragraph, clause or provision of this Order shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Order.

Section 14.10: Open Meeting. It is hereby found, determined, and declared that a sufficient written notice of the date, hour, place, and subject of the meeting of the Board of Directors at which this Order was adopted was posted at a place convenient and readily accessible at all times to the general public for the time required by law preceding this meeting, as required by the Open Meetings Act, Tex. Gov't. Code Ann. §551.001 et seq. (Vernon 2008) as amended, as suspended in part by the Governor of Texas on March 16, 2020, and that this meeting has been accessible to the public as required by law at all times during which this Order and the subject matter thereof has been discussed, considered, and formally acted upon. The Board of Directors further ratifies, approves, and confirms such written notice and the contents and posting thereof.

Section 14.11: Repealer. All orders, resolutions, and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

PASSED AND APPROVED THIS October 21, 2020.

DARRELL A. BARROSO

President

ATTEST:

MIKE KELLEY

Secretary

[SEAL]

Exhibits:

Form of Initial Bond - A

Form of Definitive Bond - A-1

Written Procedures Relating to Continuing Compliance with Federal Tax Covenants - B

EXHIBIT A  
FORM OF INITIAL BOND

Build America Mutual Assurance Company (“BAM”), New York, New York, has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on this Bond to Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, or its successor, as paying agent/registrar for the Bonds (the “Paying Agent/Registrar”). Said Policy is on file and available for inspection at the principal office of the Paying Agent/Registrar and a copy thereof may be obtained from BAM or the Paying Agent/Registrar. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

UNITED STATES OF AMERICA  
STATE OF TEXAS

No. IB-1

Registered  
\$15,000,000

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61  
UNLIMITED TAX BOND  
SERIES 2020

DATED DATE: November 1, 2020

**Series 2020 Serial Bonds**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
September 1, 2031	\$1,340,000	%
September 1, 2032	\$1,375,000	%
September 1, 2033	\$1,405,000	%
September 1, 2034	\$1,440,000	%
September 1, 2035	\$1,480,000	%
September 1, 2036	\$1,515,000	%
September 1, 2037	\$1,555,000	%
September 1, 2038	\$1,590,000	%
September 1, 2039	\$1,630,000	%
September 1, 2040	\$1,670,000	%

**Series 2020 Term Bonds**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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REGISTERED OWNER: CEDE & CO.

Harris County Fresh Water Supply District No. 61 (the “District”), a body politic and corporate, and a political subdivision and governmental agency of the State of Texas, for value received, hereby promises to pay to the registered owner named above, or registered assigns, but solely from the source and in the manner hereinafter provided, on the Maturity Date specified above, unless this Bond shall have been duly called for prior redemption and payment of the redemption price shall have been made or provided for in accordance with the Bond Order (as hereinafter defined), upon presentation and surrender of this Bond, the principal amount identified above and to pay interest on such sum from the Dated Date hereof (as defined in the Bond Order) or the most recent Interest Payment Date at the per annum rate set forth above calculated on the basis of a 360-day year, semiannually on March 1 and September 1 of each year, commencing March 1, 2021, until the payment of such sum shall have been made or provided for. Principal of this Bond is payable on presentation and surrender of this Bond in lawful money of the United States of America, without deduction for paying agent services, to the Paying Agent/Registrar, currently Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the “Paying Agent/Registrar”), a national banking association with a corporate trust office and a payment office in Dallas, Texas. All interest on this Bond payable prior to the maturity hereof shall be paid by check mailed to the registered owner hereof at its address as it appears on the registration books of the Paying Agent/Registrar. The registered owner of this Bond shall be determined in each case as of the close of business on the fifteenth (15<sup>th</sup>) calendar day of the calendar month next preceding the Interest Payment Date.

This Bond is the duly authorized Initial Bond representing the entire principal amount of the District’s Unlimited Tax Bonds, Series 2020 (the “Bonds”), aggregating in principal amount \$15,000,000, authorized by a Bond Order (the “Bond Order”) adopted by the Board of Directors of the District on October 21, 2020, pursuant to and in full conformity with the Constitution

and the laws of the State of Texas. The Bonds, which pay interest semiannually until maturity or earlier redemption, are issued for the purpose of purchasing, constructing, acquiring, owning, operating, maintaining, repairing, improving and extending the water and sanitary sewer system for the District and a drainage system for drainage of lands within the District, and payment of the costs of issuance of the Bonds, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Chapters 49 and 54, Texas Water Code, as amended, and the Public Security Procedures Act, Tex. Gov't. Code Ann §1201 et seq. (Vernon 2008).

This Bond and the other Bonds of the series of which it is a part are payable from the proceeds of a direct annual ad valorem tax levied upon all taxable property subject to taxation within the District, without limitation as to rate or amount in the manner provided by Section 54.503(1), Texas Water Code, as amended.

Bonds of this issue shall be callable for redemption prior to maturity, at the option of the District, in whole or in part, on September 1, 2026, or on any date thereafter, for the purpose of retirement or refunding, or both, at par in addition to unpaid accrued interest to the date of redemption. If less than all of the Bonds of a particular maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by the DTC in accordance with its procedures, while the Bonds are in book-entry only form. If book-entry only form is discontinued and less than all of the Bonds of a particular maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar on behalf of the District in accordance with the Bond Order.

The Term Bonds which mature on September 1, \_\_\_\_\_, are subject to mandatory redemption ("Mandatory Redemption") at a price equal to 100% of the principal amount thereof plus accrued interest to the redemption dates from amounts which are required to be deposited in the District's Debt Service Fund as defined in this Order in amounts sufficient to redeem the Bond on October 1 in the years and principal amounts shown on the following schedule:

<b><u>Series 2020 Term Bonds</u></b>	
<u>Redemption Date</u>	<u>Principal Amount</u>

While the Bonds are in book-entry only form pursuant to Article XII herein, the Term Bonds will be selected for Mandatory Redemption by the DTC in accordance with its procedures. If the book-entry only system is discontinued, the Term Bonds will be selected for Mandatory Redemption by lot or other customary random method. The principal amount of the Term Bonds of a given maturity required to be redeemed pursuant to the operation of such Mandatory Redemption provisions shall be reduced, at the option of the District, by the principal amount of the Term Bonds of such maturity which, at least fifty (50) days prior to the date of such Mandatory Redemption, (1) shall have been acquired by the District at a price not exceeding the principal amount of such Term Bond plus accrued interest to the date of purchase thereof, and delivered to the Registrar for cancellation, (2) shall have been purchased and canceled by the Registrar at the request of the District at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not thereto credited against a Mandatory Redemption requirement.

In the event all or any part of the Bonds then outstanding shall be called for redemption before maturity, notice thereof in writing shall be mailed, properly stamped and addressed, to each registered owner of the Bonds to be redeemed, at least thirty (30) days before the date fixed for redemption. Payment of interest shall cease upon the date set for redemption, and the Paying Agent/Registrar shall notify the registered owner hereof, in writing, of both the redemption date and the termination of payment or accrual of interest.

This Bond and the other Bonds of the series of which it is a part have not been designated a Qualified Tax Exempt Obligation for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

As provided in the Bond Order and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the District, upon surrender of this Bond for transfer to the corporate trust office of the Paying Agent/Registrar, currently Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar, duly executed by the registered owner hereof, or the registered owner's attorney duly authorized in writing, and thereupon one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the District nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond during a period beginning at the opening of business on the fifteenth (15<sup>th</sup>) calendar day of the month next preceding an interest payment date and ending at the close of business on the next succeeding interest payment date. Neither the District nor the Paying

Agent/Registrar shall be required to (1) issue, transfer or exchange any Bond selected for redemption during a period beginning at the opening of business fifteen (15) calendar days before the date of the first mailing of a notice of redemption of Bonds hereunder and ending at the close of business on the day of such mailing, or (2) thereafter to transfer or exchange any Bond so selected for redemption in whole or in part where such redemption is scheduled to occur within thirty (30) calendar days.

The District, the Paying Agent/Registrar, and any agent of either of them shall treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and neither the District, the Paying Agent/Registrar, nor any agent shall be affected by notice to the contrary.

The District reserves the right to issue additional bonds and other evidences of indebtedness in the manner provided by Chapters 49 and 54, Texas Water Code, as amended, including without limitation, inferior lien bonds, refunding bonds, revenue bonds and special project bonds. Reference is made to the Bond Order for a complete description of the right to issue such additional bonds.

