



## **Filing Receipt**

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**SOAH DOCKET NO. 473-24-09299.WS  
PUC DOCKET NO. 54966**

<b>PETITION OF ARIZA GOSLING</b>	<b>§</b>	<b>BEFORE THE STATE OFFICE</b>
<b>OWNER LLC APPEALING THE</b>	<b>§</b>	
<b>WATER RATES ESTABLISHED BY</b>	<b>§</b>	<b>OF</b>
<b>NORTHAMPTON MUNICIPAL</b>	<b>§</b>	
<b>UTILITY DISTRICT</b>	<b>§</b>	<b>ADMINISTRATIVE HEARINGS</b>

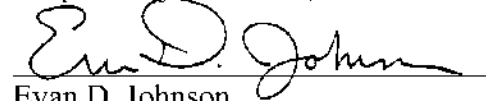
**NORTHAMPTON MUNICIPAL UTILITY DISTRICT'S  
RESPONSE TO STAFF'S THIRD REQUEST FOR INFORMATION**

Northampton Municipal Utility District ("the District") files this Response to the  
aforementioned requests for information.

**I. WRITTEN RESPONSES**

Attached hereto and incorporated herein by reference are the District's written responses  
to the aforementioned requests for information. The responses are set forth on or attached to a  
separate page upon which the request has been restated. The responses are also made without  
waiver of the District's right to contest the admissibility of any such matters upon hearing. The  
District stipulates that its responses may be treated by all parties exactly as if they were filed under  
oath.

Respectfully submitted,




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State Bar No. 24103097  
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**ATTORNEYS FOR NORTHAMPTON  
MUNICIPAL UTILITY DISTRICT**

**CERTIFICATE OF SERVICE**

I hereby certify that on June 24, 2024, notice of the filing of this document was provided to all parties of record via electronic mail in accordance with the Second Order Suspending Rules, filed in Project No. 50664.

  
\_\_\_\_\_  
Evan D. Johnson

**SOAH DOCKET NO. 473-24-09299**  
**PUC DOCKET NO. 54966**  
**NORTHAMPTON MUNICIPAL UTILITY DISTRICT'S RESPONSE TO**  
**STAFF'S THIRD REQUEST FOR INFORMATION**

**STAFF RFI 3-1**

**Please reference the Proposed Budget FYE 12/31/23 available on Northampton's website (<https://www.northamptonmud.com/documents/>). Provide a general description of each expense identified as water expenses.**

**RESPONSE:**

See the 2023 budget included as Exhibit JRW-3 to the Direct Testimony of John R. Wallace, filed in this proceeding on June 7, 2024. The 2023 Budget include the following expenses, which are described in the Water District Financial Management Guide issued by the TCEQ. In addition, see the Direct Testimony of John R. Wallace.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District

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**STAFF RFI 3-2**

**For each expense identified in Staff 3-1, please provide the associated National Association of Regulatory Utility Commissioners' (NARUC) account, and if no NARUC account is associated, an explanation as to why.**

**RESPONSE:**

See the District's response to Staff RFI 3-1.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District

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**STAFF RFI 3-3**

**For each expense identified in Staff 3-1, please explain whether the expense was directly incurred to provide water service to customers or if the expense was allocated from another reporting entity.**

**RESPONSE:**

All expense are directly incurred.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District

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**STAFF RFI 3-4**

**For any expense identified in Staff 3-1 that was not directly incurred to provide water service, please explain how the expense was allocated to the water utility's revenue requirement used to calculate its water rates.**

**RESPONSE:**

See the District's response to Staff RFI 3-3.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District

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**STAFF RFI 3-5**

**Please provide a separate water revenue requirement that includes detailed expenses that are applicable to this petition.**

**RESPONSE:**

See the District's Response to AG RFI 2-1. Also please see the Direct Testimony of John R. Wallace filed in this proceeding on June 7, 2024.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District



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**STAFF RFI 3-6**

**If the separate water requirement provided in response to Staff 3-5 includes costs associated with providing any other distinct service provided by Northampton, please provide a revenue requirement without those costs.**

**RESPONSE:**

See the District's Response to AG RFI 2-1. Also, please see the Direct Testimony of John R. Wallace filed in this proceeding on June 7, 2024.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District

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**STAFF RFI 3-7**

**Please reconcile the water revenue requirement provided in response to Staff 3-6 with the Proposed Budget FYE 12/31/23.**

**RESPONSE:**

The District uses its budgeting process to identify anticipated costs and revenues each year. Therefore, it does not utilize a "revenue requirement" based on an historical test year to set rates. The revenues included in its budget each year for the upcoming year constitute the revenues necessary to finance its anticipated operations, maintenance, and debt costs and to preserve the District's financial position with ratings agencies that review its bonds and credit profile.

Please see the Direct Testimony of John R. Wallace filed in this proceeding on June 7, 2024.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District

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**STAFF RFI 3-8**

**Please reference the Proposed Budget FYE 12/31/23 available on Northampton's website (<https://www.northamptonmud.com/documents/>). Identify any fees that produce sources of income that should be a reduction to the revenue requirement used to set water rates.**

**RESPONSE:**

The fees that produce a source of revenue for the District are identified in Exhibit JRW-3 to the Direct Testimony of John R. Wallace.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District

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**STAFF RFI 3-9**

**Please provide a copy of Northampton's cost allocation manual, along with any signed service agreements among entities that provide services to the water utility. If no such manual or agreements exist, please provide an explanation as to why not.**

**RESPONSE:**

No such manual exists because the District originally set its allocation percentages many years ago and does not adjust the existing cost allocations between water or sewer rates on an annual basis unless the District projects its water or sewer rates and tax rates will not collect sufficient revenues to cover its costs.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District

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**STAFF RFI 3-10**

**Please provide supporting documentation for the North Harris County Regional Water Authority fees.**

**RESPONSE:**

Support for the fees are included in workpapers attached the Direct Testimony of John R. Wallace filed in this proceeding on June 7, 2024.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District

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**STAFF RFI 3-11**

**Please explain if any non-water revenue was used to offset any water expense. If so, identify the expense type.**

**RESPONSE:**

See the District's Response to AG RFI 2-1. Also see the Direct Testimony of John R. Wallace filed in this proceeding on June 7, 2024.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District

**SOAH DOCKET NO. 473-24-09299**  
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**STAFF RFI 3-12**

**Please identify the amount of legal expenses included in the water revenue requirement used to calculate rates that are one-time expenses and explain why it is appropriate to recover these expenses annually through rates.**

**RESPONSE:**

See the District's Response to AG RFI 2-22.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District

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**STAFF RFI 3-13**

**Does the water utility employ its own staff that are 100% dedicated to water utility service?  
If not, please explain the staffing policies and procedures.**

**RESPONSE:**

No employee is 100% dedicated to utility services. The District's General Manager, Asst. General Manager and Office Manager are salaried employees who oversee all of the operations and facilities of the District but they also spend time on other tasks that are not associated with utility service. The remainder of the staff primarily support accounting and managerial services of the recreational facilities. Water and sewer operations are provided by a licensed, independent third-party contractor. Drainage maintenance is likewise provided by an independent third-party contractor.

Use of third-party contractors is more cost-effective than paying multiple full-time salaried employees dedicated solely to water utility service.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District



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**STAFF RFI 3-14**

**Are the functions of the water utility performed by employees of other entities for which the individual is not 100% dedicated to water utility service? If yes, please explain the staffing policies and procedures and provide copies of such policies and procedures.**

**RESPONSE:**

Yes. See the District's response to Staff RFI 3-13 and Staff RFI 3-15. The District does not have staffing "policies or procedures" that are responsive to this request.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District

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**STAFF'S THIRD REQUEST FOR INFORMATION**

**STAFF RFI 3-15**

**Please provide the names and job titles of employees working for Northampton as of May 31, 2024 and provide the following information by employee:**

- a. hire date and termination date (if applicable);**
- b. total number of hours worked per week for the water utility;**
- c. whether the employee is salaried or paid hourly;**
- d. for salaried employees, provide the annual salary, and for employees paid by the hour, provide the hourly wage amounts;**
- e. the entity responsible for paying the individual's salary; and**
- f. job description, including the duties performed by each staff member.**

**RESPONSE:**

A list of employees is included in the workpapers attached to the Direct Testimony of John R. Wallace filed in this proceeding on June 7, 2024.

See Staff RFI 3-15 Attachment (Highly Sensitive). As shown on the attachment, only four employees of the District spend a portion of their time specifically on utility services. The District does not calculate a specific percentage by which amount each person spends his or her time on water, sewer or other tasks because the time spent on any particular issue can change from month-to-month. Furthermore, the District does not set rates based on specific historical cost information based on an historical test year. Pursuant to TWC Chapter 49, the District sets rates based on its budgeted, forward-looking costs and revenues, and it is not required to identify or use specific allocation percentages or an allocation manual to set rates. It would be unreasonable for the District expend the necessary time and resources to track this information when it is not required to do so.

The District is working to identify the specific job descriptions of each employees and will submit additional responsive information if it identifies such information.

See also the District's response to Staff RFI 3-13.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District

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**STAFF RFI 3-16**

**For laborers and professional staff hired under contract to provide services for Northampton whose contracts are still active as of May 31, 2024, please provide the following:**

- a. copy of the contract for each laborer and/or professional staff member;**
- b. name, job title and job description of each contractor;**
- c. contract start date and end date (if applicable); and**
- d. if the contract includes services for other functions of Northampton outside of the provision of water and service, please specify what portion of the contract applies to water and include the annual contract amount paid for water contract services.**

**RESPONSE:**

The District is gathering additional information from its contractors and will provide this information as soon as it becomes available.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District

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**STAFF RFI 3-17**

**Admit or deny that TCEQ regulatory assessment fees are collected from customers.**

**RESPONSE:**

Admit.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District

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**STAFF RFI 3-18**

**Please provide any financial policies of the district for 2023.**

**RESPONSE:**

Please see the Direct Testimony of John R. Wallace filed in this proceeding on June 7, 2024. In addition, see the financial documentation included on the District's webpage at <https://www.northamptonmud.com/documents/>

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District

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**STAFF RFI 3-19**

**Please provide any debt covenants of the district.**

**RESPONSE:**

See Staff RFI 3-19 – Attachment. The District has numerous bonds currently outstanding, which contain similar covenants. The two attached bond orders contain the debt covenants associated with two bond issuances that are representative of the covenants contained in the District's other outstanding bonds. All bonds outstanding at the time appealed rates were established are identified in Exhibit JRW-2 to the Direct Testimony of John R. Wallace.

Preparer: John R. Wallace, General Counsel, Northampton Municipal Utility District  
Sponsor: John R. Wallace, General Counsel, Northampton Municipal Utility District

**CERTIFICATE FOR ORDER**

THE STATE OF TEXAS §  
COUNTY OF HARRIS §  
NORTHAMPTON MUNICIPAL UTILITY DISTRICT §

I, the undersigned Secretary of the Board of Directors (the "Board") of Northampton Municipal Utility District (the "District"), hereby certify as follows:

1. The Board convened in regular session, open to the public, on the 16th day of August, 2021, at the regular meeting place thereof, and the roll was called of the members of the Board, to-wit:

E. C. Thomas	-	President
W. Paul Schneider	-	1 <sup>st</sup> Vice President
Scott Kirkpatrick	-	2 <sup>nd</sup> Vice President/Asst. Secretary
Ted Trimble	-	Secretary
Roger A. Flood, III	-	Treasurer/Investment Officer

All members of the Board were present except the following: Director Trimble, thus constituting a quorum. Whereupon, among other business, the following was transacted at such meeting:

**ORDER AUTHORIZING THE ISSUANCE OF \$6,285,000  
NORTHAMPTON MUNICIPAL UTILITY DISTRICT  
UNLIMITED TAX BONDS, SERIES 2021**

was duly introduced for the consideration of the Board. It was then duly moved and seconded that such Order be adopted; and, after due discussion, such motion, carrying with it the adoption of said Order, prevailed and carried by the following vote:

AYES: 4 NOES: 0

2. A true, full, and correct copy of the aforesaid Order adopted at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; such Order has been duly recorded in said Board's minutes of such meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Board's minutes of such meeting pertaining to the adoption of such Order; the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of the Board as indicated therein; each of

the officers and members of the Board was duly and sufficiently notified officially and personally, in advance of the time, place, and purpose of such meeting and that such Order would be introduced and considered for adoption at such meeting and each of such officers and members consented, in advance, to the holding of such meeting for such purpose; such meeting was open to the public, as required by law, and public notice of the time, place and purpose of such meeting was given as required by Chapter 551, Texas Government Code, and Section 49.063, Texas Water Code, as amended.

SIGNED AND SEALED the 16th day of August, 2021.



  
Secretary, Board of Directors



**ORDER AUTHORIZING THE ISSUANCE OF  
\$6,285,000 UNLIMITED TAX BONDS, SERIES 2021**

IT IS HEREBY ORDERED BY THE BOARD OF DIRECTORS OF NORTHAMPTON  
MUNICIPAL UTILITY DISTRICT, THAT:

ARTICLE ONE

STATUTORY AUTHORITY, RECITALS AND FINDINGS

SECTION 1.01: AUTHORITY FOR THE DISTRICT. Northampton Municipal Utility District (the "District"), located in Harris County, Texas, is a conservation and reclamation district created pursuant to the provisions of Article XVI, Section 59, of the Texas Constitution by the Texas Legislature, effective June 16, 1967, by Chapter 608, Acts of the 60th Legislature of Texas (H.B. No. 536), as Norchester Municipal Utility District. The District's name was changed to Northampton Municipal Utility District and it was converted into a municipal utility district operating pursuant to Chapters 49 and 54 of the Texas Water Code, by Order of the Texas Water Commission dated June 6, 1979.

SECTION 1.02: CREATION OF DEFINED AREA. Pursuant to the provisions of Subchapter J of the Texas Water Code, as amended, the District is authorized to define areas or designate certain property of the District to pay for improvements, facilities, or services that primarily benefit that area. Pursuant to the authority of S.B. 1038, Acts of the 81<sup>st</sup> Legislature, Regular Session, 2009, on August 20, 2012, the District approved the creation of a defined area encompassing approximately 439.69 acres (the "Defined Area"), and such creation was confirmed at an election held within the Defined Area on November 6, 2012.

SECTION 1.03: FINDINGS. It is hereby found, determined and declared that:

- (a) the matters and facts set out in this Article One are true and correct;
- (b) at elections held on May 1, 1993, January 20, 2001, and February 2, 2002, the District was authorized to issue the bonds of the District in the maximum amount of \$16,700,000 for the purpose or purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending a waterworks system, sanitary sewer system, and drainage and storm sewer system, including, but not limited to, all additions to such systems and all works, improvements, facilities, plants, equipment, appliances, interests in property, and contract rights needed therefor and administrative facilities needed in connection therewith; to provide for the payment of principal of and interest on such bonds by the levy and collection of a sufficient tax upon all taxable property within the District, and for the purpose of refunding such bonds;
- (c) at an election held on May 7, 2005, the District was authorized to issue unlimited tax bonds of the District in the maximum amount of \$1,775,000 to fund parks and recreational facilities and operations for the District (subject to certain limitations imposed by the legislation authorizing such tax-supported bonds);

- (d) at an election held on November 6, 2012, the District was authorized to issue bonds of the District in the maximum aggregate amount of \$38,000,000 for the purpose or purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending a waterworks system, sanitary sewer system, and drainage and storm sewer system, including, but not limited to, all additions to such systems and all works, improvements, facilities, plants, equipment, appliances, interests in property, and contract rights needed therefor and administrative facilities needed in connection therewith, and for the purpose of refunding all or any part of the principal of or interest on the District's bonds now or thereafter outstanding, and to provide for the payment of principal of and interest on such bonds by the levy and collection of a sufficient tax upon all taxable property within the District;
- (e) at an election held on November 6, 2012, the District was authorized (i) to create the Defined Area, encompassing certain land within the District; (ii) to issue Defined Area unlimited tax bonds in the maximum amount of \$41,000,000 for the purpose or purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending a waterworks system, sanitary sewer system, and drainage and storm sewer system, including, but not limited to, all additions to such systems and all works, improvements, facilities, plants, equipment, appliances, interests in property, and contract rights needed therefor and administrative facilities needed in connection therewith, and for the purpose of refunding such bonds; (iii) to issue Defined Area unlimited tax road bonds of the District in the maximum amount of \$17,000,000 for the purpose of paying the cost of construction, acquisition, or improvement of roadways, causeways, bridges, or any combination thereof and/or similar facilities, including all necessary interchanges, approaches, fixtures, accessories, equipment and administration, storage and all other necessary buildings, together with all property rights, easements, and interests acquired in connection therewith, and all other costs related to such facilities and such bonds for the purpose of serving the Defined Area, and for the purpose of refunding such bonds; and (iv) to authorize a maintenance tax on all property within the Defined Area not to exceed sixty-four cents (\$0.64) per \$100 of assessed valuation;
- (f) the elections described in Paragraph (b), (c), (d), and (e) hereof were called and held under and in strict conformity with the Constitution and laws of the State of Texas, and of the United States of America, and the Board of Directors has heretofore officially declared the results of said elections and declared that the District was legally created and authorized to issue the bonds described herein above;
- (g) the District has heretofore issued to construct the various phases of a waterworks, sanitary sewer and drainage system for the District \$1,400,000 Waterworks and Sewer System Combination Tax and Revenue Bonds, Series 1968, dated March 1 1968 (the "Series 1968 Bonds"); \$800,000 Waterworks and Sewer System Combination Tax and Revenue Bonds, Series 1970, dated March 1, 1970 (the "Series 1970 Bonds"); \$800,000 Waterworks and Sewer System Combination Tax

and Revenue Bonds, Series 1972, dated March 1, 1972 (the "Series 1972 Bonds"); \$1,530,000 Waterworks Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1985, dated March 1, 1985 (the "Series 1985 Bonds"); \$970,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1989, dated September 1, 1989 (the "Series 1989 Bonds"); \$2,135,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1991, dated May 1, 1991 (the "Series 1991 Bonds"); \$3,275,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 1993, dated April 1, 1993 (the "Series 1993 Refunding Bonds"); \$1,900,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1993A (the "Series 1993A Bonds"); \$1,890,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 1998, dated May 1, 1998 (the "Series 1998 Refunding Bonds"); \$1,760,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1999, dated February 1, 1999 (the "Series 1999 Bonds"); \$1,505,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 2001, dated March 1, 2001 (the "Series 2001 Bonds"); \$2,990,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 2003, dated November 1, 2003 (the "Series 2003 Bonds"); \$4,000,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 2006, dated July 1, 2006 (the "Series 2006 Bonds"); \$1,775,000 Unlimited Tax Park Bonds, dated October 1, 2006 (the "Series 2006 Park Bonds"); \$4,000,000 Unlimited Tax Bonds, Series 2010, dated April 1, 2010 ("Series 2010 Bonds"); \$6,965,000 Unlimited Tax Refunding Bonds, dated September 1, 2010 (the "Series 2010 Refunding Bonds"); \$2,175,000 Unlimited Tax Bonds, dated November 1, 2012 (the "Series 2012 Bonds"); \$4,320,000 Unlimited Tax Refunding Bonds, dated December 1, 2014 (the "Series 2014 Refunding Bonds"); \$4,460,000 Unlimited Tax Bonds, dated April 1, 2015 (the "Series 2015 Bonds"); \$4,800,000 Unlimited Tax Refunding Bonds, dated October 1, 2016 (the "Series 2016 Refunding Bonds"); \$10,300,000 Unlimited Tax Bonds, dated December 1, 2016 (the "Series 2016 Bonds"); \$5,800,000 Unlimited Tax Bonds, dated April 1, 2019 (the Series 2019 Bonds); and \$3,610,000 Unlimited Tax Refunding Bonds dated April 1, 2020 (the "Series 2020 Refunding Bonds").