The District is party to a Strategic Partnership Agreement with the City of Houston (the "City") pursuant to which the City has annexed a portion of the District for limited purposes and has agreed for a 30-year period not to annex the District for full purposes. If upon termination of the Strategic Partnership Agreement the District is annexed by the City for full purposes, the City must assume all of the debts, liabilities, and obligations of the District, including the Bonds and the Outstanding Bonds and must perform all of the functions of the District, including the provision of services. If the District is annexed for full purposes and the obligations thereof payable in whole or in part from ad valorem taxes become obligations of the City, the City is thereafter required to levy and collect taxes on all taxable property in the City sufficient to pay the principal of and interest on the Bonds and the Outstanding Bonds as it becomes due and payable. There are also provisions of state law which permit the consolidation of a district with one or more other districts. Reference is hereby made to the Bond Order for a more complete description of the terms, conditions and circumstances under and by virtue of which the District may be annexed or consolidated, and to the provisions of which the registered holder of this Bond by acceptance hereof expressly consents.

No Bond shall be valid or obligatory for any purpose or be entitled to any benefit under the Bond Order until the certificate of registration hereon shall have been signed by the Comptroller of Public Accounts of the State of Texas.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond and the Bonds is duly authorized by law; that all acts, conditions and things required to exist and necessary to be done or performed precedent to and in the issuance of this Bond and the Bonds to render the same lawful, valid and binding have been properly done and performed and have happened in regular and due time, form and manner as required by law; that all acts, conditions and things necessary to be done or performed by the District or to have happened precedent to and in the execution and delivery of the Bond Order have been done and performed and have happened in regular and due form as required by law; that due provision has been made in the Bond Order for the payment of the principal of and interest on this Bond and the Bonds by the levy of a direct annual ad valorem tax upon all taxable property in the District sufficient to pay the principal of and interest on this Bond in the manner provided by Section 54.503(1), Texas Water Code, as amended; that payment in full for the Bonds has been received; and that the issuance of the Bonds does not contravene or violate any constitutional or statutory limitation.



IN WITNESS WHEREOF, the District has caused this Bond to be executed in its name by the President of its Board of Directors and to be attested to by the Secretary of its Board of Directors both by their respective manual signatures, and the official seal of the District to be placed hereon.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

/s/ DARRELL A. BARROSO .

By \_\_\_\_\_  
President, Board of Directors

ATTEST:

/s/ MIKE KELLEY

\_\_\_\_\_  
Secretary, Board of Directors

(SEAL)

OFFICE OF THE COMPTROLLER                    §                    REGISTER NO. \_\_\_\_\_  
STATE OF TEXAS                                    §                     
   §

I hereby certify that there is on file and of record in my office an opinion of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, and that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of Harris County Fresh Water Supply District No. 61, and said Bond has this day been registered by me.

Witness my hand and seal of office, at Austin, Texas, this \_\_\_\_\_, 2020.

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

EXHIBIT A-1  
FORM OF DEFINITIVE BOND

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, or its successor, as paying agent/registrar for the Bonds (the "Paying Agent/Registrar"). Said Policy is on file and available for inspection at the principal office of the Paying Agent/Registrar and a copy thereof may be obtained from BAM or the Paying Agent/Registrar. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

UNITED STATES OF AMERICA  
STATE OF TEXAS

NO. R-

REGISTERED

\$ \_\_\_\_\_

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61  
UNLIMITED TAX BOND  
SERIES 2020

INTEREST RATE:  
\_\_\_\_\_ %

CUSIP:  
\_\_\_\_\_

MATURITY DATE:  
\_\_\_\_\_

DATED DATE:  
NOVEMBER 1, 2020

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

REGISTERED HOLDER: CEDE & CO., as nominee for Depository Trust Co. ("DTC")

Harris County Fresh Water Supply District No. 61 (the "District"), a body politic and corporate, and a political subdivision and governmental agency of the State of Texas, for value received, hereby promises to pay to the registered owner named above, or registered assigns, but solely from the source and in the manner hereinafter provided, on the Maturity Date specified above, unless this Bond shall have been duly called for prior redemption and payment of the redemption price shall have been made or provided for in accordance with the Bond Order (as hereinafter defined), upon presentation and surrender of this Bond, the principal amount identified above and to pay interest on such sum from the Dated Date hereof (as defined in the Bond Order) or the most recent Interest Payment Date at the per annum rate set forth above calculated on the basis of a 360-day year, semiannually on March 1 and September 1 of each year, commencing March 1, 2021 until the payment of such principal sum shall have been made or provided for. Principal of this Bond is payable on presentation and surrender of this Bond in lawful money of the United States of America, without deduction for paying agent services, to the Paying Agent/Registrar, currently Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, (the "Paying Agent/Registrar") , a national banking association with a corporate trust office and a payment office in Dallas, Texas. All interest on this Bond payable prior to the maturity hereof shall be paid by check mailed to the registered owner hereof at its address as it appears on the registration books of the Paying Agent/Registrar. The registered owner of this Bond shall be determined in each case as of the close of business on the fifteenth (15th) day of the calendar month next preceding the Interest Payment Date.

This Bond is one of the duly authorized Bonds of the District's Unlimited Tax Bonds, Series 2020 (the "Bonds"), aggregating in principal amount \$15,000,000, authorized by a Bond Order (the "Bond Order") adopted by the Board of Directors of the District on October 21, 2020 pursuant to and in full conformity with the Constitution and the laws of the State of Texas. The Bonds, which pay interest semiannually until maturity or earlier redemption, are issued for the purpose of purchasing, constructing, acquiring, owning, operating, maintaining, repairing, improving and extending the water and sanitary sewer system for the District and a drainage system for drainage of lands within the District, and payment of the costs of issuance of the Bonds, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Chapters 49 and 54, Texas Water Code, as amended, and the Public Security Procedures Act, Tex. Gov't. Code Ann §1201 et seq. (Vernon 2008).

This Bond and the other Bonds of the series of which it is a part are payable from the proceeds of a direct annual ad valorem tax levied upon all taxable property subject to taxation within the District, without limitation as to rate or amount in the manner provided by Section 54.503(1), Texas Water Code, as amended.

Bonds of this issue shall be callable for redemption prior to maturity, at the option of the District, in whole or in part, on September 1, 2025, or on any date thereafter, for the purpose of retirement or refunding, or both, at par in addition to unpaid accrued interest to the date of redemption. If less than all of the Bonds of a particular maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by the DTC in accordance with its procedures, while the Bonds are in book-entry only form . If book-entry only form is discontinued and less than all of the Bonds of a particular maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar on behalf of the District in accordance with the aforesaid Bond Order.



purposes and the obligations thereof payable in whole or in part from ad valorem taxes become obligations of the City, the City is thereafter required to levy and collect taxes on all taxable property in the City sufficient to pay the principal of and interest on the Bonds and the Outstanding Bonds as it becomes due and payable. There are also provisions of state law which permit the consolidation of a district with one or more other districts. Reference is hereby made to the Bond Order for a more complete description of the terms, conditions and circumstances under and by virtue of which the District may be annexed or consolidated, and to the provisions of which the registered holder of this Bond by acceptance hereof expressly consents.

No Bond shall be valid or obligatory for any purpose or be entitled to any benefit under the Bond Order until the certificate of authentication hereon shall have been signed by the Paying Agent/Registrar.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond and the Bonds is duly authorized by law; that all acts, conditions and things required to exist and necessary to be done or performed precedent to and in the issuance of this Bond and the Bonds to render the same lawful, valid and binding have been properly done and performed and have happened in regular and due time, form and manner as required by law; that all acts, conditions and things necessary to be done or performed by the District or to have happened precedent to and in the execution and delivery of the Bond Order have been done and performed and have happened in regular and due form as required by law; that due provision has been made in the Bond Order for the payment of the principal of and interest on this Bond and the Bonds by the levy of a direct annual ad valorem tax upon all taxable property in the District sufficient to pay the principal of and interest on this Bond in the manner provided by Section 54.503(1), Texas Water Code, as amended; that payment in full for the Bonds has been received; and that the issuance of the Bonds does not contravene or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the District has caused this Bond to be executed in its name by the President of its Board of Directors and to be attested to by the Secretary of its Board of Directors both by their respective manual signatures, and the official seal of the District to be placed hereon.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61  
/S/ DARRELL A. BARROSO

By \_\_\_\_\_  
President, Board of Directors

ATTEST:  
/S/ MIKE KELLEY

\_\_\_\_\_  
Secretary, Board of Directors

(SEAL)

Certificate of Authentication

This is one of the Bonds referred to in the within-mentioned Bond Order. The undersigned Paying Agent/Registrar hereby certifies that on file in its office is an opinion of the Attorney General of the State of Texas approving the originally issued Bonds and the proceedings relating thereto and that such Bonds contain a Certificate of Registration by the Comptroller of Public Accounts of the State of Texas.

Zions Bancorporation, National Association, Amegy Bank Division,  
Houston, Texas, as Paying Agent/Registrar

By: \_\_\_\_\_  
Authorized Signatory

DATED

\_\_\_\_\_

Assignment

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto

\_\_\_\_\_  
(Transferee), (Social Security or other identifying number): \_\_\_\_\_

\_\_\_\_\_ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

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

\_\_\_\_\_  
Registered Owner

The signature of the registered owner appearing on this Assignment is hereby verified as true and genuine and is guaranteed by:

NOTICE: The signature on this Assignment must correspond with the name of the Registered Owner as it appears on the face of the within Bond in every particular

\_\_\_\_\_  
(Bank, Trust Company, or Brokerage Firm)

\_\_\_\_\_  
(Authorized Representative)

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full.

TEN COM - as tenants in common

TEN ENT - as tenants by the entirety

JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - \_\_\_\_\_ - Custodian for \_\_\_\_\_  
(Cust) (Minor)  
under Uniform Gifts to Minors Act \_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in list above.

## EXHIBIT “B”

### **WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS**

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Harris County Fresh Water Supply District No. 61 Unlimited Tax Bonds, Series 2020 in the par amount of \$15,000,000 (the “Bonds”) the District’s Board of Directors (the “Responsible Persons”) will :

- instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Bonds will be entered into within 6 months of the Issue Date;
- monitor that at least 85% of the proceeds of the Bonds to be used for the construction, renovation or acquisition of any facilities are expended within 3 years of the date of delivery of the Bonds (“Issue Date”);
- restrict the yield of the investments to the yield on the Bonds after 3 years of the Issue Date;
- monitor all amounts deposited into a sinking fund or funds, e.g., the Debt Service Fund, to assure that the maximum amount invested at a yield higher than the yield on the Bonds does not exceed an amount equal to the debt service on the Bonds in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Bonds for the immediately preceding 12-month period;
- ensure that no more than 50% of the proceeds of the Bonds are invested in an investment with a guaranteed yield for 4 years or more;
- maintain any official action of the District (such as a reimbursement resolution) stating its intent to reimburse with the proceeds of the Bonds any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
- ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS;
- assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Bonds are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Bonds the District's Board of Directors will:

- monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- monitor whether, at any time the Bonds are outstanding, any person, other than the District, the employees of the District, the agents of the District or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
- monitor whether, at any time the Bonds are outstanding, any person, other than the District, the employees of the District, the agents of the District or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);
- monitor whether, at any time the Bonds are outstanding, any person, other than the District, the employees of the District, the agents of the District or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;
- determine whether, at any time the Bonds are outstanding, any person, other than the District, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- determine whether, at any time the Bonds are outstanding, the facilities are sold or otherwise disposed of; and
- take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in this Order related to the public use of the facilities.

C. Record Retention. The Responsible Persons will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Bonds and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Bonds. If any portion of the Bonds is refunded with the proceeds of another series of tax-exempt bonds or obligations, such records shall be maintained until the three (3) years after the refunding bonds or obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Persons. Each Responsible Person shall receive appropriate training regarding the District's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed with the proceeds of the Bonds. The foregoing notwithstanding, the Responsible Persons are authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

I, the undersigned Secretary of the Board of Directors of Harris County Fresh Water Supply District No. 61 hereby certify that the foregoing is a true and correct copy of the Bond Order and excerpts of minutes, which Bond Order was adopted by said Board of Directors at its **regular** meeting on October 21, 2020, as same appear of record in the official minutes of said Board of Directors on file in said District's office.

I further certify that said meeting was open to the public, and that notice was given in compliance with the provisions of Tex. Gov't. Code Ann. § 551.001 et seq as adopted and as suspended in part by the Governor of Texas on March 16, 2020.

Witness my hand and the official seal of said District, this  
\_\_\_\_\_.

\_\_\_\_\_  
Secretary



## HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

### General Certificate

We, the undersigned President and Secretary of Harris County Fresh Water Supply District No. 61 (“the District”), in connection with the District’s \$15,000,000 Unlimited Tax Bonds, Series 2020 (the “Bonds”), hereby certify as follows:

1. Qualification of Officials. All presently appointed or elected officials of the District are qualified, and those required by statute to furnish bonds, including its directors, have made and furnished bonds which have been filed and approved as provided by law.

2. Taxes on Ad Valorem Basis. Any taxes assessed, levied and to be collected by the District are upon the ad valorem basis as provided by law.

3. Area of District Not Within Incorporated City Limits, But Within City’s Extraterritorial Jurisdiction. The majority of the District lies within the extraterritorial jurisdiction of the City of Houston, Texas. The City of Houston, Texas has annexed a portion of the District for limited purposes pursuant to that certain Strategic Partnership Agreement effective March 31, 2005. No part of the District is within the extraterritorial jurisdiction of any other city.

4. Revenue, Bond Anticipation or Tax Anticipation Notes. The District does not have outstanding any revenue notes, bond anticipation notes, or tax anticipation notes, as contemplated by Sections 49.153 and 49.154 of the Texas Water Code, as amended.

5. No Limitation of Indebtedness. The board of directors of the District has never adopted a resolution, made an order or taken any action limiting the indebtedness

which may be incurred by the District; no request has been made to said board by any resident of the District, property owner therein, or other person, that such a limitation be adopted or imposed; and no election on such question has ever been held for or within the District.

6. The Interest Rate. Further, the net effective interest rate of \_\_\_\_\_% on the Bonds does not exceed 2% above the highest average interest rate reported by the Daily Bond Buyer in its weekly 20 Bond Index during the one month period next preceding the date notice of the sale of the Bonds was given.

7. Non-Encumbrance. The District does not have outstanding at this time any bonds or obligations, except for the following:

\$900,000 of the District's \$8,630,000 Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds") (\$7,730,000 of such bonds having heretofore matured and been paid).

\$1,520,000 of the District's \$8,295,000 Unlimited Tax Refunding Bonds, Series 2012 (the "Series 2012 Bonds") (\$6,775,000 of such bonds having heretofore matured and been paid);

\$4,495,000 of the District's \$7,390,000 Unlimited Tax Refunding Bonds, Series 2016 (the "Series 2016 Bonds") (\$2,895,000 of such bonds having heretofore matured and been paid);

\$11,110,000 of the District's \$11,250,000 Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds") (\$140,000 of such bonds having heretofore matured and been paid); and

\$8,505,000 of the District's \$8,540,000 Unlimited Tax Refunding Bonds, Series 2019 (the "Series 2019 Bonds") (\$35,000 of such bonds having heretofore matured and been paid).

8. Debts. Except for the Bonds, the District does not have any debts or indebtedness other than the obligations, if any, listed in paragraphs 4 and 7 above.

9. Depository. The board of directors has appointed a depository for the District, and said depository has qualified and has agreed to furnish proper security for all funds to be deposited with it by the District.

10. Current Boundary. There have been no changes in the area or boundary of the District since its creation by order of the Commissioner's Court of Harris County, Texas, on April 27, 1967, except for the following: (1) 72.1315 acres on December 17, 1975; (2) 362.0404 acres on March 30, 1977; (3) 170.3669 acres on January 11, 1979; (4) 23.541 acres on June 17, 1980; (5) 11.5894 acres on December 17, 1980; (6) 1.00 acre on July 22, 1981; (7) 33.938 acres on January 18, 1984; (8) 55.527 acres on March 28, 1984; (9) 2.912 acres on December 27, 1985; (10) 222.8797 acres on September 9, 1987; (11) 43.74 acres on December 23, 1987; (12) 2.84 acres on December 28, 1988; (13) 10.0384 acres on July 17, 1991; (14) 17.263 acres on March 10, 1993; (15) 5.9567 acres on July 23, 1997; (16) 98.964 acres on September 10, 1997; (17) 75.918 acres on December 29, 1998; (18) 3.2105 acres added on September 13, 2000; (19) 93.6818 acres added on April 10, 2002; (20) 38.2793 acres added on December 19, 2002; (21) 3.9716 acres added on December 8, 2004; (22) 3.1065 acres added on March 9, 2005; (23) 36.2307 acres added on May 18, 2005; (24) 15.2623 acres added on March 19, 2008; (25) 1.015 acres added on May 25, 2011; (26) 10.7508 acres added on September 12, 2012; (27) 1.4851 acres added on December 3, 2014; (28) 0.7405 acres added on March 16, 2016; and (29) 11.2560 acres added on April 22, 2020. The District currently consists of 1825.3605 acres of land. No litigation is pending or, to the knowledge of the undersigned, threatened, either in state or federal courts challenging the boundaries of the District.