- (h) As of July 1, 2021, \$30,155,000 principal amount of the bonds issued by the District remains outstanding and are hereinafter referred to, collectively, as the "Outstanding Bonds;" the District's remaining authorized but unissued unlimited tax bonds for the purposes of financing improvements to the District's water, sewer, and drainage systems or any other lawful purpose, including for refunding purposes, is \$11,483,180 out of the election held on November 6, 2012;
- (i) the District has previously issued its \$6,490,000 Unlimited Tax Defined Area Bonds, Series 2016 (the "Series 2016 Defined Area Bonds"); its \$1,945,000 Unlimited Tax Defined Area Bonds, Series 2019 (the "Series 2019 Defined Area Bonds"); and its \$2,550,000 Unlimited Tax Defined Area Bonds, Series 2020 (the "Series 2020 Defined Area Bonds"). Such bonds were issued out of the \$41,000,000 Defined Area unlimited tax bonds that were approved at the election held on November 6, 2012. As of July 1, 2021, \$10,210,000 principal amount of the bonds issued by the District remains outstanding (hereinafter referred to as the

“Outstanding Bonds,” collectively and in combination with other Bonds described herein); the District’s remaining authorized but unissued unlimited tax defined area bonds for the purposes authorized by the November 6, 2012 election is \$30,015,000.

- (j) the District previously issued its \$2,700,000 Defined Area Unlimited Tax Road Bonds, Series 2016 (the “Series 2016 Defined Area Road Bonds”); and its \$3,020,000 Defined Area Unlimited Tax Road Bonds, Series 2018 (the “Series 2018 Defined Area Road Bonds”). Such bonds were issued out of the \$17,000,000 Defined Area Unlimited Tax Road Bonds that were approved at the election held on November 6, 2012. As of July 1, 2021, \$5,345,000 principal amount of the bonds issued by the District remains outstanding (hereinafter referred to as the “Outstanding Bonds” collectively and in combination with other Outstanding Bonds described herein); the District’s remaining authorized but unissued unlimited tax defined area road bonds for the purposes authorized by the November 6, 2012 election is \$11,280,000.
- (k) the District desires to issue \$6,285,000 principal amount of bonds (the “Bonds”) for the purpose of paying for (1) Stratton Woods water, wastewater, and drainage; (2) Inwood Oaks Lift Station; (3) water and sanitary sewer extension along Gosling Road to serve the 7.965 acre Terra-Gosling, LLC development; (4) public water and sanitary sewer extensions to serve Triad Real Estate and Landmark tract; (5) Northampton Regional Detention Pond; (6) Dovershire Section 1 water, wastewater, and drainage; (7) Dovershire Section 2 water, wastewater, and drainage; (8) 2021 sanitary sewer cleaning and televising Phase 1; (9) Water Plants No. 1 and 2 improvements; (10) land acquisition costs for Stratton Woods Detention Pond, Northampton Regional Detention Pond Landmark portion, and Northampton Regional Detention Pond Triad portion; along with costs for contingencies and engineering fees associated with these projects; in addition, proceeds of the Bonds will be used to pay certain administrative and issuance costs of the Bonds;
- (l) The District intends to rely upon the bond election of November 6, 2012, for the issuance of \$6,285,000 in bonds. As a result of the issuance of the Bonds, the District’s remaining authorized but unissued bonds for the purposes of financing improvements to the District’s water, sewer, and drainage systems or any other lawful purpose will be \$11,483,180 out of the election held on November 6, 2012, as well as \$30,015,000 of Defined Area unlimited tax bonds and \$11,280,000 Defined Area unlimited tax road bonds out of the election held on November 6, 2012;
- (m) the District has been authorized to levy taxes, and the taxes to be collected, will be sufficient to make the principal and interest payments on the Outstanding Bonds and the Bonds authorized by this Order; and
- (n) the Board of Directors reserves the right to issue the remaining \$11,483,180 of unlimited tax bonds that were voted on at the election held on November 6, 2012, which may also be used for refunding purposes, and the remaining \$30,015,000 of

Defined Area unlimited tax bonds and \$11,280,000 Defined Area unlimited tax road bonds which were voted on at the election held on November 6, 2012, all of which also may be used for refunding purposes, in one or more series at a future date or dates when, in the Board's judgment, such amounts are required for the authorized purposes.

## ARTICLE TWO

### DEFINITIONS AND INTERPRETATIONS

SECTION 2.01: ADOPTION OF DEFINITIONS. The definitions of the terms and phrases contained in the prior Bond Orders (as such terms are defined herein) shall apply with equal force herein and are hereby adopted as part of this Order; provided, however, where such definitions are inconsistent or in conflict with the terms and provisions of this Order, then the definitions contained in this Order shall govern.

SECTION 2.02: DEFINITIONS. When used in this Order, except in Article Five, and in any order amendatory or supplemental hereto, the terms listed below shall have the meanings specified below, unless it is otherwise expressly provided or unless the context otherwise requires:

"Additional Bonds" shall mean the additional bonds which the District expressly reserves the right to issue in Section 9.01 of this Order.

"Authorized Investments" shall mean all direct or indirect obligations of the United States or one of its agencies, the State of Texas, or any county, city, school district, or other political subdivision of the State and certificates of deposit of state or national banks or savings and loan associations within the State provided that they are secured in the manner provided for the security of the funds of counties of the State of Texas.

"Board of Directors" or "Board" shall mean the governing body of the District.

"Bondholder" or "Bondholders" shall mean the holder or holders of a Bond or Bonds, as the context requires.

"Bond Order" or "Order" shall mean this Order and all amendments hereof and supplements hereto.

"Bond Register" shall mean the books of registration kept by the Paying Agent/Registrar in which are maintained the papers and addresses of and the principal amount of the Bonds Registered to each Holder.

"Bond" or "Bonds" shall mean any obligation of the District authorized and issued pursuant to this Order, whether initially delivered or issued in exchange for, upon transfer of, or in lieu of any Bond previously issued.

"Business Day" shall mean any day which is not a Saturday, Sunday, legal holiday, or a day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed.

"Debt Service Fund" shall mean the District's Debt Service Fund which is established and affirmed in Section 7.01 of this Order.

"Default" shall mean default in the payment of principal of or interest on any of the Bonds when due, or defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Order.

"Defined Area" means approximately 439.69 acres within the District that has been designated to pay for improvements, facilities and services that primarily benefit that area as established by Order Creating Defined Area adopted by the District on August 20, 2012, and confirmed at an election within the Defined Area on November 6, 2012.

"Definitive Bond" or "Definitive Bonds" shall mean the Initial Bond, as defined herein, as may be transferred and converted into or exchanged for fully registered Bonds in the denomination of \$5,000 or any integral multiple of \$5,000.

"Depository" shall mean the bank or banks which the District may select from time to time as its depository or depositories.

"District" shall mean Northampton Municipal Utility District located in Harris County, Texas, and any other public agency succeeding to the powers, rights, privileges and functions of the District and, when appropriate, the Board of Directors of the District.

"DTC" shall mean the Depository Trust Company of New York, New York.

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

"EMMA" shall mean the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

"Financial Guaranty Insurance Policy" or "Policy" shall mean the municipal bond insurance policy issued by Build America Mutual Assurance Company ("BAM") insuring the payment when due of the principal of and interest on the Bonds as provided therein.

"Fiscal Year" shall mean the accounting period for the District, which is currently the period ending December 31, 2021 and thereafter shall be the twelve-month period beginning on January 1 of each year and ending on December 31 of the same year, but which may be changed from time to time by the Board of Directors.

"Governmental Obligations" shall mean direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

"Holder" or "Holders" when used with respect to any Bond means the Person in whose name such Bond is registered in the Bond Register.

"Initial Bond" shall mean the Bond authorized to be issued hereunder which has the registration certificate, executed on behalf of the Comptroller of Public Accounts of the State of Texas endorsed thereon, as contemplated by Section 5.06 hereof.

"Initial Date" shall mean September 1, 2021.

"Insurer" shall mean Build America Mutual Assurance Company as the provider of a municipal bond insurance policy for the Bonds.

"Interest Payment Date" shall mean the Stated Maturity of an installment of interest on any Bonds.

"Maturity" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and herein provided, whether at the Stated Maturity or call for redemption.

"MSRB" means the Municipal Securities Rulemaking Board.

"Outstanding" when used with respect to the Bonds means, as of the date of determination, all Bonds theretofore issued and delivered under this Order, except, without duplication:

- (1) Canceled Bonds: Bonds theretofore cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;
- (2) Gross Cash Defeasance: Bonds for whose payment or redemption money in the necessary amount has been theretofore deposited with the Paying Agent/Registrar in trust for the Holder of such Bonds, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Order, irrevocably provided for to the satisfaction of the Paying Agent/Registrar, or waived;
- (3) Replaced Bonds: Bonds in exchange for or in lieu of which other Bonds have been registered and delivered pursuant to this Order;
- (4) Paid Missing Bonds: Bonds alleged to have been mutilated, destroyed, lost, or stolen which have been paid; and
- (5) Net Cash Defeasance: Bonds for the payment of principal (or Redemption Price) of and interest on which money or Governmental Obligations or both are held by the Person and with the effect specified in Article Eight;

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent, or waiver hereunder, Bonds owned by the District or any other obligor upon the Bonds shall be

disregarded and deemed not to be Outstanding, except that, in determining whether the Paying Agent/Registrar shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Bonds which the Paying Agent/Registrar knows to be owned should be so disregarded.

"Outstanding Bonds" shall mean the portions of the previously issued bonds that are currently outstanding; specifically the term refers to none of the Series 1968 through Series 2003 Bonds, inclusive; \$50,000 of the Series 2010 Bonds; \$380,000 of the Series 2010 Refunding Bonds; \$3,410,000 of the Series 2014 Refunding Bonds; \$3,975,000 of the Series 2015 Bonds; \$4,740,000 of the Series 2016 Refunding Bonds; \$9,410,000 of the Series 2016 Bonds; \$5,780,000 of the Series 2016 Defined Area Bonds; \$2,470,000 of the Series 2016 Defined Area Road Bonds; \$2,875,000 of the Series 2018 Defined Area Road Bonds; \$5,800,000 of the Series 2019 Bonds; \$1,880,000 of the Series 2019 Defined Area Bonds; \$3,610,000 of the Series 2020 Refunding Bonds; and \$2,550,000 of the Series 2020 Defined Area Bonds.

"Paying Agent/Registrar" means the Person named as "Paying Agent/Registrar" herein until a successor Paying Agent/Registrar shall have become such pursuant to the applicable provisions of this Order, and thereafter "Paying Agent/Registrar" shall mean such successor Paying Agent/Registrar.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Predecessor Bonds" of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond.

"Record Date" for the interest payable on any Interest Payment Date means the 15th day of the calendar month next preceding each Interest Payment Date.

"Redemption Date," when used with respect to any Bond to be redeemed, means the date fixed for such redemption pursuant to the terms of this Order.

"Redemption Price" when used with respect to any Bond to be redeemed means the price at which it is to be redeemed pursuant to the terms of this Order, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

"Rule" shall mean SEC Rule 15c2-12, as amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"Serial Bonds" shall mean the \$2,520,000 of the Bonds that mature on March 1 in the years 2026, 2029, 2030, 2031, 2037, 2038, and 2039, as set forth in Section 3.02 hereof.

"Stated Maturity" when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest is due and payable.



"System" shall mean the District's waterworks, sanitary sewer, drainage and storm sewer systems presently existing or to be constructed, all additions thereto, and all works, improvements, facilities, plants, equipment, and appliances connected therewith.

"Term Bonds" shall mean the \$3,765,000 of the Bonds comprised of the \$265,000 of the Bonds that mature on March 1, 2028, \$545,000 of the Bonds that mature on March 1, 2034, \$305,000 of the bonds that mature on March 1, 2036, \$1,305,000 of the Bonds that mature on March 1, 2041, and \$1,345,000 of the Bonds that mature on March 1, 2043, that are being issued as term bonds subject to mandatory sinking fund redemption as set forth in Sections 3.02 and 4.02 hereof.

"Underwriter" has the meaning stated in Section 10.01.

SECTION 2.03: INTERPRETATIONS. The titles and headings of the articles and sections of this 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 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 taxes levied in payment thereof.

### ARTICLE THREE

#### AUTHORIZATION, DESCRIPTION AND EXECUTION OF BONDS

SECTION 3.01: AMOUNT, NAME, PURPOSE AND AUTHORIZATION. The Bonds of the District, to be known and designated as Northampton Municipal Utility District Unlimited Tax Bonds, Series 2021, shall be issued in the aggregate principal amount of Six Million Two Hundred Eighty-Five Thousand and No/100 Dollars (\$6,285,000.00) for the purpose of paying for (1) Stratton Woods water, wastewater, and drainage; (2) Inwood Oaks Lift Station; (3) water and sanitary sewer extension along Gosling Road to serve the 7.965 acre Terra-Gosling, LLC development; (4) public water and sanitary sewer extensions to serve Triad Real Estate and Landmark tract; (5) Northampton Regional Detention Pond; (6) Dovershire Section 1 water, wastewater, and drainage; (7) Dovershire Section 2 water, wastewater, and drainage; (8) 2021 sanitary sewer cleaning and televising Phase 1; (9) Water Plants No. 1 and 2 improvements; (10) land acquisition costs for Stratton Woods Detention Pond, Northampton Regional Detention Pond Landmark portion, and Northampton Regional Detention Pond Triad portion; along with costs for contingencies and engineering fees associated with these projects; in addition, proceeds of the Bonds will be used to pay certain administrative and issuance costs of the Bonds; in the form specified herein and bearing the terms herein provided, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Section 59 of Article XVI of the Constitution of Texas, Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 1204.001 *et. seq.*, Texas Government Code.

SECTION 3.02: DATE, DENOMINATION, INTEREST RATE, AND MATURITIES. The Bonds shall be issued in book-entry only form subject to the provisions of Section 3.07 hereof. The Bonds shall be dated the Initial Date, shall mature in the respective principal amounts on March 1 of the respective years and bear interest from the Initial Date until maturity or redemption at the respective rates per annum set forth below, in the case of the Serial Bonds,

and on March 1 of the respective years and bear interest from the Initial Date until maturity or redemption at the respective rates per annum set forth below, subject to mandatory sinking fund redemption, in the case of the Term Bonds:

\$2,520,000

Serial Bonds

<u>Principal Amount</u>	<u>Maturity (March 1)</u>	<u>Interest Rate</u>
\$ 65,000	2026	2.000%
210,000	2029	1.125
200,000	2030	1.375
180,000	2031	2.000
610,000	2037	2.000
620,000	2038	2.000
635,000	2039	2.000

\$3,765,000

Term Bonds

<u>Principal Amount</u>	<u>Maturity (March 1)</u>	<u>Interest Rate</u>
\$ 265,000	2028	1.000%
545,000	2034	2.000
305,000	2036	2.000
1,305,000	2041	2.000
1,345,000	2043	2.125

**SECTION 3.03: INTEREST PAYMENT DATES.** The interest on the Bonds shall be payable from the later of the Initial Date or the most recent Interest Payment Date to which interest has been paid or duly provided for on March 1, 2022, and semiannually thereafter on September 1 and March 1 of each year until the maturity or redemption date of the Bonds. The amount of interest on the Bonds payable on each Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months.

**SECTION 3.04: MEDIUM AND PLACE OF PAYMENT.** The Bonds shall be payable without exchange or collection charges, in any coin or currency of the United States of America which on the respective dates of payment is legal tender for the payment of debts due the United States of America, upon presentation and surrender of the certificate representing the Bonds as they become due, or at their earliest redemption date, at the principal trust office of the Paying Agent/Registrar.