11. Incumbency. The persons named below are the duly elected or appointed, qualified and acting officials of the District, each holding the office appearing opposite his name.

<u>NAME</u>	<u>POSITION</u>
Darrell A. Barroso	President and Director
Lary J. Cangelose	Vice President and Director
Mike Kelley	Secretary and Director
Jon Morgan	Assistant Secretary and Director
Ben A. Solis	Treasurer and Director

11. Use of Proceeds. The Bonds are to be issued for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving and extending a water and sanitary sewer system, a surface water system, and sewage disposal facilities for the District and a drainage system for the drainage of lands within the District, and for paying fees or charges to any regional water authority or similar entity for charges or contributions lawfully levied on the District, and for payment of the costs of issuance of the Bonds, as authorized by Article XVI, Section 59 of the Texas Constitution and laws of the state of Texas, including but not limited to Chapters 49 and 54, Texas Water Code, as amended. At a properly called meeting held October 21, 2020 the Board of Directors has represented and covenanted to use the facilities and the proceeds of the Bonds for the purposes set forth above in strict conformity with the Constitution and laws of the State of Texas, and the proposition authorizing issuance of the Bonds.

12. No Default. The District is not in default with regard to any covenant or condition contained in any order authorizing the issuance of the bonds described in Paragraph 7 above.

13. Open Meetings. All meetings of the board of directors of the District have been accessible to the public, and notices of all meetings were posted as required by Tex. Gov't. Code Ann. §551.001 et seq., as amended, as suspended in part by the governor of Texas on March 16, 2020. All meetings of the Board of Directors of the District have been held in compliance with the provisions of the Texas Water Code § 49.063.

14. Bond Election. The board of directors has determined that the authorization of bonds at the elections held on June 22, 1967, November 15, 1969, September 10, 2005 and May 6, 2017 were valid and lawful and not limited in time, that the passage of time following the election and prior to issuance of the Bonds from authority of the election was related to changes in the local economy and that the authority and purposes for which the bonds were authorized remain valid and lawful.

15. Expenditure of Bond Funds. The proceeds of the Bonds will be expended in accordance with the Order of the Texas Commission on Environmental Quality issued September 4, 2020 approving the issuance of the Bonds and is within the scope of, and permitted by, the engineer's report which was on file in the District's office and referenced in the bond proposition submitted to the voters at the bond elections held June 22, 1967, November 15, 1969, September 10, 2005 and May 6, 2017.

16. No Motion to Overturn. No Motion to Overturn the Executive Director's order approving issuance of the Bonds was filed pursuant to TCEQ Rule, 30 TAC Section 50.139. From the date of the Executive Director's order issued March 22, 2017 to the date hereof, the District has not received a motion to overturn such decision

from any person. In addition, the District has not been notified that the Commission or its general counsel has extended the period of time to file a motion to overturn.

17. Certification of Compliance. The District certifies that all data required to be filed with the Texas Commission on Environmental Quality has been filed.

18. Sealed Bids. The District has complied with the sealed bid requirements of Section 49.183(a) of the Texas Water Code, and deems that an electronic bid is a sealed bid for meeting the requirements of Section 49.183(a) of the Texas Water Code, and that the winning bid was the bid that produced the lowest net effective interest rate to the District.

19. Certificate of Appropriation. The District certifies that upon closing and funding of the Bonds there will be on hand and available in the Debt Service Fund an amount sufficient to provide for the payment of interest due on the Bonds on March 1, 2021 and that such monies have been appropriated and will be used to pay such interest and for no other purposes.

20. Compliance with Texas Government Code § 2252.908. The District certifies that it is in compliance with Texas Government Code §2252.908 with respect to the contracts contained within this transcript of proceedings, and that all disclosure filings and acknowledgments required by §2252.908, Texas Government Code, and by the rules of the Texas Ethics Commission related to said provision, have been made.

21. Compliance with Texas Government Code Chapter 2252 Subchapter F. The District certifies that it is in compliance with Texas Government Code Chapter 2252 Subchapter F with respect to the contracts contained within this transcript of proceedings, and the District certifies that it has checked the lists of Companies maintained

in accordance with Subchapter F and has no contracts within this transcript of proceedings with Companies on such lists. The District further certifies that it has not entered into and will not enter into a contract with a counterparty that is a Company identified on a list prepared and published by the Comptroller pursuant to Sections 2270.0201 and 2252.153 of the Government Code. "Company" or "Companies" means a for-profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exists to make a profit.

22. No bond proceeds used for fire-fighting equipment. The District will not use any Bond proceeds for the purchase of fire-fighting equipment or facilities.

Witness our hands and the official seal of the District,  
this \_\_\_\_\_, 2020.

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President

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Secretary

(SEAL)



**BOND REGISTER, PAYING AGENCY  
AND TRANSFER AGENCY AGREEMENT**

THIS BOND REGISTER, PAYING AGENCY AND TRANSFER AGENCY AGREEMENT (hereinafter designated as the “Agreement”), executed this October 21, 2020, by and between Harris County Fresh Water Supply District No. 61 (hereinafter referred to as the “Issuer”), and Zions Bancorporation, National Association, Amegy Bank Division, a national banking association organized and existing under the laws of the United States of America (hereinafter together with any successor designated as the “Bank”) with a corporate trust office in Houston, Texas.

W I T N E S S E T H:

WHEREAS, the Issuer is authorized to issue its \$15,000,000 Harris County Fresh Water Supply District No. 61 Unlimited Tax Bonds, Series 2020 (the “Bonds”) in accordance with the Bond Order dated October 21, 2020 (the “Bond Order”);

WHEREAS, the District has selected Bank to serve as Paying Agent and Registrar in connection with the payment of the principal of, premium, if any, and interest on said Bonds and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, Bank has agreed to serve in such capacities for and on behalf of the District and has full power and authority to perform and serve as Paying Agent/Registrar for the Bonds;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF PAYING AGENT/REGISTRAR

Section 1.01. Appointment. The District hereby appoints Bank to serve as Paying Agent with respect to the Bonds, to pay to the registered owners of the Bonds the principal of, premium (if any) and interest on the Bonds as the same becomes due and payable, all in accordance with this Agreement and the Bond Order (hereinafter defined).

The District hereby appoints Bank as Registrar with respect to the Bonds, and as Registrar for the Bonds, Bank shall keep and maintain for and on behalf of the District, books and records as to the ownership of said Bonds and with respect to the transfer and exchange of said Bonds as provided herein and in the Bond Order.

Bank hereby accepts its appointment and agrees to serve as the Paying Agent and Registrar for the Bonds.

Section 1.02. Compensation. As compensation for Bank’s services as Paying Agent/Registrar, the District hereby agrees to pay Bank the fees and amounts set forth in Exhibit

**HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61**

Order Awarding Sale of Bonds

The board of directors (“Board”) of Harris County Fresh Water Supply District No. 61 (“District”) met on October 21, 2020 with a quorum of directors present, as follows:

Darrell A. Barroso, President  
Lary J. Cangelose, Vice President  
Mike Kelley, Secretary  
Jon Morgan, Assistant Secretary  
Ben A. Solis, Treasurer

and the following absent:

None

when the following business was transacted:

The order set out below was introduced for consideration of the Board. It was then duly moved and seconded that said order be adopted; and, after due discussion, said motion carried by the following vote:

Ayes: All directors shown present.

Noes: None.

The order thus adopted is as follows:

Be it ordered by the board of directors of Harris County Fresh Water Supply District No. 61 that to enable the District to proceed with its improvement program for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving and extending a water and sanitary sewer system, a surface water system, and sewage disposal facilities for the District and a drainage system for the drainage of lands within the District, and for paying fees or charges to any regional water authority or similar entity for charges or contributions lawfully levied on the District, pursuant to the bid of \_\_\_\_\_

(the “Purchaser”), which bid was accepted by said Board after publication of the official Notice of Sale of District’s bonds and after the taking of public bids therefor, and which bid contained the best terms and the best possible price for said bonds, that there be sold to Purchaser for \_\_\_\_\_% of par, or \$\_\_\_\_\_ (yielding a net effective interest rate of \_\_\_\_\_% per annum), plus accrued interest from November 1, 2020, to the date of delivery, the following described bonds (the “Bonds”):

\$15,000,000 Harris County Fresh Water Supply District No. 61 Unlimited Tax Bonds, Series 2020, dated November 1, 2020, ordered to be issued by a bond order adopted on October 21, 2020, bearing interest as provided in said bond order which is payable on March 1, 2021, and semiannually thereafter on September 1 and March 1 of each year until the Bonds are paid, maturing serially on September 1 in each of the years 2031 through 2040, inclusive and being the (i) fourth series out of the \$25,000,000 of bonds authorized at the election held for and within the District on September 10, 2005 and (ii) first series out of the \$30,000,000 of bonds authorized at the election held for and within the District on May 6, 2017

At the request of the Purchaser, the Initial Bond shall be registered in the name of Cede & Co.

The Bonds shall be delivered to the Purchaser upon the payment of said purchase price, subject to the unqualified approving opinion of the Attorney General of Texas, the unqualified approving opinion of Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas.

Delivery is to be made directly to said Purchaser at a bank agreeable to both District and Purchaser.

Passed and adopted, this October 21, 2020.

DARRELL A. BARROSO

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President

ATTEST:

MIKE KELLEY

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Secretary

I, the undersigned Secretary of the board of directors of Harris County Fresh Water Supply District No. 61, hereby certify that the foregoing is true and correct copy of the order dated October 21, 2020, by the board of directors of the District awarding the sale of the District's \$15,000,000 Series 2020 Bonds, and of the minute entry made at said Board's meeting on that date showing the adoption of said order, as said order and minutes appear of record in the official minute book of the Board, on file in the District's office.

I further certify that said meeting was open to the public, and that notice was given in compliance with the provisions of Tex. Gov't. Code Ann. § 551.001 et seq. as adopted, and as suspended in part by the Governor of Texas on March 16, 2020.

Witness my hand and the seal of the District, this \_\_\_\_\_.

---

Secretary

“A” attached hereto; provided, however, notwithstanding anything herein or in Schedule A to the contrary, the aggregate value of this Agreement shall not exceed the dollar limitation set forth in Section 2271.002(a)(2) of the Texas Government Code. The issuer covenants to provide notice to the Bank upon any change in the Issuer’s Fiscal Year within ten (10) business days of the governing body of the Issuer’s decision to change the Fiscal Year to the Issuer.

In addition, the District agrees to reimburse Bank upon its request for all reasonable expenses, disbursements and advances (including the reasonable compensation and expenses and disbursements of its agents and counsel) incurred or made by Bank pursuant to, or as a result of, any of the provisions hereof.

## ARTICLE TWO

### DEFINITIONS

Section 2.01. Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context requires:

“The Bank” means the corporate trust office of Bank as indicated by the Bank Delivery Address.

“Bond Order” means the order of the Board of Directors of the District, dated October 21, 2020, pursuant to which the Bonds are issued and certified by the Secretary of the Board of Directors of the District or any other officer of the District and delivered to Bank.

“Bond Documents” means the Bond Order and all other documents relating to the offering, execution, delivery and sale of the Bonds.

“Financial Advisor” means Robert W. Baird & Co. Incorporated and its successors.

“Fiscal Year” means the fiscal year of the District ending December 31 in each year.

“Holder” and “Bondholder” each means a Person in whose name the Bonds are registered in the Bond Register.

“Issuer Request” and “Issuer Order” means a written request or order signed in the name of the District by an officer of the Board of Directors of the District or such other person named, or appointed by virtue of holding a particular position with the District, in the Bond Order as authorized to sign, and delivered to Bank.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

“Predecessor Bonds” of any particular Bond or Bonds means every previous Bond or Bonds evidencing all or a portion of the same obligation as that evidenced by such particular

Bond or Bonds (and, for the purposes of this definition, any Bond or Bonds registered and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Bond or Bonds shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Bond or Bonds).

“Record Date” shall mean the close of business on the fifteenth (15th) calendar day of the calendar month immediately preceding the applicable Interest Payment Date.

“Redemption Date” when used with respect to the Bonds to be redeemed means the date fixed for such redemption pursuant to the terms of the Bond Order.

“Responsible Officer” when used with respect to Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“Bond Register” means the books and records to be maintained by Bank on behalf of the District relating to the registration, transfer, exchange, and payment of the Bonds.

“Stated Maturity” means the date specified in the Bond Order as the fixed date on which the principal of the Bonds are scheduled to be due and payable.

Section 2.02. Other Definitions. The terms “Bank,” “Bonds” and “District” have the meanings assigned to them in the recital paragraphs of this Agreement.

The term “Paying Agent/Registrar” refers to Bank when it is performing the functions associated with such terms in this Agreement.

Section 2.03. Construction of Terms. If appropriate in the context of this Agreement, words of the singular number shall be considered to include the plural, words of the plural shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders.

## ARTICLE THREE

### PAYING AGENT

Section 3.01. Duties of Paying Agent. As Paying Agent, Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the District, pay on behalf of the District the principal of the Bonds at their Stated Maturity or Redemption Date to the Holder upon surrender of the bond certificate to Bank at the Bank Office.

As Paying Agent, Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the District, pay on behalf of the District the interest on the Bonds when due. Bank shall compute the amount of interest to be paid each Holder, and shall prepare and send a check in such amount by United States mail (first class postage prepaid) on or prior to each interest payment date, to the Holder of the Bonds (or Predecessor Bonds) whose name appears in the Bond Register on the Record Date. Such checks shall be mailed in such manner to such Holder at the address for such Holder appearing on the Bond Register, or shall be transmitted to such Holder on each interest payment date by such other method acceptable to Bank, requested in writing by, and at the risk and expense of, the Holder.

Section 3.02. Closing Memorandum. The Bank is authorized to receive the purchase price of and, if applicable, accrued interest on the Bonds from the underwriter of the Bonds and to transfer said funds relating to the closing and initial delivery of the Bonds in the manner disclosed in the closing memorandum approved by the Issuer as prepared by the Issuer's financial advisor or other agent. The Bank may act on a facsimile or electronic mail transmission of the closing memorandum acknowledged by the Issuer or the Issuer's financial advisor as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 3.03. Payment Dates. The District hereby instructs Bank to pay the principal of and interest on the Bonds at the dates specified in the Bond Order.

## ARTICLE FOUR

### REGISTRAR

Section 4.01. Transfer and Exchange. Bank agrees to keep and maintain for and on behalf of the District at the Bank Office, books and records (herein sometimes referred to as the "Bond Register") for recording the names and addresses of the Holders of the Bonds, the transfer, exchange and replacement of the Bonds and the payment of the principal of and interest on the Bonds to the Holders and containing such other information as may be reasonably required by the District and subject to such reasonable regulations as the District and Bank may prescribe. All transfers, exchanges and replacement of the Bonds shall be noted in the Bond Register.

Every bond certificate surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the Securities Industries & Financial Markets Association, in form satisfactory to Bank, duly executed by the Holder or his attorney duly authorized in writing.

As a condition to effecting a re-registration, transfer or exchange of the Bonds, the Registrar may request any supporting documentation it feels necessary to effect a registration, transfer or exchange of the Bonds. To the extent possible and under reasonable circumstances, Bank agrees that, in relation to an exchange or transfer of the Bonds, the exchange or transfer by



the Holders thereof will be completed and new bonds delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Bonds to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. Certificates. The District shall provide the Registrar with an adequate inventory of bond certificates to facilitate transfers. Bank covenants that it will maintain the bond certificates in safekeeping, and will use reasonable care in maintaining such bond certificates in safekeeping which shall be not less than the level of care it maintains for debt securities of other governments or corporations for which it serves as registrar, or which it maintains for its own securities.

Section 4.03. Form of Bond Register. Bank as Registrar will maintain the records of the Bond Register in accordance with Bank's general practices and procedures in effect from time to time. Bank shall not be obligated to maintain such Register in any form other than those which Bank has currently available and currently utilizes at the time.