**SECTION 3.05: EXECUTION OF BONDS.** The Bonds shall be signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Board of Directors by the manual or facsimile signatures, and the official seal of the District shall be impressed or placed in facsimile thereon. The facsimile signatures on the Bonds shall have the same effect as if the Bonds had been signed manually and in person, and the facsimile seal on the Bonds shall have the same effect as if the official seal of the District had been manually impressed upon each of the Bonds. Bonds bearing the manual or facsimile signatures of individuals who were at the time the proper officers of the District shall bind the District,

notwithstanding that such individuals or either of them shall cease to hold such offices prior to the certification or registration and delivery of such Bonds or shall not have held such offices on the date of such Bonds, all as provided in the Public Security Procedures Act, Section 1201.001 *et. seq.*, Texas Government Code. Any Bond may be signed on behalf of the District by the actual or facsimile signature of such person as, at the actual time of execution of such Bond, shall be the proper officer of the District, although at the time of the Initial Date of the Bonds or the adoption of this Order, any such person was not said officer. Minor typographical and other minor errors in the text of any Bond or minor defects in the seal or facsimile signature on any Bond shall not affect the validity or enforceability of such Bond if it has been duly authenticated by the Paying Agent/Registrar.

SECTION 3.06: PAYING AGENT/REGISTRAR. The District shall at all times maintain a Paying Agent/Registrar meeting the qualifications herein described, for the performance of the duties hereunder. Regions Bank, Houston, Texas, is hereby appointed Paying Agent/Registrar for such purposes. The District reserves the right to appoint a successor Paying Agent/Registrar by (a) filing with the Person then performing such function a certified copy of a resolution or ordinance giving notice of the termination of the Agreement and appointing a successor, and (b) causing notice to be given to each Bondholder and the Municipal Advisory Council of Texas. Every Paying Agent/Registrar appointed hereunder shall at all times be a corporation organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by Federal or State authority. The form of agreement submitted by the Person named above as Paying Agent/Registrar is hereby approved, and an appropriate official of the District is hereby authorized to execute such agreement for and on behalf of the District.

SECTION 3.07: BOOK-ENTRY-ONLY SYSTEM. Initially one Bond (the "Initial Bond"), representing the entire principal amount of the Bonds, including the Term Bonds, shall be issued in the name of Cede & Co., or its designee, executed and submitted to the Attorney General of Texas for approval, and thereupon certified by the Comptroller of Public Accounts of the State of Texas by manual signature of an appropriate official in such office. The Initial Bond shall be delivered against payment to the Underwriter. The Underwriter shall be required to promptly surrender the Initial Bond to the Paying Agent/Registrar for exchange. Definitive Bonds issued in exchange shall be registered in the name of Cede & Co., as nominee of DTC, as registered owner of the Bonds, and held in the custody of DTC. Unless otherwise requested by DTC, a single Bond 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.

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 to hold securities to facilitate the clearance and settlement of securities' transactions among DTC Participants or to any Person on whose behalf a DTC Participant holds an interest in the Bonds. 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 Holder of the Bonds, as shown on the Bond Register, of any notice with respect to the Bonds, and (iii) the payment to any DTC Participant or any other Person, other than a registered Holder of the Bonds, as shown in the Bond Register, of any amount with respect to principal of 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 Bond Register as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the registered Holders, as shown in the Bond 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 payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered Holder, as shown in the Bond Register, shall receive a Bond certificate evidencing the obligation of the District to make payments of principal and interest 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 in this Order with respect to interest checks being mailed to the registered Holder at the close of business on the Record Date, the words "Cede & Co." in this Order shall refer to such new nominee of DTC.

In the event that the District determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the District shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered Holders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Order.

Notwithstanding any other provision of this Order to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the District to DTC.

**SECTION 3.08: DISCONTINUANCE OF BOOK-ENTRY ONLY SYSTEM.** The District may, in its sole discretion, discontinue the book-entry only system, and in such event, the District will print and deliver definitive Bonds, which will be subject to the following provisions:

A. Registration, Transfer and Delivery: The District shall cause to be kept at the principal office of the Paying Agent/Registrar a register (herein referred to as the "Bond

Register”) in which, subject to such reasonable regulations as it may prescribe, registration of the Bonds and of transfers of the Bonds shall be made as provided herein. Upon surrender for transfer of any Bond at the principal office of the Paying Agent/Registrar, the District shall execute and the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same Stated Maturity, of any authorized denominations, bearing the same rate of interest, and of like aggregate principal amount, upon surrender of the Bonds to be exchanged at the principal office of the Paying Agent/Registrar. Whenever any Bonds are so surrendered for exchange, the District shall execute, and the Paying Agent/Registrar shall register and deliver, the bonds which the Holder of bonds making the exchange is entitled to receive. All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the District, evidencing the same debt, and entitled to the same benefits under this Order, as the Bonds surrendered upon such transfer or exchange. Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Holder thereof or his attorney duly authorized in writing. No service charge shall be made to the Holder for any registration, transfer, or exchange of Bonds, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds. Neither the district nor the Paying Agent/Registrar shall be required (a) to issue, transfer, or exchange any Bond during a period beginning at the opening of business thirty (30) days before the day 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 (b) to issue, transfer, or exchange any Bond during a period beginning at the opening of business thirty (30) days before the day 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 (c) 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.

B. Mutilated, Destroyed, Lost, and Stolen Bonds. If (a) any mutilated Bond is surrendered to the Paying Agent/Registrar, or the District and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (b) there is delivered to the District and the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the District or the Paying Agent/Registrar that such Bond has been acquired by a bona fide purchaser, the District shall execute and upon its request the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding. In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the District in its discretion may, instead of issuing a new Bond, pay such Bond. Upon the issuance of any new Bond under this Section, the District may require the payment by the Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent/Registrar, bond printing and legal fees) connected therewith. Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the District, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Order equally and ratably with all other Outstanding Bonds. The procedures set forth in the Paying Agent/Registrar Agreement, approved in Section 3.6 hereof, shall also be available with respect to mutilated, destroyed, lost

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

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

## ARTICLE FOUR

### REDEMPTION OF BONDS BEFORE MATURITY

SECTION 4.01: OPTIONAL REDEMPTION OF BONDS. The District reserves the right, at its option, to redeem the Bonds, including the Term Bonds maturing March 1, 2027, or thereafter, prior to their scheduled maturities, in whole or in part, on March 1, 2026, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the registered owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are optionally redeemed at any time, the particular Bonds to be optionally redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity and if less than all of the bonds within a maturity are to be redeemed, the Paying Agent/Registrar shall designate by method of random selection the bonds within such maturity to be redeemed (or by DTC while the bonds are in Book-Entry-Only form). The registered owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

SECTION 4.02: MANDATORY REDEMPTION OF TERM BONDS. The Bonds maturing on March 1 in the years 2028, 2032, 2036, 2042, and 2045 (the "Term Bonds") are subject to mandatory sinking fund redemption and shall be redeemed by the District prior to their scheduled maturities on March 1 in the years and in the amounts set forth below at a redemption price equal to the principal amount redeemed plus accrued interest to the Mandatory Redemption Date, subject to proportionate reduction by the amount of any prior optional redemption:

#### \$265,000 Term Bond Maturing on March 1, 2028

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
March 1, 2027	\$ 65,000
March 1, 2028	200,000

\$545,000 Term Bond Maturing on March 1, 2034

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
March 1, 2032	\$ 185,000
March 1, 2033	180,000
March 1, 2034	155,000

\$305,000 Term Bond Maturing on March 1, 2036

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
March 1, 2035	\$ 155,000
March 1, 2036	150,000

\$1,305,000 Term Bond Maturing on March 1, 2041

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
March 1, 2040	\$ 645,000
March 1, 2041	660,000

\$1,345,000 Term Bond Maturing on March 1, 2043

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
March 1, 2042	\$ 670,000
March 1, 2043	675,000

The particular Term Bonds to be mandatorily redeemed shall be selected by lot or other customary random selection method. The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption requirements shall be reduced, at the option of and as determined by the District, by the principal amount of any Term Bonds of such maturity which, prior to the date of the mailing of notice of such mandatory redemption, (a) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation, (b) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District, or (c) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Notice of any redemption will be given by the Registrar at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register.

SECTION 4.03: NOTICE TO PAYING AGENT/REGISTRAR OF 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) 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.

SECTION 4.04: NOTICE TO HOLDERS OF REDEMPTION. Notice of redemption shall be mailed by the Paying Agent/Registrar in the name of and at the expense of the District not less than thirty (30) days prior to the Redemption Date, to each Holder of Bonds to be redeemed and to DTC. All notices of redemptions shall include a statement as to (a) the Redemption Date, (b) the Redemption Price, (c) the principal amount of the Bonds to be redeemed and, if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, (d) 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 (e) that such Bonds are to be surrendered for payment of the Redemption Price at the principal office of the Paying Agent/Registrar, and the address of such office.

SECTION 4.05: MANNER OF REDEMPTION. If less than all of the Outstanding Bonds of the same Stated Maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the District from the Outstanding Bonds which have not previously been called for redemption, by such method as the District shall deem customary and equitable and which may provide for the selection or redemption of portions (equal to \$5,000 or a multiple thereof) of the principal amount of Bonds of a denomination larger than \$5,000. The District shall promptly notify the Paying Agent/Registrar in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed. 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 4.06: PAYMENT FOR REDEEMED BONDS. Notice of redemption having been given as aforesaid, the Bonds so 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. Installments of interest with a Stated Maturity on or prior to the Redemption Date shall be payable to the Holders of such Bonds registered as such on the relevant Record Dates according to their terms. 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 Bond.

## ARTICLE FIVE

### FORM OF BONDS AND CERTIFICATES

SECTION 5.01: FORMS GENERALLY. The Bonds, the Registration Certificates of the Comptroller of Public Accounts of the State of Texas, the Certificates of Registration, and the forms of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Article with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Order, and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association ["CUSIP"]) and such legends and endorsements (including any reproduction of any opinion of counsel)



thereon as may, consistently herewith, be established by the District or determined by the officers executing such Bonds as evidenced by their execution thereof. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond. The Definitive Bonds shall be printed, lithographed, or engraved, produced by any combination of these methods, or produced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof, but the Initial Bond submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

SECTION 5.02: FORM OF BONDS. The Bonds authorized by this Order shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and consistent with the terms of this Order:



THIS BOND IS ONE OF AN AUTHORIZED ISSUE OF BONDS, designated Northampton Municipal Utility District Unlimited Tax Bonds, Series 2021 (hereinafter sometimes called the "Bonds") aggregating Six Million Two Hundred Eighty-Five Thousand and No/100 Dollars (\$6,285,000.00). The Bonds are issued for the purpose of paying for (1) Stratton Woods water, wastewater, and drainage; (2) Inwood Oaks Lift Station; (3) water and sanitary sewer extension along Gosling Road to serve the 7.965 acre Terra-Gosling, LLC development; (4) public water and sanitary sewer extensions to serve Triad Real Estate and Landmark tract; (5) Northampton Regional Detention Pond; (6) Dovershire Section 1 water, wastewater, and drainage; (7) Dovershire Section 2 water, wastewater, and drainage; (8) 2021 sanitary sewer cleaning and televising Phase 1; (9) Water Plants No. 1 and 2 improvements; (10) land acquisition costs for Stratton Woods Detention Pond, Northampton Regional Detention Pond Landmark portion, and Northampton Regional Detention Pond Triad portion; along with costs for contingencies and engineering fees associated with these projects; in addition, proceeds of the Bonds will be used to pay certain administrative and issuance costs of the Bonds, all under and in strict conformity with the Constitution and laws of the State of Texas, particularly Section 59 of Article XVI of the Constitution of Texas, Chapters 49 and 54, Texas Water Code, as amended, and the general laws of the State of Texas.

THE TERM BONDS will be subject to mandatory sinking fund redemption and shall be redeemed by the District prior to their scheduled maturities on March 1 in the years and in the amounts set forth below at a redemption price equal to the principal amount redeemed plus accrued interest to the Mandatory Redemption Date, subject to proportionate reduction by the amount of any prior optional redemption:

\$265,000 Term Bond Maturing on March 1, 2028

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
March 1, 2027	\$ 65,000
March 1, 2028	200,000

\$545,000 Term Bond Maturing on March 1, 2034

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
March 1, 2032	\$ 185,000
March 1, 2033	180,000
March 1, 2034	155,000

\$305,000 Term Bond Maturing on March 1, 2036

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
March 1, 2035	\$ 155,000
March 1, 2036	150,000

\$1,305,000 Term Bond Maturing on March 1, 2041

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
March 1, 2040	\$ 645,000
March 1, 2041	660,000

\$1,345,000 Term Bond Maturing on March 1, 2043

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
March 1, 2042	\$ 670,000
March 1, 2043	675,000

The Term Bonds shall be redeemed at a price equal to the principal amount of the Bonds or portions thereof so called for redemption, plus accrued interest to the date of redemption. Reference is made to the Order for complete details concerning the manner of mandatorily redeeming the Term Bonds.

THE DISTRICT RESERVES THE RIGHT TO REDEEM the Bonds of this issue, including the Term Bonds which mature on or after March 1, 2027, prior to their scheduled maturities, in whole or in part, on March 1, 2026, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption.

AS PROVIDED IN THE BOND ORDER and subject to certain limitations therein set forth, this Bond is issued in book-entry-only form and initially registered and delivered to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the book-entry-only system described in the Order. In the event the book-entry-only system is discontinued and physical bond certificates issued, interest on the Bonds shall be payable by check on or before the interest payment date, mailed by the Paying Agent/Registrar to the Registered Owners as shown on the Bond Register kept by the Paying Agent/Registrar at the close of business on the 15<sup>th</sup> calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangement as may be agreed upon by the Paying Agent/Registrar and a Registered owner at the risk of and expense of the Registered Owner.

THIS BOND, AND THE OTHER BONDS OF THE SERIES OF WHICH IT IS A PART, are payable from the proceeds of a continuing, direct annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District. Reference is made to the Order for a more complete description of the funds charged with and pledged to the payment of this Bond and the series of which it is a part. By acceptance of this Bond, the Holder hereof expressly assents to all of the provisions of the Order.

THE DISTRICT HAS RESERVED THE RIGHT TO ISSUE ADDITIONAL BONDS, as defined in the Order, which Additional Bonds may be payable solely from taxes or may be payable from a combination of taxes and revenues, if authorized at subsequent elections. The District has also reserved the right to issue Revenue Bonds secured solely by revenues of the System and Special Project Bonds which will be payable from and secured by the proceeds of a contract or contracts with persons, corporations, municipal corporations, political subdivisions, or other entities. Reference is made to the Order for a complete description of the right to issue Additional Bonds, Revenue Bonds and Special Project Bonds.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond and the series of Bonds of which it is a part is duly authorized by law; that all acts, conditions, and things required to exist and to be done precedent to and in the issuance of this

Bond and said series of Bonds to render the same lawful and valid have been properly issued and performed and have happened in regular and due time, form and manner as required by law; that due provision has been made for the payment of the interest on and the principal of this Bond and the series of Bonds of which it is a part by levy of a continuing, direct annual ad valorem tax upon all taxable property within the District sufficient for said purposes; and that the issuance of this series of Bonds does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, Northampton Municipal Utility District has caused this Bond to be executed by the manual or facsimile signatures of the President or Vice President and Secretary or Assistant Secretary of its Board of Directors and its official seal to be impressed or placed in facsimile hereon.

NORTHAMPTON MUNICIPAL UTILITY DISTRICT

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

ATTEST:

\_\_\_\_\_  
2<sup>nd</sup> V.P. /Asst. Secretary, Board of Directors

(SEAL)

SECTION 5.03: FORM OF REGISTRATION CERTIFICATE OF COMPTROLLER OF PUBLIC ACCOUNTS. The Initial Bond shall be registered by the Comptroller of Public Accounts of the State of Texas as provided by law. The registration certificate of said Comptroller of Public Accounts shall be printed on the back of said Initial Bond in substantially the following form:

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

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Bond, and further that this Bond has been registered this day by me.

WITNESS my signature and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

(COMPTROLLER'S SEAL)

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

SECTION 5.04: FORM OF AUTHENTICATION CERTIFICATE OF PAYING AGENT/REGISTRAR. On the front of all Bonds other than the Initial Bond, the Authentication Certificate of the Paying Agent/Registrar shall be printed in substantially the following form:

#### AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been delivered pursuant to the Bond Order described in the text of this Bond, in exchange for or in replacement of a bond, bonds, or a portion of a bond approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Regions Bank  
Houston, Texas

Date of Authentication: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signature

SECTION 5.05: FORM OF ASSIGNMENT. On the back of all Bonds other than the Initial Bond, the Form of Assignment shall be printed in substantially the following form:

#### ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address and zip code of Transferee): \_\_\_\_\_

\_\_\_\_\_ (Social Security or other identifying number of Transferee: \_\_\_\_\_) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ as attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

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

\_\_\_\_\_  
Registered Owner(s)

NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered Holder(s) as shown on the face of this Bond in every particular, without enlargement or change whatsoever.

Signature Guaranteed

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

The following abbreviations, when used in the inscription on the face of the within Bond or above Assignment, shall be construed as though they were written out in full according to applicable laws or regulations:

UNIF GIFT MIN ACT

TEN COM -- as tenants in common	<u>                    </u> Custodian <u>                    </u> (Cust.) (Minor)
TEN ENT -- as tenants by the entireties	<u>                    </u> under Uniform Gifts to Minors Act <u>                    </u> State
JT TEN -- as joint tenants with rights of survivorship and not as tenants in common	

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

SECTION 5.06: FORM OF INITIAL BOND. One Initial Bond for the Bonds shall be in the form set forth in Section 5.02 of this Article, except that:

- (a) immediately under the name of the bond the headings "Interest Rate" and "Stated Maturity" and "CUSIP" shall all be eliminated.
- (b) in the first paragraph:
  - (i) the words "on the Stated Maturity specified above" shall be deleted and the following will be inserted: "on the first day of March in each of the years indicated below and bearing interest at the per annum rates in accordance with the following schedules:" [Information from the schedules for the Serial Bonds and Term Bonds in Section 3.02 to be inserted.] The word "aggregating" shall be inserted before the description of the total amount of the Bonds.
  - (ii) the words "executing the registration certificate appearing hereon" shall be deleted and an additional sentence shall be added to the paragraph as follows: "The initial Paying Agent/Registrar is Regions Bank, Houston, Texas."
  - (iii) the words "(or one or more Predecessor Bonds, as defined in the Order hereinafter defined)" shall be deleted.
- (c) the Initial Bond for the Bonds shall be numbered T-1 and registered in the name of Cede & Co.

SECTION 5.07: CUSIP REGISTRATION. The President of the Board of Directors or the Paying Agent/Registrar may secure the printing of identification numbers on the front of the Bonds through the CUSIP Service Bureau Division of Standard & Poor's Corporation, New York, New York.

SECTION 5.08: STATEMENT OF INSURANCE POLICY. The following language shall be reprinted on the back of the Bonds under the heading "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 Regions Bank, Houston, Texas, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Order or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, Paying Agent, Registrar or similar agent for the benefit of such owners under the Order, at law or in equity.

SECTION 5.09: LEGAL OPINION. The approving opinion of Bacon, Wallace & Philbin, L.L.P., Houston, Texas, bond counsel, may be printed on the back of the Bonds over the certification of the Secretary of the Board of Directors which may be executed in facsimile.

## ARTICLE SIX

### SECURITY OF THE BONDS

SECTION 6.01: SECURITY OF BONDS. The Bonds are secured by and payable from the levy of a continuing, direct annual ad valorem tax, without limit as to rate or amount, upon all taxable property within the District.

SECTION 6.02: LEVY OF TAX. To pay the interest on the Bonds, and to create a sinking fund for the payment of the principal thereof when due, and to pay the expenses of assessing and collecting such taxes, there is hereby levied, and shall be assessed and collected in due time, a continuing, direct annual ad valorem tax, without limit as to rate or amount, on all taxable property within the District for each year while any of the Bonds are outstanding. All of the proceeds of such collections, except expenses incurred in that connection, shall be paid into the Debt Service Fund, and the aforementioned tax and such payments into such fund shall continue until the Bonds and the interest thereon have been fully paid and discharged, and such proceeds shall be used for such purposes and no other. While said Bonds, or any of them, are



outstanding and unpaid, an ad valorem tax each year at a rate from year to year as will be ample and sufficient to provide funds to pay the interest on said Bonds and to provide the necessary sinking fund to pay the principal when due, full allowance being made for delinquencies and costs of collection, shall be levied, assessed and collected and applied to the payment of principal and interest on the Bonds. In determining the amount of taxes which should be levied each year, the Board may consider whether proceeds from the sale of Bonds have been placed in escrow to pay interest during construction.

SECTION 6.03: MUNICIPAL ANNEXATION. The District is located within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"). The City has the right to annex and dissolve the District. At such time, the obligations of the District payable in whole or in part from ad valorem taxes shall become obligations of the City, and the governing body of the City is thereafter required to levy and cause to be collected taxes on all taxable property within the City sufficient to pay the principal of and interest on the obligations of the District so assumed by the City.

SECTION 6.04: CONSOLIDATION OF DISTRICT. The laws of the State of Texas permit the District to be consolidated with one or more conservation and reclamation districts. In the event the District is consolidated with another district or districts, the District reserves the right to:

- (a) Consolidate the System with a similar system of one or more districts with which the District is consolidating and operate and maintain the systems as one consolidated system (the "Consolidated System");
- (b) Apply the net revenues from the operation of the Consolidated System to the payment of principal, interest, redemption price and bank charges on the Bonds and any other combination tax and revenue bonds or bonds or other obligations secured solely or primarily by such net revenues (the "Revenue Bonds") of the District and of the district or districts with which the District is consolidating (herein collectively, the "Consolidating Districts") without preference to any series of bonds (except subordinate lien revenue bonds which shall be subordinate to the Revenue Bonds of the Consolidating Districts); or
- (c) Pledge the net revenues of the Consolidated System to the payment of principal, interest, redemption price and bank charges on any Revenue Bonds which may be issued by the Consolidating Districts on a parity with the outstanding Revenue Bonds of the Consolidating Districts.

## ARTICLE SEVEN

### FLOW OF FUNDS AND INVESTMENTS

SECTION 7.01: CREATION OF FUNDS. The establishment of the Debt Service Fund is hereby affirmed. Such fund shall be kept separate and apart from all other funds of the District.

The Debt Service Fund shall constitute a trust fund which shall be held in trust for the benefit of the Bondholders and the Holders of Additional Bonds, if any, to the extent allowed by law.

SECTION 7.02: SECURITY OF FUNDS. Any cash balance in any fund shall be invested subject to the Public Funds Investment Act, V.T.C.A. Government Code, Chapter 2256, as amended.

SECTION 7.03: GENERAL OPERATING FUND. The District shall deposit, as collected, the revenues (except earnings and profits derived from the investment of the funds as provided in Section 7.09 hereof) from the operation of the System into the General Operating Fund. Preferentially, all moneys deposited in the General Operating Fund shall be used for the purpose of paying the maintenance and operation expenses of the System.

SECTION 7.04: DEBT SERVICE FUND. The District shall deposit or cause to be deposited into the Debt Service Fund the aggregate of the following at the time specified:

- (a) as soon as practicable after the Bonds are sold, accrued interest on the Bonds from the Initial Date to the date the Bonds are delivered to the Underwriter; and
- (b) ad valorem tax revenues, less costs of collection, shall be deposited to the Debt Service Fund monthly as they are collected.

Not later than five (5) days prior to any principal and/or interest payment date on the Bonds, the Board of Directors shall cause the transfer of moneys out of the Debt Service Fund to the Paying Agent/Registrar in an amount not less than that which is sufficient to pay the principal which matures on such date, the interest which accrues on such date, and the Paying Agent/Registrar's fees for handling such payments on that date.

SECTION 7.05: CAPITAL PROJECTS FUND. The proceeds from the sale of the Bonds, after making the deposits to the Debt Service Fund from the proceeds of the Bonds as specified in Section 7.04 above, shall be deposited into the Capital Projects Fund and shall be used solely for the expenses incident to the issuance of the Bonds and the costs of acquiring, purchasing, and constructing the facilities for which the Bonds were sold.

The District shall have the authority to retain the following described monies in the Capital Projects Fund and may expend such sums for any item which may be properly paid by the District from the Capital Project Funds upon the approval of the Texas Commission on Environmental Quality:

- (a) The balance of the District's Capital Projects Fund, if any, remaining unexpended from the proceeds of the sale of the Bonds after completion of the acquisition, purchase and construction of the facilities for which the Bonds were sold; and
- (b) All interest, income and increment accruing to the District as a result of the temporary investment of the proceeds of the sale of the Bonds which are placed in the Capital Projects Fund.

Upon completion of the acquisition, purchase and construction of the facilities, any unspent monies remaining from the sale of the Bonds, and the interest earned on such monies, shall be deposited into the Debt Service Fund.

SECTION 7.06: BOND REDEMPTION FUND. The District reserves the right to create one or more funds to be known as "Bond Redemption Funds," in connection with any issue or issues of Additional Bonds or Revenue Bonds which are term bonds, and to provide for the transfer of revenues into a Bond Redemption Fund for the purpose of redeeming all or a specified part of such Additional Bonds or Revenue Bonds prior to maturity. The order or resolution authorizing such Additional Bonds may provide that transfers of revenues into a Bond Redemption Fund shall have an equal priority to the transfers of net revenues.

SECTION 7.07: SURPLUS REVENUES. After paying the maintenance and operations expenses, and making any transfers which may be required into the Debt Service Fund, Bond Redemption Funds, or any fund or funds created in any order or resolution authorizing the issuance of Revenue Bonds, any money remaining in the General Operating Fund immediately following a principal payment date shall be considered surplus which may be used by the District for any lawful purpose, including redemption of any Bonds, Outstanding Bonds, Additional Bonds or Revenue Bonds. It is the intent of this Order that before any moneys be used for any other lawful purpose, the Debt Service Fund, Reserve Fund, all Bond Redemption Funds, and any fund or funds which may be created in the order or resolution authorizing Revenue Bonds and the Contingency Fund (if created) shall contain the amount of money required to be therein.

SECTION 7.08: INVESTMENTS, EARNINGS. Moneys deposited into the Debt Service Fund, the Capital Projects Fund, and any other fund or funds which the District may lawfully create may be invested or reinvested in Authorized Investments. All investments and any profits realized from or interest accruing on such investments shall belong to the fund from which the moneys for such investments were taken; provided, however, that at the discretion of the Board of Directors the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund. If any moneys are so invested, the District shall have the right to have sold in the open market a sufficient amount of such investments to meet its obligations in the event any fund does not have sufficient uninvested funds on hand to meet the obligations payable out of such fund. Under such circumstances, the District shall give notice to the Depository to sell such investments in the open market. After such sale the moneys resulting therefrom shall belong to the fund from which the moneys for such investments were initially taken. The District shall not be responsible to the Holders for any loss arising out of the sale of any investments.

## ARTICLE EIGHT

### TAX EXEMPTION

SECTION 8.01: COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS.

A. Covenants. The District covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the District covenants as follows:

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

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

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

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

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

(6) to refrain from using any portion of the proceeds of the 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, and in the case of a refunding, 90 days or less,

(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 proceeds of the Bonds;

(7) 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);

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(9) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of and, to the extent applicable, section 149(d) of the Code (relating to advance refundings);

B. Rebate Fund. In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the District for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

C. Proceeds. The District understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. 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 of the Board of Directors 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.

D. 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 ARTICLES ONE and THREE of this Order on its books and records in accordance with the requirements of the Internal Revenue Code. The District recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the District recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The District agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the 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.

E. Designation as Qualified Tax-Exempt Bonds. The Bonds are designated as "qualified tax-exempt bonds" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the District represents, covenants and warrants the following: (1) that during the calendar year in which the Bonds are issued, the District (including any subordinate entities) has not designated nor will designate bonds, which when aggregated with the Bonds, will result in more than \$10,000,000 of "qualified tax-exempt bonds" being issued; (2) that the District reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Bonds are issued, by the District (or any subordinate entities) will not exceed \$10,000,000; and, (3) that the District will take such action or refrain from such action as necessary, and as more particularly set forth in this Section, in order that the Bonds will not be considered "private activity bonds" within the meaning of section 141 of the Code.

F. Disposition of Project. The District covenants that the property to be used for the purposes described in ARTICLES ONE and THREE of this Order will not be sold or otherwise disposed of 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.

G. Reimbursement. This Order is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

## ARTICLE NINE

### ADDITIONAL BONDS AND REFUNDING BONDS

SECTION 9.01: ADDITIONAL BONDS. The District expressly reserves the right to issue, in one or more installments, for the purpose of completing, repairing, improving, extending, enlarging or replacing the System or any other lawful purpose:

- (a) the unissued unlimited tax bonds which were authorized at the bond elections, as described in Section 1.02 of this Order;
- (b) such other unlimited tax bonds or combination unlimited tax and revenue bonds as may hereafter be authorized at subsequent elections.

SECTION 9.02: REVENUE BONDS. The District expressly reserves the right to issue revenue bonds in one or more installments for the purpose of completing, repairing, improving, extending, enlarging or replacing the System, which will be payable solely from the revenues of the System.

SECTION 9.03: INFERIOR LIEN BONDS. The District also reserves the right to issue inferior lien bonds and pledge the net revenues to the payment thereof, such pledge to be subordinate in all respects to the lien of previously issued Additional Bonds and Revenue Bonds.

SECTION 9.04: SPECIAL PROJECT BONDS. The District further reserves the right to issue bonds in one or more installments 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 bonds to be payable from and secured by the proceeds of such contract or contracts. The District further reserves the right to refund such bonds.

SECTION 9.05: REFUNDING BONDS. The District further reserves the right to issue Refunding Bonds in any manner permitted by law to refund any Bonds and Additional Bonds at or prior to their respective dates of maturity or redemption.

## ARTICLE TEN

### SALE AND DELIVERY OF BONDS

SECTION 10.01: SALE OF BONDS. The Bonds are hereby sold and shall be delivered to SAMCO Capital Markets, Inc. (the "Underwriter") pursuant to the taking of public bids therefor on August 16, 2021, for a price of \$6,153,869.95 (representing the par amount of the Bonds, less an underwriting discount of \$131,130.05), plus accrued interest from the Initial Date to the date of delivery, which price and terms are found and determined to be in the best interests of the District. Delivery of the Bonds to the Underwriter shall be made as soon as practicable after the adoption of this Order, upon payment therefor, in accordance with the terms of the sale. The Underwriter's obligation to accept delivery of the Bonds is subject to it being furnished an approving legal opinion of Bacon, Wallace & Philbin, L.L.P., Houston, Texas, bond counsel to the District, approving the Bonds as to their validity and that the interest thereon is exempt from Federal taxation, said opinion to be dated and delivered as of the date of delivery and payment

for the Bonds. The Board hereby finds and determines that the net effective interest rate of the issue or series of bonds authorized by this Order is 2.123833% and that such interest rate is the lowest net interest rate bid on the Bonds.

SECTION 10.02: APPROVAL, REGISTRATION AND DELIVERY. The President of the Board of Directors of the District and representatives of Bacon, Wallace & Philbin, L.L.P. are hereby authorized and directed to submit the Initial Bond, and a transcript of the proceedings relating to the issuance of the Bonds, to the Attorney General of the State of Texas for approval and, following said approval, to submit the Initial Bond to the Comptroller of Public Accounts of the State of Texas for registration. Upon registration of the Initial Bond, the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's registration certificate prescribed herein to be printed and endorsed on the Initial Bond. After the Initial Bond has been registered and signed by the Comptroller, it shall be delivered to the Underwriter, but only upon receipt of the full purchase price.

## ARTICLE ELEVEN

### CONTINUING DISCLOSURE OF FINANCIAL INFORMATION

SECTION 11.01: ANNUAL REPORTS. The District shall provide annually to the Electronic Municipal Market Access ("EMMA"), within six months after the end of each fiscal year ending in or after 2021, financial information and operating data with respect to the District, including the District's annual financial statements, current tax data, water and sewer operations data, and debt service information. Any financial statements so to be provided shall be (i) prepared in accordance with generally accepted auditing standards or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation and (ii) audited, if the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when the audit report on such statements becomes available.

If the District changes its fiscal year, it will notify EMMA 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 document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to EMMA or filed with the SEC.

SECTION 11.02: MATERIAL EVENT NOTICES. The District shall notify EMMA, within ten (10) days, of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;



3.     Unscheduled draws on debt service reserves reflecting financial difficulties;
4.     Unscheduled draws on credit enhancements reflecting financial difficulties;
5.     Substitution of credit or liquidity providers, or their failure to perform;
6.     Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7.     Modifications to rights of holders of the Bonds, if material;
8.     Bond calls, if material;
9.     Defeasances;
10.    Release, substitution, or sale of property securing repayment of the Bonds, if material;
11.    Rating changes affecting the Bonds;
12.    Bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule");
13.    Consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, 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;
14.    Appointment of a successor or additional trustee or the change of name of a trustee, if material to a decision to purchase or sell Bonds.
15.    Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
16.    Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

SECTION 11.03: 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 notice of any deposit made in accordance with Texas law that causes Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the registered Holders and beneficial Holders 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 or 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 HOLDER OR BENEFICIAL HOLDER 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 SECTION, BUT EVERY RIGHT AND REMEDY OR 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 comprise a breach of or default under the Order for purposes of any other provision of this 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, or status or type of operations of the District, if (a) the agreement, as so amended, would have permitted an underwriter to purchase or sell Bonds in the original primary offering in compliance with the Rule, taking into account such amendment as well as such changed circumstances, and (b) a person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered Holders and beneficial Holders of the Bonds. If any such amendment is made, the District will include in its next annual update an explanation in narrative form of the reasons for the change and its impact on the type of operating data or financial information being provided.

## ARTICLE TWELVE

### DEFEASANCE OF OBLIGATIONS OF DISTRICT

SECTION 12.01: DEFEASANCE. If the District shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of and interest on the Bonds, at the times and in the manner stipulated in this Order, then the pledge of any taxes or other money, securities, and funds pledged under this Order and all covenants, agreements, and other obligations of the District to the Holders of Bonds shall thereupon cease, terminate, and become void and be discharged and satisfied, and the Paying Agent/Registrar shall pay over or deliver all money held by it under this Order to the District.

Bonds or interest installments for the payment of which money shall have been set aside and shall be held in trust by the Paying Agent/Registrar or with any other bank or trust company which has agreed to hold the same for such purpose (through deposit by the District of funds for such payment or otherwise) at the Stated Maturity thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section. All Outstanding Bonds shall be deemed to have been paid, prior to their Stated Maturity, within the meaning and with the effect expressed above in this Section, if there shall have been deposited with the Registrar either (a) money in an amount which shall be sufficient to make such payment, (b) Governmental

Securities certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, or (c) a combination of money and Governmental Securities together so certified to be sufficient to make such payment, provided that all the expenses pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Paying Agent/ Registrar (and to such other bank or trust company).