The Bond Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. List of Bondholders. Bank will provide the District at any time requested by the District, upon payment of the required fee, a copy of the information contained in the Bond Register. The District may also inspect the information in the Bond Register at any time Bank is customarily open for business, provided that reasonable time is allowed Bank to provide an up-to-date listing or to convert the information into written form.

Bank will not release or disclose the content of the Bond Register to any Person other than to, or at the written request of, an authorized officer or employee of the District as specified in an order or resolution of the District's board of directors, except upon receipt of a subpoena or court order or as required by law. Upon receipt of a subpoena or court order or other legal proceedings, Bank will notify the District so that the District may contest the same, provided such subpoena, court order of lawful request does not prevent Bank from providing such notice.

Section 4.05. Cancelled Certificates. All Bond certificates in lieu of which or in exchange for which other Bond certificates have been issued, or which have been paid, shall be cancelled and destroyed upon the making of proper records regarding such payment or redemption. The Bank shall periodically furnish the District with certificates of destruction of such Bond certificates.

Section 4.06. Mutilated, Destroyed, Lost or Stolen Bond Certificates. The District hereby instructs Bank to deliver and issue Bond certificates in exchange for or in lieu of mutilated, destroyed, lost or stolen Bond certificates as long as the same does not result in an over-issuance.

Bank will issue and deliver a new Bond certificate in exchange for a mutilated Bond certificate surrendered to it. Bank will issue a new Bond certificate in lieu of Bond certificate for which it received written representation from the Holder that the certificate representing such Bond is destroyed, lost or stolen; without the surrender or production of the original certificate. Bank will pay on behalf of the District the unpaid principal and premium, if any, of a Bond at the Stated Maturity or on the Redemption Date, for which it receives written representation that the certificate representing such Bond is destroyed, lost or stolen without the surrender or production of the original certificate.

Bank will not issue a replacement Bond certificate or pay such replacement Bond certificate unless there is delivered to Bank such security or indemnity as it may require (which may be by Bank's blanket Lost Original Instruments bond) to save both Bank and the District harmless.

On satisfaction of Bank and the District that a Bond certificate has been mutilated, destroyed, lost or stolen, the certificate number on the mutilated, destroyed, lost or stolen Bond certificate will be cancelled with a notation that it has been mutilated, destroyed, lost or stolen and a new Bond certificate will be issued of the same series and of like tenor and principal amount bearing a number (according to the Bond Register) not contemporaneously outstanding.

Bank may charge the Holder Bank's fees and expenses in connection with issuing a new Bond certificate in lieu of or in exchange for a mutilated, destroyed, lost or stolen Bond certificate.

The District hereby accepts Bank's current blanket Lost Original Instruments bond for lost, stolen, or destroyed certificates and any future substitute blanket bond for lost, stolen or destroyed certificates that Bank may arrange, and agrees that the coverage under any such blanket bond is acceptable to it and meets the Issuer's requirements as to security or indemnity. Bank need not notify the District of any changes in the security or other security or company giving such bond or the terms of any such bond. At any time Bank is customarily open for business, the blanket Lost Original Instruments bond then utilized for the purpose of lost, stolen or destroyed certificates by Bank shall be available for inspection by the District on request. The District hereby accepts Bank's indemnity to replace Bond certificates destroyed or lost while in the possession or under the control of Bank.

Section 4.07. Transaction Information to District. Bank will, within a reasonable time after receipt of an Issuer Request, furnish the District information as to the Bonds it has paid pursuant to Section 3.01, Bond certificates it has delivered upon the transfer or exchange of any Bond certificates pursuant to Section 4.01, and Bond certificates it has delivered in exchange for or in lieu of mutilated, destroyed, lost or stolen Bond certificates pursuant to Section 4.06.

## ARTICLE FIVE

### BANK'S DUTIES

Section 5.01. Duties of Bank. Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

#### Section 5.02. Reliance on Documents, Etc.

(a) Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to Bank by the District.

(b) Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved in a court of competent jurisdiction that Bank was negligent in ascertaining the pertinent facts.

(c) No provision of this Agreement shall require Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risk or liability is not assured to it.

(d) Bank may rely and shall be protected by the District against any claim by the District or any other Person in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, Bank need not examine the ownership of any Bonds, but is protected in acting upon receipt of a Bond certificate containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by District.

(e) Bank may consult with legal counsel, and the written advice of such counsel or any opinion shall be full and complete authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon; provided that any such written advice or opinion is supplied to the District by Bank.

(f) Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of Bank.

Section 5.03. Recitals of District. The recitals contained herein other than any recital relating to the power and authority of Bank under this Agreement and in the Bonds shall be taken as the statements of the District, and Bank assumes no responsibility for their correctness.

Bank shall in no event be liable to the District, any Holder or Holders of any Bond or any other Person for any amount due on any Bond from its own funds.

Section 5.04. May Hold Bonds. Bank, in its individual or any other capacity, may become the owner or pledgee of the Bonds and may otherwise deal with the District with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent; provided that such dealings do not result in a breach of any duties or agreements imposed by this Agreement.

Section 5.05. Moneys Held by Bank. Money deposited by the Issuer with the Bank for payment of the principal (or Redemption Price, if applicable) of or interest on any Bonds shall be segregated from other funds of the Bank and the Issuer and shall be held in trust for the benefit of the Owners of such Bonds.

All funds at any time and from time to time provided to or held by Bank that exceed the deposit insurance provided by the Federal Deposit Insurance Corporation will be fully collateralized with obligations that are eligible under the laws of the State of Texas.

Funds which represent principal of and interest on the Bonds remaining unclaimed for three years from the date such amounts have become due and payable shall be reported and disposed of by the Bank in accordance with the provisions of Texas law, including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

The Bank shall be under no liability for interest on any money received by it hereunder.

This Agreement relates solely to money deposited for the purposes described herein, and the parties agree that the Bank may serve as depository for other funds of the Issuer, act as Trustee under indentures authorizing other bond transactions, or act in any other capacity not in conflict with its duties hereunder.

Section 5.06. Indemnification. To the extent permitted by law, the District agrees to indemnify Bank for and hold it harmless against any loss, liability or expense incurred by Bank without negligence or bad faith on Bank's part, arising out of or in connection with its acceptance or administration of Bank's duties hereunder, including the cost and expense (including Bank's counsel fees) of defending against any claim or liability in connection with the exercise or performance of any of Bank's powers or duties under this Agreement.

Section 5.07. Interpleader. The District and Bank agree that Bank may seek adjudication of any adverse claim, demand or controversy over its person as well as funds on deposits, in any court of competent jurisdiction in the State of Texas where either the Bank Office or the Administrative Office of the District is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The District and Bank further agree that Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08. Depository Services. It is hereby represented and warranted that, in the event the Bonds are otherwise qualified and accepted for Depository Trust Company or

equivalent depository trust service by other organizations, Bank has the capability and, to the extent within its control, will comply with the operational arrangements, which establishes requirements for securities to be eligible for such type depository trust services, including but not limited to, requirements for the timeliness of payments and funds availability, bond certificate transfer turnaround time, and notification of redemptions and calls.

## ARTICLE SIX

### MISCELLANEOUS PROVISIONS

Section 6.01. Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices. Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the District or Bank shall be mailed or delivered to the District or Bank, respectively, at the address shown on pages 11 and 12.

Section 6.04. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns. All covenants and agreements herein by the District and Bank shall bind their respective successors and assigns, whether so expressed or not.

Section 6.06. Merger, Conversion, Consolidation or Succession. Any corporation into which the Bank may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto. In case any Bond shall have been registered, but not delivered, by the Bank then in office, any successor by merger, conversion, or consolidation to such authenticating Bank may adopt such registration and deliver the Bond so registered with the same effect as if such successor Bank had itself registered such Bond.

Section 6.07. Severability. In case any provision herein shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be effected or impaired thereby.

Section 6.08. Benefits of Agreement. Nothing herein, expressed or implied, shall give to Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 6.09. Entire Agreement. This Agreement and the Bond Order constitute the entire agreement between the parties hereto relative Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Bond Order, the Bond Order shall govern.

Section 6.10. Counterparts. This Agreement may be executed in any number of counterparts, each which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.11. Termination. This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Bonds to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the District and such appointment accepted and (b) notice given to the Holders of the Bonds of the appointment of a successor Paying Agent/Registrar. Furthermore, Bank and the District mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Bonds.

Upon an early termination of this Agreement, Bank agrees to promptly transfer and deliver the Bond Register (or a copy thereof), together with other pertinent books and records relating to the Bonds, to the successor Paying Agent/Registrar designated and appointed by the District.