SECTION 12.02: PARTIAL DEFEASANCE. In the event such deposit is made with respect to some but not all of the Bonds then outstanding, the District shall designate the Stated Maturities of Bonds with respect to which such deposit is made. If such deposit shall be sufficient to provide for the payment of the principal of and interest on some but not all Outstanding Bonds of a particular Stated Maturity so designated, the Paying Agent/Registrar shall select the Outstanding Bonds of such Stated Maturity with respect to which such deposit is made by such random method as the Paying Agent/Registrar shall deem fair and appropriate and which may provide for the selection of portions (equal to and leaving unredeemed an authorized denomination) of Bonds a denomination larger than \$5,000. Notwithstanding anything herein to the contrary, no such deposit shall have the effect described in this Article if made during the subsistence of a default in the payment of any Bond (a) unless made with respect to all of the Bonds then outstanding, or (b) unless accompanied by an opinion of counsel of recognized standing in the field of federal income taxation to the effect that neither such deposit nor the investment thereof shall adversely affect the excludability of interest on any Bond from the gross income of any owner thereof for federal income tax purposes.

SECTION 12.03: INVESTMENTS. No money or Governmental Securities so deposited shall be invested or reinvested unless in Governmental Securities and unless such money and Governmental Securities not invested and such new investments are together certified by an independent public accounting firm of national reputation to be of such amounts, maturities, and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment. Neither Governmental Securities nor money deposited with the Paying Agent/Registrar or other bank or trust company pursuant to this Section, nor principal or interest payments on any such Governmental Securities, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, and interest on such Bonds. Any cash received from such principal of and interest on such investment securities deposited with the Paying Agent/Registrar, if not needed for such purpose, shall, to the extent practicable, be reinvested in Governmental Securities (which may be non-interest bearing) maturing at times and in amounts sufficient to pay when due the principal of and interest on such Bonds on and prior to the maturity thereof, and interest earned from such reinvestments shall be paid over to the District as received by the Paying Agent/Registrar, free and clear of any trust, lien, or pledge and used in accordance with applicable law. Any payment for Governmental Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Governmental Securities.

SECTION 12.04: RETIREMENT OF BONDS. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be entitled to the benefits of this Order, except for the purposes of any such payment from such money or Governmental Securities, and the covenants of the District contained in Article Eight. At such times as all of the Bonds are retired, or provision is made for their payment, money in the Debt Service Fund, if any, may be transferred to the General Operating Fund of the District, provided that any money held by the Paying Agent/Registrar which has been provided for the payment of interest or principal and not so utilized for any reason shall be handled in the manner prescribed in Section 12.02 herein.

## ARTICLE THIRTEEN

### MISCELLANEOUS PROVISIONS

SECTION 13.01: OPEN MEETING. The Board of Directors officially finds, determines and declares that this Order was reviewed, carefully considered, and adopted at a regular meeting of the Board beginning at 7:00 p.m., Central Daylight Savings Time, on August 16, 2021, and that a sufficient written notice of the date, hour, place and subject of this meeting was posted at a place readily accessible and convenient to the public within the District and on bulletin boards located at a place convenient to the public in the Harris County Courthouse for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, V.T.C.A. Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Order and the subject matter hereof has been discussed, considered and acted upon. The Board of Directors further ratifies, approves and confirms such written notice and the contents and posting thereof.

SECTION 13.02: UNCLAIMED MONIES. Notwithstanding any other provision of this Order to the contrary, the Texas Property Code requires that all monies (including principal and interest payments on the Bonds) which are unclaimed after three years be turned over to the Texas Comptroller of Public Accounts if (a) the owner's last known address as shown in the records of the Paying Agent/Registrar is in Texas, or (b) if the holder of such unclaimed monies is a Texas governmental entity or a Texas corporation and (i) the owner's identity is unknown or there is no known address for the owner or (ii) the last known address of the owner is in a state whose escheat or unclaimed property law is inapplicable to such monies. Bondholders are advised to be cognizant of the provisions of the Texas Property Code, particularly Chapters 71, 72, and 74 thereof as such provisions relate to the escheatment of unclaimed monies to the Texas State Treasurer.

SECTION 13.03: PERSONS DEEMED OWNERS. The District, the Paying Agent/Registrar, and any agent of either of them may treat the Person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal (and Redemption Price) of and interest on such Bond and for all other purposes whatsoever, and to the extent permitted by law, neither the District, the Paying Agent/Registrar, nor any agent of either of them shall be affected by notice to the contrary.

SECTION 13.04: NOTICES TO HOLDERS; WAIVER. Wherever this Order provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder of such Bonds, at the address of such Holder as it appears in the Bond Register. In any case where notice to Holders of Bonds is given by mail, neither the failure to mail such notice to any particular Holder of Bonds, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds. Where this Order provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 13.05: DUTIES OF DISTRICT OFFICIALS. The President and the Secretary of the Board of Directors and other appropriate officers and agents of the District are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the provisions of this Order.

SECTION 13.06: PARTIES INTERESTED HEREIN. Nothing in this Order expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the District, the Paying Agent/Registrar, and the Bondholders, any right, remedy or claim under or by reason of this Order or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Order contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, Paying Agent/Registrar, and the Holders.

SECTION 13.07: RELATED MATTERS. To satisfy in a timely manner all of the District's obligations under this Order, the President and Secretary of the Board of Directors of the District and all other appropriate officers and agents of the District are hereby authorized and directed to take all other actions that are reasonably necessary to provide for the issuance of the Bonds including, without limitation, executing and delivering on behalf of the District all certificates, consents, receipts, requests, and other documents as may be reasonably necessary to satisfy the District's obligations under this Order and to direct the transfer and application of funds of the District consistent with the provisions of this Order.

SECTION 13.08: PAYING AGENT/REGISTRAR. The form of agreement setting forth the duties of the Paying Agent/Registrar is hereby approved, and the appropriate officials of the District are hereby authorized to execute such agreement for and on behalf of the District.

SECTION 13.09: OFFICIAL STATEMENT. The Board of Directors of the District hereby ratifies, authorizes, and approves, in connection with the sale of the Bonds, the preparation and distribution of the Preliminary Official Statement, dated July 19, 2021 and a final Official Statement substantially in the same form containing such additional information and amendments as may be necessary to conform to the terms of the Bonds and this Order. The appropriate officials of the District are hereby authorized to sign such Official Statement and/or to deliver certificates pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Bonds.

SECTION 13.10: REMEDIES IN EVENT OF DEFAULT. In addition to any other rights and remedies provided by the laws of the State of Texas, the District covenants and agrees that in the event of default in payment of principal of or 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, as defined in Section 7.01, or defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Order, the Holders 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 Order. Any delay or omission to exercise any right or power accruing upon any default shall not impair any such right or power or 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.

In consideration of the purchase and acceptance of the Bonds authorized to be issued hereunder by the Holders, the provisions of this Order shall constitute a contract between the District and the Holders; and the covenants and agreements herein set forth to be performed on behalf of the District shall be for the equal benefit, protection, and security of each of the Holders. The Bonds, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction of any Bond over any other, except as expressly provided herein.

SECTION 13.11: AMENDMENTS TO BOND ORDER. The District may, without the consent of or notice to any Holders of the Bonds, amend, change, or modify this Order as may be required (a) by the provisions hereof, (b) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (c) in connection with any other change which is not to the prejudice of the Holders of the Bonds. Except for such amendments, changes, or modifications, the District shall not amend, change, or modify this Order in any manner without the consent of the Holders of the Bonds.

SECTION 13.12: NO PERSONAL LIABILITY. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon or in this Order, against any official or employee of the District or any person executing any Bonds.

SECTION 13.13: EFFECTIVE DATE OF ORDER. This Order shall take effect and be in full force and effect upon and after its passage.

PASSED AND APPROVED this 16th day of August, 2021.

/s/ E. C. Thomas  
President, Board of Directors  
Northampton Municipal Utility District

ATTEST:

/s/ Scott Kirkpatrick  
2<sup>nd</sup> Vice President/Secretary  
Board of Directors  
Northampton Municipal Utility District

## CERTIFICATE FOR ORDER

THE STATE OF TEXAS §  
COUNTY OF HARRIS §  
NORTHAMPTON MUNICIPAL UTILITY DISTRICT §

I, the undersigned Secretary of the Board of Directors (the "Board") of Northampton Municipal Utility District (the "District"), hereby certify as follows:

1. The Board convened in special session, open to the public, on the 6th day of February, 2023, at the regular meeting place thereof, and the roll was called of the members of the Board, to-wit:

E.C. Thomas	President
Cheryl Brisbane	First Vice President
Scott Kirkpatrick	Second Vice President/Asst. Secretary
Terese Wahl	Secretary
Roger A. Flood, III	Treasurer/Investment Officer

All members of the Board were present except the following: none, thus constituting a quorum. Whereupon, among other business, the following was transacted at such meeting:

ORDER AUTHORIZING THE ISSUANCE OF \$4,145,000  
NORTHAMPTON MUNICIPAL UTILITY DISTRICT  
DEFINED AREA UNLIMITED TAX BONDS, SERIES 2023

was duly introduced for the consideration of the Board. It was then duly moved and seconded that such Order be adopted; and, after due discussion, such motion, carrying with it the adoption of said Order, prevailed and carried by the following vote:

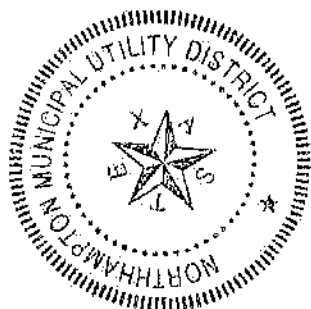
AYES: 5 NOES: 0


2. A true, full, and correct copy of the aforesaid Order adopted at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; such Order has been duly recorded in said Board's minutes of such meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Board's minutes of such meeting pertaining to the adoption of such Order; the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of the Board as indicated therein; each of the officers and members of the Board was duly and sufficiently notified officially and personally,



in advance of the time, place, and purpose of such meeting and that such Order would be introduced and considered for adoption at such meeting and each of such officers and members consented, in advance, to the holding of such meeting for such purpose; such meeting was open to the public, as required by law, and public notice of the time, place and purpose of such meeting was given as required by Chapter 551, Texas Government Code, and Section 49.063, Texas Water Code, as amended.

SIGNED AND SEALED the 6th day of February, 2023.



  
Secretary, Board of Directors

**ORDER AUTHORIZING THE ISSUANCE OF  
\$4,145,000 DEFINED AREA UNLIMITED TAX BONDS, SERIES 2023**

IT IS HEREBY ORDERED BY THE BOARD OF DIRECTORS OF NORTHAMPTON  
MUNICIPAL UTILITY DISTRICT, THAT:

ARTICLE ONE

STATUTORY AUTHORITY, RECITALS AND FINDINGS

SECTION 1.01: AUTHORITY FOR THE DISTRICT. Northampton Municipal Utility District (the "District"), located in Harris County, Texas, is a conservation and reclamation district created pursuant to the provisions of Article XVI, Section 59, of the Texas Constitution by the Texas Legislature, effective June 16, 1967, by Chapter 608, Acts of the 60th Legislature of Texas (H.B. No. 536), as Norchester Municipal Utility District. The District's name was changed to Northampton Municipal Utility District and it was converted into a municipal utility district operating pursuant to Chapters 49 and 54 of the Texas Water Code, by Order of the Texas Water Commission dated June 6, 1979.

SECTION 1.02: CREATION OF DEFINED AREA. Pursuant to the provisions of Subchapter J of the Texas Water Code, as amended, the District is authorized to define areas or designate certain property of the District to pay for improvements, facilities, or services that primarily benefit that area. Pursuant to the authority of S.B. 1038, Acts of the 81<sup>st</sup> Legislature, Regular Session, 2009, on August 20, 2012, the District approved the creation of a defined area encompassing approximately 439.69 acres (the "Defined Area"), and such creation was confirmed at an election held within the Defined Area on November 6, 2012.

SECTION 1.03: FINDINGS. It is hereby found, determined and declared that:

- (a) the matters and facts set out in this Article One are true and correct;
- (b) at elections held on May 1, 1993, January 20, 2001, and February 2, 2002, the District was authorized to issue the bonds of the District in the maximum amount of \$16,700,000 for the purpose or purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending a waterworks system, sanitary sewer system, and drainage and storm sewer system, including, but not limited to, all additions to such systems and all works, improvements, facilities, plants, equipment, appliances, interests in property, and contract rights needed therefor and administrative facilities needed in connection therewith; to provide for the payment of principal of and interest on such bonds by the levy and collection of a sufficient tax upon all taxable property within the District, and for the purpose of refunding such bonds;
- (c) at an election held on May 7, 2005, the District was authorized to issue unlimited tax bonds of the District in the maximum amount of \$1,775,000 to fund parks and recreational facilities and operations for the District (subject to certain limitations imposed by the legislation authorizing such tax-supported bonds);

- (d) at an election held on November 6, 2012, the District was authorized to issue bonds of the District in the maximum aggregate amount of \$38,000,000 for the purpose or purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending a waterworks system, sanitary sewer system, and drainage and storm sewer system, including, but not limited to, all additions to such systems and all works, improvements, facilities, plants, equipment, appliances, interests in property, and contract rights needed therefor and administrative facilities needed in connection therewith, and for the purpose of refunding all or any part of the principal of or interest on the District's bonds now or thereafter outstanding, and to provide for the payment of principal of and interest on such bonds by the levy and collection of a sufficient tax upon all taxable property within the District;
- (e) at an election held on November 6, 2012, the District was authorized (i) to create the Defined Area, encompassing certain land within the District; (ii) to issue Defined Area unlimited tax bonds in the maximum amount of \$41,000,000 for the purpose or purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending a waterworks system, sanitary sewer system, and drainage and storm sewer system, including, but not limited to, all additions to such systems and all works, improvements, facilities, plants, equipment, appliances, interests in property, and contract rights needed therefor and administrative facilities needed in connection therewith, and for the purpose of refunding such bonds; (iii) to issue Defined Area unlimited tax road bonds of the District in the maximum amount of \$17,000,000 for the purpose of paying the cost of construction, acquisition, or improvement of roadways, causeways, bridges, or any combination thereof and/or similar facilities, including all necessary interchanges, approaches, fixtures, accessories, equipment and administration, storage and all other necessary buildings, together with all property rights, easements, and interests acquired in connection therewith, and all other costs related to such facilities and such bonds for the purpose of serving the Defined Area, and for the purpose of refunding such bonds; and (iv) to authorize a maintenance tax on all property within the Defined Area not to exceed sixty-four cents (\$0.64) per \$100 of assessed valuation;
- (f) the elections described in Paragraph (b), (c), (d), and (e) hereof were called and held under and in strict conformity with the Constitution and laws of the State of Texas, and of the United States of America, and the Board of Directors has heretofore officially declared the results of said elections and declared that the District was legally created and authorized to issue the bonds described herein above;
- (g) the District has heretofore issued to construct the various phases of a waterworks, sanitary sewer and drainage system for the District \$1,400,000 Waterworks and Sewer System Combination Tax and Revenue Bonds, Series 1968, dated March 1 1968 (the "Series 1968 Bonds"); \$800,000 Waterworks and Sewer System Combination Tax and Revenue Bonds, Series 1970, dated March 1, 1970 (the "Series 1970 Bonds"); \$800,000 Waterworks and Sewer System Combination Tax

and Revenue Bonds, Series 1972, dated March 1, 1972 (the "Series 1972 Bonds"); \$1,530,000 Waterworks Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1985, dated March 1, 1985 (the "Series 1985 Bonds"); \$970,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1989, dated September 1, 1989 (the "Series 1989 Bonds"); \$2,135,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1991, dated May 1, 1991 (the "Series 1991 Bonds"); \$3,275,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 1993, dated April 1, 1993 (the "Series 1993 Refunding Bonds"); \$1,900,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1993A (the "Series 1993A Bonds"); \$1,890,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 1998, dated May 1, 1998 (the "Series 1998 Refunding Bonds"); \$1,760,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1999, dated February 1, 1999 (the "Series 1999 Bonds"); \$1,505,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 2001, dated March 1, 2001 (the "Series 2001 Bonds"); \$2,990,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 2003, dated November 1, 2003 (the "Series 2003 Bonds"); \$4,000,000 Waterworks and Sewer System Unlimited Tax Bonds, Series 2006, dated July 1, 2006 (the "Series 2006 Bonds"); \$1,775,000 Unlimited Tax Park Bonds, dated October 1, 2006 (the "Series 2006 Park Bonds"); \$4,000,000 Unlimited Tax Bonds, Series 2010, dated April 1, 2010 (the "Series 2010 Bonds"); \$6,965,000 Unlimited Tax Refunding Bonds, dated September 1, 2010 (the "Series 2010 Refunding Bonds"); \$2,175,000 Unlimited Tax Bonds, dated November 1, 2012 (the "Series 2012 Bonds"); \$4,320,000 Unlimited Tax Refunding Bonds, dated December 1, 2014 (the "Series 2014 Refunding Bonds"); \$4,460,000 Unlimited Tax Bonds, dated April 1, 2015 (the "Series 2015 Bonds"); \$4,800,000 Unlimited Tax Refunding Bonds, dated October 1, 2016 (the "Series 2016 Refunding Bonds"); \$10,300,000 Unlimited Tax Bonds, dated December 1, 2016 (the "Series 2016 Bonds"); \$5,800,000 Unlimited Tax Bonds, dated April 1, 2019 (the "Series 2019 Bonds"); \$3,610,000 Unlimited Tax Bonds dated April 1, 2020 (the "Series 2020 Refunding Bonds") and \$6,285,000 Unlimited Tax Bonds dated September 1, 2021 (the "Series 2021 Bonds").

- (h) As of January 1, 2023, \$35,180,000 principal amount of the bonds issued by the District remains outstanding and are hereinafter referred to, collectively, as the "Outstanding Bonds;" the District's remaining authorized but unissued unlimited tax bonds for the purposes of financing improvements to the District's water, sewer, and drainage systems or any other lawful purpose, including for refunding purposes, is \$11,483,180 out of the election held on November 6, 2012;
- (i) the District has previously issued its \$6,490,000 Unlimited Tax Defined Area Bonds, Series 2016 (the "Series 2016 Defined Area Bonds") its \$1,945,000 Unlimited Tax Defined Area Bonds, Series 2019 (the "Series 2019 Defined Area Bonds") and its \$2,550,000 Unlimited Tax Defined Area Bonds, Series 2020 (the "Series 2020 Defined Area Bonds"). Such bonds were issued out of the \$41,000,000 Defined Area unlimited tax bonds that were approved at the election held on November 6, 2012. As of January 1, 2023, \$9,620,000 principal amount

of the bonds issued by the District remains outstanding (hereinafter referred to as the "Outstanding Bonds," collectively and in combination with other Outstanding Bonds described herein); the District's remaining authorized but unissued unlimited tax defined area bonds for the purposes authorized by the November 6, 2012 election is \$30,015,000.

- (j) the District previously issued its \$2,700,000 Defined Area Unlimited Tax Road Bonds, Series 2016 (the "Series 2016 Defined Area Road Bonds"); and its \$3,020,000 Defined Area Unlimited Tax Road Bonds, Series 2018 (the "Series 2018 Defined Area Road Bonds"). Such bonds were issued out of the \$17,000,000 Defined Area Unlimited Tax Road Bonds that were approved at the election held on November 6, 2012. As of January 1, 2023, \$5,015,000 principal amount of the bonds issued by the District remains outstanding (hereinafter referred to as the "Outstanding Bonds" collectively and in combination with other Outstanding Bonds described herein); the District's remaining authorized but unissued unlimited tax defined area road bonds for the purposes authorized by the November 6, 2012 election is \$11,280,000.
- (k) the District desires to issue \$4,145,000 principal amount of Defined Area unlimited tax bonds (the "Bonds") for the purpose of acquiring and constructing a waterworks, wastewater and storm drainage system to serve the Defined Area within the District along with costs for contingencies and engineering fees associated with these projects; in addition, proceeds of the Bonds will be used to pay certain administrative and issuance costs of the Bonds;
- (l) The District intends to rely upon the bond election of November 6, 2012, approving \$41,000,000 in Defined Area unlimited tax bonds, for the issuance of \$4,145,000 in Defined Area unlimited tax bonds. As a result of the issuance of the Bonds, the District will have remaining \$25,870,000 of Defined Area unlimited tax bonds and \$11,280,000 Defined Area unlimited tax road bonds out of the election held on November 6, 2012;
- (m) the District has been authorized to levy taxes, and the taxes to be collected, will be sufficient to make the principal and interest payments on the Outstanding Bonds and the Bonds authorized by this Order; and
- (n) the Board of Directors reserves the right to issue the remaining \$11,483,180 of unlimited tax bonds that were voted on at the election held on November 6, 2012, which may also be used for refunding purposes, and the remaining \$25,870,000 of Defined Area unlimited tax bonds and \$11,280,000 Defined Area unlimited tax road bonds which were voted on at the election held on November 6, 2012, all of which also may be used for refunding purposes, in one or more series at a future date or dates when, in the Board's judgment, such amounts are required for the authorized purposes.

## ARTICLE TWO

### DEFINITIONS AND INTERPRETATIONS

SECTION 2.01: ADOPTION OF DEFINITIONS. The definitions of the terms and phrases contained in the prior Bond Orders (as such terms are defined herein) shall apply with equal force herein and are hereby adopted as part of this Order; provided, however, where such definitions are inconsistent or in conflict with the terms and provisions of this Order, then the definitions contained in this Order shall govern.

SECTION 2.02: DEFINITIONS. When used in this Order, except in Article Five, and in any order amendatory or supplemental hereto, the terms listed below shall have the meanings specified below, unless it is otherwise expressly provided or unless the context otherwise requires:

"Additional Bonds" shall mean the additional bonds which the District expressly reserves the right to issue in Section 9.01 of this Order.

"Authorized Investments" shall mean all direct or indirect obligations of the United States or one of its agencies, the State of Texas, or any county, city, school district, or other political subdivision of the State and certificates of deposit of state or national banks or savings and loan associations within the State provided that they are secured in the manner provided for the security of the funds of counties of the State of Texas.

"Board of Directors" or "Board" shall mean the governing body of the District.

"Bondholder" or "Bondholders" shall mean the holder or holders of a Bond or Bonds, as the context requires.

"Bond Order" or "Order" shall mean this Order and all amendments hereof and supplements hereto.

"Bond Register" shall mean the books of registration kept by the Paying Agent/Registrar in which are maintained the papers and addresses of and the principal amount of the Bonds Registered to each Holder.

"Bond" or "Bonds" shall mean any obligation of the District authorized and issued pursuant to this Order, whether initially delivered or issued in exchange for, upon transfer of, or in lieu of any Bond previously issued.

"Business Day" shall mean any day which is not a Saturday, Sunday, legal holiday, or a day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed.

"Defined Area" means approximately 439.69 acres within the District that has been designated to pay for improvements, facilities and services that primarily benefit that area as established by Order Creating Defined Area adopted by the District on August 20, 2012, and confirmed at an election within the Defined Area on November 6, 2012.

"Defined Area Debt Service Fund" shall mean the Defined Area Debt Service Fund which is established in Section 7.01 of this Order.

"Definitive Bond" or "Definitive Bonds" shall mean the Initial Bond, as defined herein, as may be transferred and converted into or exchanged for fully registered Bonds in the denomination of \$5,000 or any integral multiple of \$5,000.

"Depository" shall mean the bank or banks which the District may select from time to time as its depository or depositories.

"District" shall mean Northampton Municipal Utility District located in Harris County, Texas, and any other public agency succeeding to the powers, rights, privileges and functions of the District and, when appropriate, the Board of Directors of the District.

"DTC" shall mean the Depository Trust Company of New York, New York.

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

"EMMA" shall mean the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

"Financial Guaranty Insurance Policy" or "Policy" shall mean the municipal bond insurance policy issued by Build America Mutual Assurance Company ("BAM") insuring the payment when due of the principal of and interest on the Bonds as provided therein.

"Fiscal Year" shall mean the accounting period for the District, which is currently the period ending December 31, 2023 and thereafter shall be the twelve-month period beginning on January 1 of each year and ending on December 31 of the same year, but which may be changed from time to time by the Board of Directors.

"Governmental Obligations" shall mean direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

"Holder" or "Holders" when used with respect to any Bond means the Person in whose name such Bond is registered in the Bond Register.

"Initial Bond" shall mean the Bond authorized to be issued hereunder which has the registration certificate, executed on behalf of the Comptroller of Public Accounts of the State of Texas endorsed thereon, as contemplated by Section 5.06 hereof.

"Initial Date" shall mean March 1, 2023.

"Insurer" shall mean Build America Mutual Assurance Company as the provider of a municipal bond insurance policy for the Bonds.

"Interest Payment Date" shall mean the Stated Maturity of an installment of interest on any Bonds.

"Maturity" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and herein provided, whether at the Stated Maturity or call for redemption.

"MSRB" means the Municipal Securities Rulemaking Board.

"Outstanding" when used with respect to the Bonds means, as of the date of determination, all Bonds theretofore issued and delivered under this Order, except, without duplication:

- (1) Canceled Bonds: Bonds theretofore cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;
- (2) Gross Cash Defeasance: Bonds for whose payment or redemption money in the necessary amount has been theretofore deposited with the Paying Agent/Registrar in trust for the Holder of such Bonds, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Order, irrevocably provided for to the satisfaction of the Paying Agent/Registrar, or waived;
- (3) Replaced Bonds: Bonds in exchange for or in lieu of which other Bonds have been registered and delivered pursuant to this Order;
- (4) Paid Missing Bonds: Bonds alleged to have been mutilated, destroyed, lost, or stolen which have been paid; and
- (5) Net Cash Defeasance: Bonds for the payment of principal (or Redemption Price) of and interest on which money or Governmental Obligations or both are held by the Person and with the effect specified in Article Eight;

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent, or waiver hereunder, Bonds owned by the District or any other obligor upon the Bonds shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Paying Agent/Registrar shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Bonds which the Paying Agent/Registrar knows to be owned should be so disregarded.

"Outstanding Bonds" shall mean the portions of the previously issued bonds that are currently outstanding; specifically the term refers to none of the Series 1968 through Series 2003 Bonds, inclusive; \$2,825,000 of the Series 2014 Refunding Bonds; \$3,705,000 of the Series 2015 Bonds; \$4,475,000 of the Series 2016 Refunding Bonds; \$8,765,000 of the Series 2016 Bonds; \$5,395,000 of the Series 2016 Defined Area Bonds; \$2,305,000 of the Series 2016 Defined Area Road Bonds; \$2,710,000 of the Series 2018 Defined Area Road Bonds; \$5,800,000 of the Series 2019 Bonds; \$1,785,000 of the Series 2019 Defined Area Bonds; \$3,325,000 of the Series 2020



Refunding Bonds; \$2,440,000 of the Series 2020 Defined Area Bonds; and \$6,285,000 of Series 2021 Bonds.

"Paying Agent/Registrar" means the Person named as "Paying Agent/Registrar" herein until a successor Paying Agent/Registrar shall have become such pursuant to the applicable provisions of this Order, and thereafter "Paying Agent/Registrar" shall mean such successor Paying Agent/Registrar.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Predecessor Bonds" of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond.

"Record Date" for the interest payable on any Interest Payment Date means the 15th day of the calendar month next preceding each Interest Payment Date.

"Redemption Date," when used with respect to any Bond to be redeemed, means the date fixed for such redemption pursuant to the terms of this Order.

"Redemption Price" when used with respect to any Bond to be redeemed means the price at which it is to be redeemed pursuant to the terms of this Order, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

"Rule" shall mean SEC Rule 15c2-12, as amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"Serial Bonds" shall mean the \$1,280,000 of the Bonds that mature on September 1 in the years 2023 through 2036, inclusive, as set forth in Section 3.02 hereof.

"Stated Maturity" when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

"System" shall mean the District's waterworks, sanitary sewer, drainage and storm sewer systems presently existing or to be constructed, all additions thereto, and all works, improvements, facilities, plants, equipment, and appliances connected therewith.

"Term Bonds" shall mean the \$2,865,000 of the Bonds comprised of the \$215,000 of the Bonds that mature on September 1, 2030, \$480,000 of the Bonds that mature on September 1, 2039, \$360,000 of the bonds that mature on September 1, 2041, \$390,000 of the Bonds that mature on September 1, 2043, \$430,000 of the Bonds that mature on September 1, 2045, \$470,000 of the Bonds that mature on September 1, 2047, and \$520,000 of the Bonds that mature on September 1, 2049 that are being issued as term bonds subject to mandatory sinking fund redemption as set forth in Sections 3.02 and 4.02 hereof.

"Underwriter" has the meaning stated in Section 10.01.

SECTION 2.03: INTERPRETATIONS. The titles and headings of the articles and sections of this 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 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 taxes levied in payment thereof.

### ARTICLE THREE

#### AUTHORIZATION, DESCRIPTION AND EXECUTION OF BONDS

SECTION 3.01: AMOUNT, NAME, PURPOSE AND AUTHORIZATION. The Bonds of the District, to be known and designated as Northampton Municipal Utility District Defined Area Unlimited Tax Bonds, Series 2023, shall be issued in the aggregate principal amount of Four Million One Hundred Forty-Five Thousand and No/100 Dollars (\$4,145,000.00) for the purpose of acquiring and constructing a waterworks, wastewater and storm drainage system to serve the Defined Area within the District along with costs for contingencies and engineering fees associated with these projects; in addition, proceeds of the Bonds will be used to pay certain administrative and issuance costs of the Bonds, in the form specified herein and bearing the terms herein provided, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Section 59 of Article XVI of the Constitution of Texas, Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 1204.001 *et. seq.*, Texas Government Code.

SECTION 3.02: DATE, DENOMINATION, INTEREST RATE, AND MATURITIES. The Bonds shall be issued in book-entry only form subject to the provisions of Section 3.07 hereof. The Bonds shall be dated the Initial Date, shall mature in the respective principal amounts on September 1 of the respective years and bear interest from the Initial Date until maturity or redemption at the respective rates per annum set forth below, in the case of the Serial Bonds, and on September 1 of the respective years and bear interest from the Initial Date until maturity or redemption at the respective rates per annum set forth below, subject to mandatory sinking fund redemption, in the case of the Term Bonds:

\$1,280,000

Serial Bonds

<u>Principal Amount</u>	<u>Maturity (September 1)</u>	<u>Interest Rate</u>
\$40,000	2023	5.500%
85,000	2024	5.500
90,000	2025	5.500
90,000	2026	5.250
95,000	2027	5.500
100,000	2028	5.500
115,000	2031	3.000
120,000	2032	3.000
125,000	2033	3.125
135,000	2034	3.250

140,000	2035	3.375
145,000	2036	3.500

\$2,865,000

Term Bonds

<u>Principal Amount</u>	<u>Maturity (September 1)</u>	<u>Interest Rate</u>
\$ 215,000	2030	5.500%
480,000	2039	3.750
360,000	2041	3.750
390,000	2043	4.000
430,000	2045	4.000
470,000	2047	4.000
520,000	2049	4.000

**SECTION 3.03: INTEREST PAYMENT DATES.** The interest on the Bonds shall be payable from the later of the Initial Date or the most recent Interest Payment Date to which interest has been paid or duly provided for on September 1, 2023, and semiannually thereafter on March 1 and September 1 of each year until the maturity or redemption date of the Bonds. The amount of interest on the Bonds payable on each Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months.

**SECTION 3.04: MEDIUM AND PLACE OF PAYMENT.** The Bonds shall be payable without exchange or collection charges, in any coin or currency of the United States of America which on the respective dates of payment is legal tender for the payment of debts due the United States of America, upon presentation and surrender of the certificate representing the Bonds as they become due, or at their earliest redemption date, at the principal trust office of the Paying Agent/Registrar.

**SECTION 3.05: EXECUTION OF BONDS.** The Bonds shall be signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Board of Directors by the manual or facsimile signatures, and the official seal of the District shall be impressed or placed in facsimile thereon. The facsimile signatures on the Bonds shall have the same effect as if the Bonds had been signed manually and in person, and the facsimile seal on the Bonds shall have the same effect as if the official seal of the District had been manually impressed upon each of the Bonds. Bonds bearing the manual or facsimile signatures of individuals who were at the time the proper officers of the District shall bind the District, notwithstanding that such individuals or either of them shall cease to hold such offices prior to the certification or registration and delivery of such Bonds or shall not have held such offices at the date of such Bonds, all as provided in the Public Security Procedures Act, Section 1201.001 *et. seq.*, Texas Government Code. Any Bond may be signed on behalf of the District by the actual or facsimile signature of such person as, at the actual time of execution of such Bond, shall be the proper officer of the District, although at the time of the Initial Date of the Bonds or the adoption of this Order, any such person was not said officer. Minor typographical and other minor errors in the text of any Bond or minor defects in the seal or facsimile signature on any Bond shall not affect the validity or enforceability of such Bond if it has been duly authenticated by the Paying Agent/Registrar.

**SECTION 3.06: PAYING AGENT/REGISTRAR.** The District shall at all times maintain a Paying Agent/Registrar meeting the qualifications herein described, for the performance of the duties hereunder. Regions Bank, Houston, Texas, is hereby appointed Paying Agent/Registrar for such purposes. The District reserves the right to appoint a successor Paying Agent/Registrar by (a) filing with the Person then performing such function a certified copy of a resolution or ordinance giving notice of the termination of the Agreement and appointing a successor, and (b) causing notice to be given to each Bondholder and the Municipal Advisory Council of Texas. Every Paying Agent/Registrar appointed hereunder shall at all times be a corporation organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by Federal or State authority. The form of agreement submitted by the Person named above as Paying Agent/Registrar is hereby approved, and an appropriate official of the District is hereby authorized to execute such agreement for and on behalf of the District.

**SECTION 3.07: BOOK-ENTRY-ONLY SYSTEM.** Initially one Bond (the "Initial Bond"), representing the entire principal amount of the Bonds, including the Term Bonds, shall be issued in the name of Cede & Co., or its designee, executed and submitted to the Attorney General of Texas for approval, and thereupon certified by the Comptroller of Public Accounts of the State of Texas by manual signature of an appropriate official in such office. The Initial Bond shall be delivered against payment to the Underwriter. The Underwriter shall be required to promptly surrender the Initial Bond to the Paying Agent/Registrar for exchange. Definitive Bonds issued in exchange shall be registered in the name of Cede & Co., as nominee of DTC, as registered owner of the Bonds, and held in the custody of DTC. Unless otherwise requested by DTC, a single Bond 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.

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 to hold securities to facilitate the clearance and settlement of securities' transactions among DTC Participants or to any Person on whose behalf a DTC Participant holds an interest in the Bonds. 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 Holder of the Bonds, as shown on the Bond Register, of any notice with respect to the Bonds, and (iii) the payment to any DTC Participant or any other Person, other than a registered Holder of the Bonds, as shown in the Bond Register, of any amount with respect to principal of 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 Bond Register as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the registered Holders, as shown in the Bond 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 payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered Holder, as shown in the Bond Register, shall receive a Bond certificate evidencing the obligation of the District to make payments of principal and interest 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 in this Order with respect to interest checks being mailed to the registered Holder at the close of business on the Record Date, the words "*Cede & Co.*" in this Order shall refer to such new nominee of DTC.

In the event that the District determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the District shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered Holders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Order.

Notwithstanding any other provision of this Order to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the District to DTC.