The provisions of Section 1.02 and of Article Five shall survive, and remain in full force and effect following the termination of this Agreement.

Section 6.12. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

Section 6.13. Compliance with Texas Government Code Section 2271.002. As required by Section 2271.002 of the Texas Government Code, Bank hereby verifies that it does not boycott Israel and will not boycott Israel during the term of this Agreement. For purposes of this Agreement, Bank is a “Company” as that term is defined by Texas Government Code Sections 808.001(2) and 2271.001(2). For purposes of this Agreement, the phrase “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

Section 6.14. Compliance with Texas Government Code Section 2252.908. Pursuant to Section 2252.908(c)(4), Texas Government Code, the Form 1295 filing requirement does not apply to a contract with a publicly traded business entity, including a wholly owned subsidiary of the business entity. Bank hereby represents to Issuer that the Bank is a wholly owned subsidiary of Zion Bancorporation, a publicly traded business entity. As such, Bank is not required to deliver a Form 1295.

Section 6.15. Compliance with Texas Government Code Section 2252.152. Pursuant to

Section 2252.152 of the Texas Government Code, Bank hereby verifies that it is not engaged in active business operations with Sudan, Iran, or a foreign terrorist organization. For purposes of this Agreement, the phrase “foreign terrorist organization” means an organization designated as a foreign terrorist organization by the United States secretary of state as authorized by 8 U.S.C. Section 1189.

Section 6.16. Insurance. The Bonds have been insured by Assured Guaranty Municipal Corp (“AGM”) subject to the terms included in the Bond Order. The Paying Agent/Registrar will comply with the requirements of the Order with respect to the notification and payment procedures required for payment by AGM under the policy.

IN WITNESS THEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

HARRIS COUNTY FRESH WATER SUPPLY  
DISTRICT NO. 61

By: \_\_\_\_\_  
President, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

(SEAL)

District Physical and Mailing Address:  
Harris County Fresh Water Supply District No. 61  
2727 Allen Parkway, Suite 1100  
Houston, Texas 77019  
(713) 652-6500



Zions Bancorporation, National Association  
“Bank”

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_  
Amegy Bank Division

ATTEST:

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_  
Amegy Bank Division

(SEAL)

Bank Address:  
1801 Main Street, 11th Floor  
Houston, Texas 77002

EXHIBIT "A"

Compensation Schedule

**AUTHENTICATION AND SIGNATURE IDENTIFICATION  
CERTIFICATE OF PAYING AGENT/REGISTRAR**

The undersigned officer of Zions Bancorporation, National Association, Amegy Bank Division, serving as Paying Agent/Registrar (the "Paying Agent/Registrar") under the Bond Register, Paying Agency and Transfer Agency Agreement (the "Paying Agent Agreement"), between Harris County Fresh Water Supply District No. 61 (the "District") and the Paying Agent/Registrar, for the District's \$15,000,000 Unlimited Tax Bonds, Series 2020, hereby certifies as follows:

- (a) The Paying Agent Agreement was executed on behalf of the Paying Agent/Registrar by the persons named below whose offices appear set opposite their name, and said persons were at the time of executing the Paying Agent Agreement and are now duly elected, qualified and acting incumbents of their offices, and the signatures appearing after said persons' names are the true and correct specimens of such persons' genuine signatures:

<u>NAME</u>	<u>OFFICE</u>	<u>SIGNATURE</u>

- (b) The foregoing officers of the Paying Agent/Registrar named in paragraph A, by virtue of the authority delegated to them by the Board of Directors of the Paying Agent/Registrar pursuant to a resolution, a true and correct copy of which is attached hereto as Exhibit "A", are authorized to execute and deliver the Paying Agent Agreement, and the officers of the Paying Agent/Registrar named in paragraph A, by virtue of the authority delegated to them by the Board of Directors pursuant to the aforementioned resolution, are authorized to execute, on behalf of the Paying Agent/Registrar, such other and further documents as may be necessary or incidental to the acceptance and performance of the duties set forth in the Bond Register, Paying Agency and Transfer Agency Agreement, to attest to any of the foregoing, and to apply the seal of the Paying Agent/Registrar thereto.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Paying Agent/Registrar this \_\_\_\_\_.

Zions Bancorporation, National Association

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

(SEAL)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Amegy Bank Division

Exhibit "A" - Resolution of Board of Directors of Paying Agent/Registrar

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Engineer's Certificate to Map

I, the undersigned professional engineer, registered under the laws of the State of Texas and the duly selected and acting engineer for Harris County Fresh Water Supply District No. 61, hereby certify that the foregoing boundary map is a true and correct map showing the boundaries of said District as of this date; that no lands or territory have been added to or annexed by the District nor excluded therefrom since its creation by order of the Commissioners Court of Harris County, Texas, on April 27, 1967 except for the additions by orders of the board of directors of: (1) 72.1315 acres on December 17, 1975; (2) 362.0404 acres on March 30, 1977; (3) 170.3669 acres on January 11, 1979; (4) 23.541 acres on June 17, 1980; (5) 11.5894 acres on December 17, 1980; (6) 1.00 acre on July 22, 1981; (7) 33.938 acres on January 18, 1984; (8) 55.527 acres on March 28, 1984; (9) 2.912 acres on December 27, 1985; (10) 222.8797 acres on September 9, 1987; (11) 43.74 acres on December 23, 1987; (12) 2.84 acres on December 28, 1988; (13) 10.0384 acres on July 17, 1991; (14) 17.263 acres on March 10, 1993; (15) 5.9567 acres on July 23, 1997; (16) 98.964 acres on September 10, 1997; (17) 75.918 acres added on December 29, 1998; (18) 3.2105 acres added on September 13, 2000; (19) 93.6818 acres added on April 10, 2002; (20) 38.2793 acres added on December 19, 2002; (21) 3.9716 acres added on December 8, 2004; (22) 3.1065 acres added on March 9, 2005; (23) 36.2307 acres added on May 18, 2005; (24) 15.2623 acres added on March 19, 2008; (25) 1.015 acres added on May 25, 2011; (26) 10.7508 acres added on September 12, 2012; (27) 1.4851 acres added on December 3, 2014; (28) 0.7405 acres added on March 16, 2016; and (29) 11.2560 acres added on April 22, 2020.

In witness whereof, I have hereunto set my hand and professional seal, this \_\_\_\_\_  
day of \_\_\_\_\_, 2020.

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William G. Rosenbaum, P.E.  
Registered Professional Engineer  
Registration No. 45894

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Secretary's Certificate to Map

I, the secretary of Harris County Fresh Water Supply District No. 61, hereby certify that the foregoing boundary map is a true and correct map showing the boundaries of said District as of this date; that no lands or territory have been added to or annexed by the District nor excluded therefrom since its creation by order of the Commissioners Court of Harris County, Texas, on April 27, 1967 except for the additions by orders of the board of directors of: (1) 72.1315 acres on December 17, 1975; (2) 362.0404 acres on March 30, 1977; (3) 170.3669 acres on January 11, 1979; (4) 23.541 acres on June 17, 1980; (5) 11.5894 acres on December 17, 1980; (6) 1.00 acre on July 22, 1981; (7) 33.938 acres on January 18, 1984; (8) 55.527 acres on March 28, 1984; (9) 2.912 acres on December 27, 1985; (10) 222.8797 acres on September 9, 1987; (11) 43.74 acres on December 23, 1987; (12) 2.84 acres on December 28, 1988; (13) 10.0384 acres on July 17, 1991; (14) 17.263 acres on March 10, 1993; (15) 5.9567 acres on July 23, 1997; (16) 98.964 acres on September 10, 1997; (17) 75.918 acres added on December 29, 1998; (18) 3.2105 acres added on September 13, 2000; (19) 93.6818 acres added on April 10, 2002; (20) 38.2793 acres added on December 19, 2002; (21) 3.9716 acres added on December 8, 2004; (22) 3.1065 acres added on March 9, 2005; (23) 36.2307 acres added on May 18, 2005; (24) 15.2623 acres added on March 19, 2008; (25) 1.015 acres added on May 25, 2011; (26) 10.7508 acres added on September 12, 2012; (27) 1.4851 acres added on December 3, 2014; (28) 0.7405 acres added on March 16, 2016 and (29) 11.2560 acres added on April 22, 2020.

Witness my hand and the official seal of the District this \_\_\_\_\_, 2020.

---

Secretary

**HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61**

Schedule of Incumbency of Directors and Officers

I, the undersigned Secretary of the Board of Directors of Harris County Fresh Water Supply District No. 61 (the "District"), hereby certify that the following schedule correctly shows the incumbency of directors of the District from April 22, 2020 to the date of this certificate:

From April 22, 2020 to the date of this certificate:

Ben A. Solis  
Darrell A. Barroso  
Lary J. Cangelose  
Mike Kelley  
Jon Morgan

I further certify that the following schedule correctly shows the incumbency of officers of the District from April 22, 2020 to the date of this certificate:

From April 22, 2020 to May 13, 2020:

Ben A. Solis, President  
Darrell A. Barroso, Vice President  
Lary J. Cangelose, Secretary  
Mike Kelley, Assistant Secretary  
Jon Morgan, Treasurer

From May 13, 2020 to the date of this certificate:

Darrell A. Barroso, President  
Lary J. Cangelose, Vice President  
Mike Kelley, Secretary  
Jon Morgan, Assistant Secretary  
Ben A. Solis, Treasurer



To certify which, witness my hand and the official seal of the District, this

\_\_\_\_\_, 2020.

\_\_\_\_\_  
Secretary

**HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61**

Incorporation Certificate

I, the undersigned Secretary of the Board of Directors of Harris County Fresh Water Supply District No. 61, hereby certify as follows:

Harris County Fresh Water Supply District No. 61, (the “District”) was created by an order of the Commissioners Court of Harris County, Texas on April 27, 1967.

The District remains a lawfully created municipal utility district operating under the provisions of Chapters 49 and 54 of the Texas Water Code. All data required to be filed by the District with the Texas Commission on Environmental Quality pursuant to said Texas Water Code or the Rules of the Commission have been so filed.

Witness my hand and the seal of the District, this \_\_\_\_\_, 2020.

---

Secretary

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Signature and No-Litigation Certificate

We, Darrell A. Barroso, the undersigned President, and Mike Kelley, the undersigned Secretary, of the board of directors of Harris County Fresh Water Supply District No. 61 (the “District”), hereby certify as follows:

1. Said board of directors has heretofore ordered to be issued the following described bonds (hereinafter collectively referred to as “the Bonds,” which includes the initial bond representing all of the Bonds [the “Initial Bond”] which will be exchanged upon instructions from the original purchaser for printed Bonds in varying amounts and maturities [the “Definitive Bonds”]):

\$15,000,000 Harris County Fresh Water Supply District No. 61  
Unlimited Tax Bonds, Series 2020, dated November 1, 2020,  
ordered to be issued by a bond order adopted on October 21, 2020

2. Each of us from October 21, 2020, and continuously thereafter to the date hereof, has held the office shown by the official title set opposite his or her name.

3. The Initial Bond was manually signed by Darrell A. Barroso and Mike Kelley as the President and Secretary of the Board on the date of execution and submission of the Initial Bond to the Texas Attorney General’s Office, and said manual signatures are hereby confirmed to be true and correct.

4. Our signatures as such officers, which appear on each of the Definitive Bonds, were affixed thereto with our knowledge and consent and are hereby confirmed to be true and correct, respectively.

5. The seal which has been impressed upon all of the Bonds and this certificate is the legally adopted, proper and official seal of the District.

6. No resolution, order, proceeding or authority for the issuance, execution or delivery of the Bonds has been repealed, rescinded or revoked.

7. No litigation is now pending, or to the knowledge of the undersigned, threatened, before any state or federal court, governmental agency, public board or body, contesting or attacking Bonds or any documents adopted or agreements entered into by the District necessary for the issuance of the Bonds or restraining or enjoining the levy, assessment and collection of ad valorem taxes which are pledged to the payment of the Bonds, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes or in any manner questioning the authority or proceedings for the sale, issuance, execution or delivery of the Bonds, or affecting the validity or enforceability of the Bonds or the title of the past and/or present officers and directors of the District.

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Witness our hands and the seal of the District, this \_\_\_\_\_.

SIGNATURE

TITLE OF OFFICE

\_\_\_\_\_  
Darrell A. Barroso

President, Board of Directors

\_\_\_\_\_  
Mike Kelley

Secretary, Board of Directors

District's Seal

THE STATE OF TEXAS    §  
                                  §  
COUNTY OF HARRIS    §

Before me, the undersigned Notary Public, on this day personally appeared Darrell A. Barroso and Mike Kelley, the President and Secretary of the above District, who stated to me, upon oath, that they are the President and Secretary of the Board of Directors of the District, that they executed the above and foregoing document in such capacities, and on behalf of the District.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Notary Public, State of Texas

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Certificate of Compliance with Approving Orders  
of the Texas Commission on Environmental Quality

I, the undersigned secretary of the board of directors of Harris County Fresh Water Supply District No. 61 (the “District”), hereby certify as follows:

Harris County Fresh Water Supply District No. 61 (the “District”) was created by order of the Commissioners Court of Harris County, Texas on April 27, 1967.

The members of the board of directors of said District have read and are fully aware of the terms and conditions of the order of the Texas Commission on Environmental Quality, issued September 4, 2020, approving the project of the District and the sale of \$15,000,000 of bonds; and said board and District have complied and will continue to comply with all of the terms and conditions of such orders.

The District remains a lawfully created municipal utility district operating under the provisions of Chapters 49 and 54 of the Texas Water Code. All data required to be filed by the District with the Texas Commission on Environmental Quality pursuant to the Texas Water Code or the Rules of the Commission have been so filed, to the best of my knowledge.

Witness my hand and the seal of the District, this \_\_\_\_\_, 2020.

---

Secretary

[SEAL]

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Certificate of Compliance with  
Consent Ordinances of the City of Houston

I, the undersigned Secretary of the Board of Directors of Harris County Fresh Water Supply District No. 61 (the “District”), hereby certify as follows:

The members of the Board of Directors of said District have read and are fully aware of the terms and conditions of Resolution No. 67-20 of the City of Houston (“City”) consenting to the creation of the District and with the following ordinances of said City consenting to the addition of lands to the District: (1) Ordinance No. 75-2133 for the addition of 72.1315 acres; (2) Ordinance No. 76-1114 for the addition of 120.6727 acres; (3) Ordinance No. 76-1964 for the addition of 241.3677 acres; (4) Ordinance No. 78-2532 for the addition of 176.2709 acres; (5) Ordinance No. 80-2033 for the addition of 23.541 acres; (6) Ordinance No. 80-3345 for the addition of 11.5894 acres; (7) Ordinance No. 81-1144 for the addition of 1.00 acres; (8) Ordinance No. 83-2047 for the addition of 33.938 acres; (9) Ordinance No. 84-303 for the addition of 55.527 acres; (10) Ordinance No. 85-1972 for the addition of 2.912 acres; (11) Ordinance No. 87-1257 for the addition of 222.8797 acres; (12) Ordinance No. 87-1942 for the addition of 53.84 acres; (13) Ordinance No. 91-8590 for the addition of 10.0384 acres; (14) Ordinance No. 92-1649 for the addition of 17.263 acres; (15) Ordinance No. 97-865 amending Ordinance No. 96-1192 for the addition of 5.9567 acres; (16) Ordinance No. 97-1036 for the addition of 98.964 acres; (17) Ordinance No. 98-991 for the addition of 1.1478 acres; (18) Ordinance No. 98-1171 for the addition of 74.7702 acres; (19) Ordinance No. 2000-501 for the addition of 3.2105 acres; (20) Ordinance No. 2002-202 for the addition of 93.6818 acres; (21) Ordinance No. 2002-1104 for the addition of 38.2783 acres, (22) Ordinance No. 2004-1133 for the addition of 3.9716 acres; (23) Ordinance No. 2005-122 for the addition of 3.1065 acres; (24) Ordinance No. 2005-585 for the addition of 36.2307 acres; (25) Ordinance No. 2008-196 for the addition of 15.2623 acres; (26) Ordinance No. 2011-362 for the addition of 1.015 acres; (27) Ordinance No. 2012-721 for the addition of 10.7508 acres; (28) Ordinance No. 2014-1021 for the addition of 1.4851 acres; (29) Ordinance No. 2016-127 for the addition of 0.7405 acres; and (30) Ordinance No. 2020-194 for the addition of 11.2560 acres; said Board and District has complied and will continue to comply with all of the terms and conditions of such Ordinances.

Witness my hand and the seal of said District, this \_\_\_\_\_, 2020.

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Secretary, Board of Directors