## ARTICLE FOUR

### REDEMPTION OF BONDS BEFORE MATURITY

SECTION 4.01: OPTIONAL REDEMPTION OF BONDS. The District reserves the right, at its option, to redeem the Bonds, including the Term Bonds maturing September 1, 2030, or thereafter, prior to their scheduled maturities, in whole or in part, on March 1, 2029, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the registered owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are optionally redeemed at any time, the particular Bonds to be optionally redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity and if less than all of the bonds within a maturity are to be redeemed, the Paying Agent/Registrar shall designate by method of random selection the bonds within such maturity to be redeemed (or by DTC while the bonds are in Book-Entry-Only form). The registered owner of any Bond, all or a portion of which has been called for redemption, shall be

required to present same to the Paying Agent/Registrar for payment of the redemption price of the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

**SECTION 4.02: MANDATORY REDEMPTION OF TERM BONDS.** The Bonds maturing on September 1 in the years 2030, 2039, 2041, 2043, 2045, 2047, and 2049 (the "Term Bonds") are subject to mandatory sinking fund redemption and shall be redeemed by the District prior to their scheduled maturities on September 1 in the years and in the amounts set forth below at a redemption price equal to the principal amount redeemed plus accrued interest to the Mandatory Redemption Date, subject to proportionate reduction by the amount of any prior optional redemption:

\$215,000 Term Bond Maturing on September 1, 2030

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
September 1, 2029	\$ 105,000
September 1, 2030	110,000

\$480,000 Term Bond Maturing on September 1, 2039

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
September 1, 2037	\$ 155,000
September 1, 2038	160,000
September 1, 2039	165,000

\$360,000 Term Bond Maturing on September 1, 2041

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
September 1, 2040	\$ 175,000
September 1, 2041	185,000

\$390,000 Term Bond Maturing on September 1, 2043

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
September 1, 2042	\$ 190,000
September 1, 2043	200,000

\$430,000 Term Bond Maturing on September 1, 2045

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
September 1, 2044	\$ 210,000
September 1, 2045	220,000

\$470,000 Term Bond Maturing on September 1, 2047

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
September 1, 2046	\$ 230,000
September 1, 2047	240,000

\$520,000 Term Bond Maturing on September 1, 2049

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
September 1, 2048	\$ 255,000
September 1, 2049	265,000

The particular Term Bonds to be mandatorily redeemed shall be selected by lot or other customary random selection method. The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption requirements shall be reduced, at the option of and as determined by the District, by the principal amount of any Term Bonds of such maturity which, prior to the date of the mailing of notice of such mandatory redemption, (a) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation, (b) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District, or (c) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Notice of any redemption will be given by the Registrar at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register.

SECTION 4.03: NOTICE TO PAYING AGENT/REGISTRAR OF 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) 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.

SECTION 4.04: NOTICE TO HOLDERS OF REDEMPTION. Notice of redemption shall be mailed by the Paying Agent/Registrar in the name of and at the expense of the District, not less than thirty (30) days prior to the Redemption Date, to each Holder of Bonds to be redeemed and to DTC. All notices of redemptions shall include a statement as to (a) the Redemption Date, (b) the Redemption Price, (c) the principal amount of the Bonds to be redeemed and, if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, (d) 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 (e) that such Bonds are to be surrendered for payment of the Redemption Price at the principal office of the Paying Agent/Registrar, and the address of such office.

SECTION 4.05: MANNER OF REDEMPTION. If less than all of the Outstanding Bonds of the same Stated Maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the District from the Outstanding Bonds which have not previously been called for redemption, by such method as the District shall deem customary and equitable and which may provide for the selection or redemption of portions (equal to \$5,000 or a multiple thereof) of the principal amount of Bonds of a denomination larger than \$5,000. The District shall promptly notify the Paying Agent/Registrar in writing of the Bonds selected for redemption and, in the

case of any Bond selected for partial redemption, the principal amount thereof to be redeemed. 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 4.06: PAYMENT FOR REDEEMED BONDS. Notice of redemption having been given as aforesaid, the Bonds so 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. Installments of interest with a Stated Maturity on or prior to the Redemption Date shall be payable to the Holders of such Bonds registered as such on the relevant Record Dates according to their terms. 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 Bond.

## ARTICLE FIVE

### FORM OF BONDS AND CERTIFICATES

SECTION 5.01: FORMS GENERALLY. The Bonds, the Registration Certificates of the Comptroller of Public Accounts of the State of Texas, the Certificates of Registration, and the forms of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Article with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Order, and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association ["CUSIP"]) and such legends and endorsements (including any reproduction of any opinion of counsel) thereon as may, consistently herewith, be established by the District or determined by the officers executing such Bonds as evidenced by their execution thereof. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond. The Definitive Bonds shall be printed, lithographed, or engraved, produced by any combination of these methods, or produced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof, but the Initial Bond submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

SECTION 5.02: FORM OF BONDS. The Bonds authorized by this Order shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and consistent with the terms of this Order:



UNITED STATES OF AMERICA  
STATE OF TEXAS  
COUNTY OF HARRIS

REGISTERED  
NUMBER

REGISTERED  
AMOUNT  
\$ \_\_\_\_\_

NORTHAMPTON MUNICIPAL UTILITY DISTRICT  
DEFINED AREA UNLIMITED TAX BOND  
SERIES 2023

Interest Rate:                      Stated Maturity:                      Initial Date:                      CUSIP:  
March 1, 2023

NORTHAMPTON MUNICIPAL UTILITY DISTRICT, a conservation and reclamation district, a body politic and corporate and a governmental agency created under the Constitution and laws of the State of Texas, situated in Harris County, Texas (herein, the "District"), FOR VALUE RECEIVED hereby acknowledges itself indebted to and PROMISES TO PAY TO

(the "Holder"), or registered assigns, on the Stated Maturity specified above, the sum of

DOLLARS

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest thereon from the later of the Initial Date or the most recent Interest Payment Date to which interest has been paid or duly provided for on September 1, 2023, and thereafter semiannually on March 1 and September 1 in each year, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months. The principal of this Bond is payable at the agency of the District, which shall be the principal office of the Paying Agent/Registrar executing the registration certificate appearing hereon, upon presentation and surrender of this Bond. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Bond (or one or more Predecessor Bonds, as defined in the Order hereinafter defined), is registered at the close of business on the Record Date for such interest, which shall be the fifteenth (15th) day of the month next preceding such Interest Payment Date. All such payments may be made by the Paying Agent/Registrar by check dated as of the Interest Payment Date and mailed to the registered Holder.

THE DATE OF THE INITIAL BOND OF THIS ISSUE, in conformity with the Order authorizing the issuance of the series of Bonds of which this Bond is a part (herein the "Order"), is March 1, 2023.

THIS BOND IS ONE OF AN AUTHORIZED ISSUE OF BONDS, designated Northampton Municipal Utility District Defined Area Unlimited Tax Bonds, Series 2023 (hereinafter sometimes called the "Bonds") aggregating Four Million One Hundred Forty-Five Thousand and No/100 Dollars (\$4,145,000.00). The Bonds are issued for the purpose of acquiring and constructing a waterworks, wastewater and storm drainage system to serve the Defined Area within the District along with costs for contingencies and engineering fees associated with these projects; in addition, proceeds of the Bonds will be used to pay certain administrative and issuance costs of the Bonds, all under and in strict conformity with the Constitution and laws of the State of Texas, particularly Section 59 of Article XVI of the Constitution of Texas, Chapters 49 and 54, Texas Water Code, as amended, and the general laws of the State of Texas.

THE TERM BONDS will be subject to mandatory sinking fund redemption and shall be redeemed by the District prior to their scheduled maturities on September 1 in the years and in the amounts set forth below at a redemption price equal to the principal amount redeemed plus accrued interest to the Mandatory Redemption Date, subject to proportionate reduction by the amount of any prior optional redemption:

\$215,000 Term Bond Maturing on September 1, 2030

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
September 1, 2029	\$ 105,000
September 1, 2030	110,000

\$480,000 Term Bond Maturing on September 1, 2039

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
September 1, 2037	\$ 155,000
September 1, 2038	160,000
September 1, 2039	165,000

\$360,000 Term Bond Maturing on September 1, 2041

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
September 1, 2040	\$ 175,000
September 1, 2041	185,000

\$390,000 Term Bond Maturing on September 1, 2043

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
September 1, 2042	\$ 190,000
September 1, 2043	200,000

\$430,000 Term Bond Maturing on September 1, 2045

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
September 1, 2044	\$ 210,000
September 1, 2045	220,000

\$470,000 Term Bond Maturing on September 1, 2047

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
September 1, 2046	\$ 230,000
September 1, 2047	240,000

\$520,000 Term Bond Maturing on September 1, 2049

<u>Mandatory Redemption</u>	<u>Principal Amount</u>
September 1, 2048	\$ 255,000
September 1, 2049	265,000

The Term Bonds shall be redeemed at a price equal to the principal amount of the Bonds or portions thereof so called for redemption, plus accrued interest to the date of redemption. Reference is made to the Order for complete details concerning the manner of mandatorily redeeming the Term Bonds.

THE DISTRICT RESERVES THE RIGHT TO REDEEM the Bonds of this issue, including the Term Bonds which mature on or after September 1, 2030, prior to their scheduled maturities, in whole or in part, on March 1, 2029, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption.

AS PROVIDED IN THE BOND ORDER and subject to certain limitations therein set forth, this Bond is issued in book-entry-only form and initially registered and delivered to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the book-entry-only system described in the Order. In the event the book-entry-only system is discontinued and physical bond certificates issued, interest on the Bonds shall be payable by check on or before the interest payment date, mailed by the Paying Agent/Registrar to the Registered Owners as shown on the Bond Register kept by the Paying Agent/Registrar at the close of business on the 15<sup>th</sup> calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangement as may be agreed upon by the Paying Agent/Registrar and a Registered owner at the risk of and expense of the Registered Owner.

THIS BOND, AND THE OTHER BONDS OF THE SERIES OF WHICH IT IS A PART, are payable from the proceeds of a continuing, direct annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the Defined Area of the District. Reference is made to the Order for a more complete description of the funds charged with and pledged to the payment of this Bond and the series of which it is a part. By acceptance of this Bond, the Holder hereof expressly assents to all of the provisions of the Order.

THE DISTRICT HAS RESERVED THE RIGHT TO ISSUE ADDITIONAL BONDS, as defined in the Order, which Additional Bonds may be payable solely from taxes or may be payable from a combination of taxes and revenues, if authorized at subsequent elections. The District has also reserved the right to issue Revenue Bonds secured solely by revenues of the System and Special Project Bonds which will be payable from and secured by the proceeds of a contract or contracts with persons, corporations, municipal corporations, political subdivisions,

or other entities. Reference is made to the Order for a complete description of the right to issue Additional Bonds, Revenue Bonds and Special Project Bonds.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond and the series of Bonds of which it is a part is duly authorized by law; that all acts, conditions, and things required to exist and to be done precedent to and in the issuance of this Bond and said series of Bonds to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; that due provision has been made for the payment of the interest on and the principal of this Bond and the series of Bonds of which it is a part by levy of a continuing, direct annual ad valorem tax upon all taxable property within the District sufficient for said purposes; and that the issuance of this series of Bonds does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, Northampton Municipal Utility District has caused this Bond to be executed by the manual or facsimile signatures of the President or Vice President and Secretary or Assistant Secretary of its Board of Directors and its official seal to be impressed or placed in facsimile hereon.

NORTHAMPTON MUNICIPAL UTILITY DISTRICT

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

ATTEST:

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

(SEAL)

SECTION 5.03: FORM OF REGISTRATION CERTIFICATE OF COMPTROLLER OF PUBLIC ACCOUNTS. The Initial Bond shall be registered by the Comptroller of Public Accounts of the State of Texas as provided by law. The registration certificate of said Comptroller of Public Accounts shall be printed on the back of said Initial Bond in substantially the following form:

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

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Bond, and further that this Bond has been registered this day by me.

WITNESS my signature and seal of office this \_\_\_\_\_ day of \_\_\_\_\_  
2023.

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

(COMPTROLLER'S SEAL)

SECTION 5.04: FORM OF AUTHENTICATION CERTIFICATE OF PAYING AGENT/REGISTRAR. On the front of all Bonds other than the Initial Bond, the Authentication Certificate of the Paying Agent/Registrar shall be printed in substantially the following form:

#### AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been delivered pursuant to the Bond Order described in the text of this Bond, in exchange for or in replacement of a bond, bonds, or a portion of a bond approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Regions Bank  
Houston, Texas

Date of Authentication:

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signature

SECTION 5.05: FORM OF ASSIGNMENT. On the back of all Bonds other than the Initial Bond, the Form of Assignment shall be printed in substantially the following form:

#### ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address and zip code of Transferee): \_\_\_\_\_

\_\_\_\_\_ (Social Security or other identifying number of Transferee: \_\_\_\_\_) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ as attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

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

\_\_\_\_\_  
Registered Owner(s)

NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered Holder(s) as shown on the face of this Bond in every particular, without enlargement or change whatsoever.

Signature Guaranteed

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

The following abbreviations, when used in the inscription on the face of the within Bond or above Assignment, shall be construed as though they were written out in full according to applicable laws or regulations:

UNIF GIFT MIN ACT

TEN COM -- as tenants  
in common

\_\_\_\_ Custodian \_\_\_\_  
(Cust.) (Minor)

TEN ENT -- as tenants by  
the entireties

under Uniform Gifts to Minors Act

\_\_\_\_\_  
State

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

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

**SECTION 5.06: FORM OF INITIAL BOND.** One Initial Bond for the Bonds shall be in the form set forth in Section 5.02 of this Article, except that:

- (a) immediately under the name of the bond the headings "Interest Rate" and "Stated Maturity" and "CUSIP" shall all be eliminated.
- (b) in the first paragraph:
  - (i) the words "on the Stated Maturity specified above" shall be deleted and the following will be inserted: "on the first day of September in each of the years indicated below and bearing interest at the per annum rates in accordance with the following schedules:" [Information from the schedules for the Serial Bonds and Term Bonds in Section 3.02 to be inserted.] The word "aggregating" shall be inserted before the description of the total amount of the Bonds.
  - (ii) the words "executing the registration certificate appearing hereon" shall be deleted and an additional sentence shall be added to the paragraph as

follows: "The initial Paying Agent/Registrar is Regions Bank, Houston, Texas."

- (iii) the words "(or one or more Predecessor Bonds, as defined in the Order hereinafter defined)" shall be deleted.
- (c) the Initial Bond for the Bonds shall be numbered T-1 and registered in the name of Cede & Co.

SECTION 5.07: CUSIP REGISTRATION. The President of the Board of Directors or the Paying Agent/Registrar may secure the printing of identification numbers on the front of the Bonds through the CUSIP Service Bureau Division of Standard & Poor's Corporation, New York, New York.

SECTION 5.08: STATEMENT OF INSURANCE POLICY. The following language shall be reprinted on the back of the Bonds under the heading "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 Regions Bank, Houston, Texas, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Order or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, Paying Agent, Registrar or similar agent for the benefit of such owners under the Order, at law or in equity.

SECTION 5.09: LEGAL OPINION. The approving opinion of Bacon, Wallace & Philbin, L.L.P., Houston, Texas, bond counsel, may be printed on the back of the Bonds over the certification of the Secretary of the Board of Directors which may be executed in facsimile.

## ARTICLE SIX

### SECURITY OF THE BONDS

SECTION 6.01: SECURITY OF BONDS. The Bonds are secured by and payable from the levy of a continuing, direct annual ad valorem tax, without limit as to rate or amount, upon all taxable property within the Defined Area of the District; provided, however, that the District reserves the right to levy a separate debt service tax upon all property within the Defined Area of

the district to be pledged to the repayment of Defined Area unlimited tax road bonds which are authorized to be issued by the District. Such taxes so levied shall be segregated and deposited, respectively, into the Defined Area Debt Service Fund and the Defined Area Road Debt Service Fund as established in Section 7.01 herein.

SECTION 6.02: LEVY OF TAX. Subject to the provisions set forth in Section 6.01 and 7.01 herein, to pay the interest on the Bonds, and to create a sinking fund for the payment of the principal thereof when due, and to pay the expenses of assessing and collecting such taxes, there is hereby levied, and shall be assessed and collected in due time, a continuing, direct annual ad valorem tax, without limit as to rate or amount, on all taxable property within the Defined Area of the District for each year while any of the Bonds are outstanding. All of the proceeds of such collections, except expenses incurred in that connection, shall be paid into the Debt Service Fund, and the aforementioned tax and such payments into such fund shall continue until the Bonds and the interest thereon have been fully paid and discharged, and such proceeds shall be used for such purposes and no other. While said Bonds, or any of them, are outstanding and unpaid, an ad valorem tax each year at a rate from year to year as will be ample and sufficient to provide funds to pay the interest on said Bonds and to provide the necessary sinking fund to pay the principal when due, full allowance being made for delinquencies and costs of collection, shall be levied, assessed and collected and applied to the payment of principal and interest on the Bonds. In determining the amount of taxes which should be levied each year, the Board may consider whether proceeds from the sale of Bonds have been placed in escrow to pay interest during construction.

SECTION 6.03: MUNICIPAL ANNEXATION. The District is located within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"). The City has the right to annex and dissolve the District. At such time, the obligations of the District payable in whole or in part from ad valorem taxes shall become obligations of the City, and the governing body of the City is thereafter required to levy and cause to be collected taxes on all taxable property within the City sufficient to pay the principal of and interest on the obligations of the District so assumed by the City.

SECTION 6.04: CONSOLIDATION OF DISTRICT. The laws of the State of Texas permit the District to be consolidated with one or more conservation and reclamation districts. In the event the District is consolidated with another district or districts, the District reserves the right to:

- (a) Consolidate the System with a similar system of one or more districts with which the District is consolidating and operate and maintain the systems as one consolidated system (the "Consolidated System");
- (b) Apply the net revenues from the operation of the Consolidated System to the payment of principal, interest, redemption price and bank charges on the Bonds and any other combination tax and revenue bonds or bonds or other obligations secured solely or primarily by such net revenues (the "Revenue Bonds") of the District and of the district or districts with which the District is consolidating (herein collectively, the "Consolidating



Districts") without preference to any series of bonds (except subordinate lien revenue bonds which shall be subordinate to the Revenue Bonds of the Consolidating Districts); or

- (c) Pledge the net revenues of the Consolidated System to the payment of principal, interest, redemption price and bank charges on any Revenue Bonds which may be issued by the Consolidating Districts on a parity with the outstanding Revenue Bonds of the Consolidating Districts.

## ARTICLE SEVEN

### FLOW OF FUNDS AND INVESTMENTS

SECTION 7.01: CREATION OF FUNDS. The District has heretofore established the Defined Area Tax Fund into which Defined Area maintenance taxes levied and collected by the District have been deposited. The District hereby establishes the Defined Area Debt Service Fund. The Defined Area Debt Service Fund shall be kept separate and apart from all other funds of the District. The Defined Area Debt Service Fund shall constitute a trust fund which shall be held in trust for the benefit of the Holders of Defined Area Bonds and the Holders of Additional Defined Area Bonds, if any, to the extent allowed by law.

SECTION 7.02: SECURITY OF FUNDS. Any cash balance in any fund shall be invested subject to the Public Funds Investment Act, V.T.C.A. Government Code, Chapter 2256, as amended.

SECTION 7.03: GENERAL OPERATING FUND. The District shall deposit, as collected, the revenues (except earnings and profits derived from the investment of the funds as provided in Section 7.09 hereof) from the operation of the System into the General Operating Fund. Preferentially, all moneys deposited in the General Operating Fund shall be used for the purpose of paying the maintenance and operation expenses of the System.

SECTION 7.04: DEFINED AREA DEBT SERVICE FUND. The District shall deposit or cause to be deposited into the Defined Area Debt Service Fund the aggregate of the following at the time specified:

- (a) a portion of the funds from the Defined Area Tax Fund shall be allocated and transferred to the Defined Area Debt Service Fund and the Defined Area Road Debt Service Fund, respectively;
- (b) as soon as practicable after the Bonds are sold, accrued interest on the Bonds from the Initial Date to the date the Bonds are delivered to the Underwriter; and
- (c) ad valorem tax revenues from the Defined Area of the District, less costs of collection, shall be deposited to the Defined Area Debt Service Fund monthly as they are collected.

Not later than five (5) days prior to any principal and/or interest payment date on the Bonds, the Board of Directors shall cause the transfer of moneys out of the Defined Area Debt Service Fund to the Paying Agent/Registrar in an amount not less than that which is sufficient to pay the principal which matures on such date, the interest which accrues on such date, and the Paying Agent/Registrar's fees for handling such payments on that date.

**SECTION 7.05: DEFINED AREA CAPITAL PROJECTS FUND.** The proceeds from the sale of the Bonds, after making the deposits to the Defined Area Debt Service Fund from the proceeds of the Bonds as specified in Section 7.04 above, shall be deposited into the Defined Area Capital Projects Fund and shall be used solely for the expenses incident to the issuance of the Bonds and the costs of acquiring, purchasing, and constructing the facilities for which the Bonds were sold.

The District shall have the authority to retain the following described monies in the Defined Area Capital Projects Fund and may expend such sums for any item which may be properly paid by the District from the Defined Area Capital Project Funds upon the approval of the Texas Commission on Environmental Quality:

- (a) The balance of the Defined Area Capital Projects Fund, if any, remaining unexpended from the proceeds of the sale of the Bonds after completion of the acquisition, purchase and construction of the facilities for which the Bonds were sold; and
- (b) All interest, income and increment accruing to the District as a result of the temporary investment of the proceeds of the sale of the Bonds which are placed in the Defined Area Capital Projects Fund.

Upon completion of the acquisition, purchase and construction of the facilities, any unspent monies remaining from the sale of the Bonds, and the interest earned on such monies, shall be deposited into the Defined Area Debt Service Fund.

**SECTION 7.06: BOND REDEMPTION FUND.** The District reserves the right to create one or more funds to be known as "Bond Redemption Funds," in connection with any issue or issues of Additional Bonds or Revenue Bonds which are term bonds, and to provide for the transfer of revenues into a Bond Redemption Fund for the purpose of redeeming all or a specified part of such Additional Bonds or Revenue Bonds prior to maturity. The order or resolution authorizing such Additional Bonds may provide that transfers of revenues into a Bond Redemption Fund shall have an equal priority to the transfers of net revenues.

**SECTION 7.07: SURPLUS REVENUES.** After paying the maintenance and operations expenses, and making any transfers which may be required into the Defined Area Debt Service Fund, Bond Redemption Funds, or any fund or funds created in any order or resolution authorizing the issuance of Revenue Bonds, any money remaining in the General Operating Fund immediately following a principal payment date shall be considered surplus which may be used by the District for any lawful purpose, including redemption of any Bonds; Outstanding Bonds, Additional Bonds or Revenue Bonds. It is the intent of this Order that before any moneys be

used for any other lawful purpose, the Defined Area Debt Service Fund, Reserve Fund, all Bond Redemption Funds, and any fund or funds which may be created in the order or resolution authorizing Revenue Bonds and the Contingency Fund (if created) shall contain the amount of money required to be therein.

SECTION 7.08: INVESTMENTS, EARNINGS. Moneys deposited into the Defined Area Debt Service Fund, the Defined Area Capital Projects Fund, and any other fund or funds which the District may lawfully create may be invested or reinvested in Authorized Investments. All investments and any profits realized from or interest accruing on such investments shall belong to the fund from which the moneys for such investments were taken; provided, however, that at the discretion of the Board of Directors the profits realized from and interest accruing on investments made from any fund may be transferred to the Defined Area Debt Service Fund. If any moneys are so invested, the District shall have the right to have sold in the open market a sufficient amount of such investments to meet its obligations in the event any fund does not have sufficient uninvested funds on hand to meet the obligations payable out of such fund. Under such circumstances, the District shall give notice to the Depository to sell such investments in the open market. After such sale the moneys resulting therefrom shall belong to the fund from which the moneys for such investments were initially taken. The District shall not be responsible to the Holders for any loss arising out of the sale of any investments.

## ARTICLE EIGHT

### TAX EXEMPTION

#### SECTION 8.01: COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS.

A. Covenants. The District covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the District covenants as follows:

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

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and

not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

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

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

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

(6) to refrain from using any portion of the proceeds of the 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, and in the case of a refunding, 90 days or less,

(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 proceeds of the Bonds;

(7) 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);

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(9) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of and, to the extent applicable, section 149(d) of the Code (relating to advance refundings);

B. Rebate Fund. In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the District for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

C. Proceeds. The District understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. 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 of the Board of Directors 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.

D. 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 ARTICLES ONE and THREE of this Order on its books and records in accordance with the requirements of the Internal Revenue Code. The District recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the District recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The District agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the 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.

E. Designation as Qualified Tax-Exempt Bonds. The Bonds are designated as "qualified tax-exempt bonds" as defined in section 265(b)(3) of the Code.

F. Disposition of Project. The District covenants that the property to be used for the purposes described in ARTICLES ONE and THREE of this Order will not be sold or otherwise disposed of 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.

G. Reimbursement. This Order is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

## ARTICLE NINE

### ADDITIONAL BONDS AND REFUNDING BONDS

SECTION 9.01: ADDITIONAL BONDS. The District expressly reserves the right to issue, in one or more installments, for the purpose of completing, repairing, improving, extending, enlarging or replacing the System or any other lawful purpose:

- (a) the unissued unlimited tax bonds which were authorized at the bond elections, as described in Section 1.02 of this Order;
- (b) such other unlimited tax bonds or combination unlimited tax and revenue bonds as may hereafter be authorized at subsequent elections.

SECTION 9.02: REVENUE BONDS. The District expressly reserves the right to issue revenue bonds in one or more installments for the purpose of completing, repairing, improving, extending, enlarging or replacing the System, which will be payable solely from the revenues of the System.

SECTION 9.03: SPECIAL PROJECT BONDS. The District further reserves the right to issue bonds in one or more installments 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 bonds to be payable from and secured by the proceeds of such contract or contracts. The District further reserves the right to refund such bonds.

SECTION 9.04: REFUNDING BONDS. The District further reserves the right to issue Refunding Bonds in any manner permitted by law to refund any Bonds and Additional Bonds at or prior to their respective dates of maturity or redemption.

## ARTICLE TEN

### SALE AND DELIVERY OF BONDS

**SECTION 10.01: SALE OF BONDS.** The Bonds are hereby sold and shall be delivered to SAMCO Capital Markets, Inc. (the "Underwriter") pursuant to the taking of public bids therefor on February 6, 2023, for a price of \$4,020,829.90 (representing the par amount of the Bonds, less an underwriting discount of \$124,170.10), plus accrued interest from the Initial Date to the date of delivery, which price and terms are found and determined to be in the best interests of the District. Delivery of the Bonds to the Underwriter shall be made as soon as practicable after the adoption of this Order, upon payment therefor, in accordance with the terms of the sale. The Underwriter's obligation to accept delivery of the Bonds is subject to it being furnished an approving legal opinion of Bacon, Wallace & Philbin, L.L.P., Houston, Texas, bond counsel to the District, approving the Bonds as to their validity and that the interest thereon is exempt from Federal taxation, said opinion to be dated and delivered as of the date of delivery and payment for the Bonds. The Board hereby finds and determines that the net effective interest rate of the issue or series of bonds authorized by this Order is 4.104803% and that such interest rate is the lowest net interest rate bid on the Bonds.

**SECTION 10.02: APPROVAL, REGISTRATION AND DELIVERY.** The President of the Board of Directors of the District and representatives of Bacon, Wallace & Philbin, L.L.P. are hereby authorized and directed to submit the Initial Bond, and a transcript of the proceedings relating to the issuance of the Bonds, to the Attorney General of the State of Texas for approval and, following said approval, to submit the Initial Bond to the Comptroller of Public Accounts of the State of Texas for registration. Upon registration of the Initial Bond, the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's registration certificate prescribed herein to be printed and endorsed on the Initial Bond. After the Initial Bond has been registered and signed by the Comptroller, it shall be delivered to the Underwriter, but only upon receipt of the full purchase price.

## ARTICLE ELEVEN

**SECTION 11.01: ANNUAL REPORTS.** The District shall provide annually to the Electronic Municipal Market Access ("EMMA"), within six months after the end of each fiscal year ending in or after 2023, financial information and operating data with respect to the District, including the District's annual financial statements, current tax data, water and sewer operations data, and debt service information. Any financial statements so to be provided shall be (i) prepared in accordance with generally accepted auditing standards or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation and (ii) audited, if the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when the audit report on such statements becomes available.

If the District changes its fiscal year, it will notify EMMA 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 document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to EMMA or filed with the SEC.

**SECTION 11.02: MATERIAL EVENT NOTICES.** The District shall notify EMMA, within ten (10) days, of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes affecting the Bonds;
12. Bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule");
13. Consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, 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;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material to a decision to purchase or sell Bonds.
15. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

**SECTION 11.03: 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 notice of any deposit made in accordance with Texas law that causes Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the registered Holders and beneficial Holders 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 or 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 HOLDER OR BENEFICIAL HOLDER 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 SECTION, BUT EVERY RIGHT AND REMEDY OR 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 comprise a breach of or default under the Order for purposes of any other provision of this 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, or status or type of operations of the District, if (a) the agreement, as so amended, would have permitted an underwriter to purchase or sell Bonds in the original primary offering in compliance with the Rule, taking into account such amendment as well as such changed circumstances, and (b) a person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered Holders and beneficial Holders of the Bonds. If any such amendment is made, the District will include in its next annual update an explanation in narrative form of the reasons for the change and its impact on the type of operating data or financial information being provided.

## ARTICLE TWELVE

### DEFEASANCE OF OBLIGATIONS OF DISTRICT

SECTION 12.01: DEFEASANCE. If the District shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of and interest on the Bonds, at the times and

in the manner stipulated in this Order, then the pledge of any taxes or other money, securities, and funds pledged under this Order and all covenants, agreements, and other obligations of the District to the Holders of Bonds shall thereupon cease, terminate, and become void and be discharged and satisfied, and the Paying Agent/Registrar shall pay over or deliver all money held by it under this Order to the District.

Bonds or interest installments for the payment of which money shall have been set aside and shall be held in trust by the Paying Agent/Registrar or with any other bank or trust company which has agreed to hold the same for such purpose (through deposit by the District of funds for such payment or otherwise) at the Stated Maturity thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section. All Outstanding Bonds shall be deemed to have been paid, prior to their Stated Maturity, within the meaning and with the effect expressed above in this Section, if there shall have been deposited with the Registrar either (a) money in an amount which shall be sufficient to make such payment, (b) Governmental Securities certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, or (c) a combination of money and Governmental Securities together so certified to be sufficient to make such payment, provided that all the expenses pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Paying Agent/ Registrar (and to such other bank or trust company).

**SECTION 12.02: PARTIAL DEFEASANCE.** In the event such deposit is made with respect to some but not all of the Bonds then outstanding, the District shall designate the Stated Maturities of Bonds with respect to which such deposit is made. If such deposit shall be sufficient to provide for the payment of the principal of and interest on some but not all Outstanding Bonds of a particular Stated Maturity so designated, the Paying Agent/Registrar shall select the Outstanding Bonds of such Stated Maturity with respect to which such deposit is made by such random method as the Paying Agent/Registrar shall deem fair and appropriate and which may provide for the selection of portions (equal to and leaving unredeemed an authorized denomination) of Bonds a denomination larger than \$5,000. Notwithstanding anything herein to the contrary, no such deposit shall have the effect described in this Article if made during the subsistence of a default in the payment of any Bond (a) unless made with respect to all of the Bonds then outstanding, or (b) unless accompanied by an opinion of counsel of recognized standing in the field of federal income taxation to the effect that neither such deposit nor the investment thereof shall adversely affect the excludability of interest on any Bond from the gross income of any owner thereof for federal income tax purposes.

**SECTION 12.03: INVESTMENTS.** No money or Governmental Securities so deposited shall be invested or reinvested unless in Governmental Securities and unless such money and Governmental Securities not invested and such new investments are together certified by an independent public accounting firm of national reputation to be of such amounts, maturities, and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment. Neither Governmental Securities nor money deposited with

the Paying Agent/Registrar or other bank or trust company pursuant to this Section, nor principal or interest payments on any such Governmental Securities, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, and interest on such Bonds. Any cash received from such principal of and interest on such investment securities deposited with the Paying Agent/Registrar, if not needed for such purpose, shall, to the extent practicable, be reinvested in Governmental Securities (which may be non-interest bearing) maturing at times and in amounts sufficient to pay when due the principal of and interest on such Bonds on and prior to the maturity thereof, and interest earned from such reinvestments shall be paid over to the District as received by the Paying Agent/Registrar, free and clear of any trust, lien, or pledge and used in accordance with applicable law. Any payment for Governmental Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Governmental Securities.

SECTION 12.04: RETIREMENT OF BONDS. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be entitled to the benefits of this Order, except for the purposes of any such payment from such money or Governmental Securities, and the covenants of the District contained in Article Eight. At such times as all of the Bonds are retired, or provision is made for their payment, money in the Debt Service Fund, if any, may be transferred to the General Operating Fund of the District, provided that any money held by the Paying Agent/Registrar which has been provided for the payment of interest or principal and not so utilized for any reason shall be handled in the manner prescribed in Section 12.02 herein.

## ARTICLE THIRTEEN

### MISCELLANEOUS PROVISIONS

SECTION 13.01: OPEN MEETING. The Board of Directors officially finds, determines and declares that this Order was reviewed, carefully considered, and adopted at a special meeting of the Board beginning at 5:00 p.m., Central Standard Time, on February 6, 2023, and that a sufficient written notice of the date, hour, place and subject of this meeting was posted at a place readily accessible and convenient to the public within the District and on bulletin boards located at a place convenient to the public in the Harris County Courthouse for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, V.T.C.A. Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Order and the subject matter hereof has been discussed, considered and acted upon. The Board of Directors further ratifies, approves and confirms such written notice and the contents and posting thereof.

SECTION 13.02: UNCLAIMED MONIES. Notwithstanding any other provision of this Order to the contrary, the Texas Property Code requires that all monies (including principal and interest payments on the Bonds) which are unclaimed after three years be turned over to the Texas Comptroller of Public Accounts if (a) the owner's last known address as shown in the records of the Paying Agent/Registrar is in Texas, or (b) if the holder of such unclaimed monies is a Texas governmental entity or a Texas corporation and (i) the owner's identity is unknown or there is no known address for the owner or (ii) the last known address of the owner is in a state

whose escheat or unclaimed property law is inapplicable to such monies. Bondholders are advised to be cognizant of the provisions of the Texas Property Code, particularly Chapters 71, 72, and 74 thereof as such provisions relate to the escheatment of unclaimed monies to the Texas State Treasurer.

SECTION 13.03: PERSONS DEEMED OWNERS. The District, the Paying Agent/Registrar, and any agent of either of them may treat the Person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal (and Redemption Price) of and interest on such Bond and for all other purposes whatsoever, and to the extent permitted by law, neither the District, the Paying Agent/Registrar, nor any agent of either of them shall be affected by notice to the contrary.

SECTION 13.04: NOTICES TO HOLDERS; WAIVER. Wherever this Order provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder of such Bonds, at the address of such Holder as it appears in the Bond Register. In any case where notice to Holders of Bonds is given by mail, neither the failure to mail such notice to any particular Holder of Bonds, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds. Where this Order provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 13.05: DUTIES OF DISTRICT OFFICIALS. The President and the Secretary of the Board of Directors and other appropriate officers and agents of the District are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the provisions of this Order.

SECTION 13.06: PARTIES INTERESTED HEREIN. Nothing in this Order expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the District, the Paying Agent/Registrar, and the Bondholders, any right, remedy or claim under or by reason of this Order or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Order contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, Paying Agent/Registrar, and the Holders.

SECTION 13.07: RELATED MATTERS. To satisfy in a timely manner all of the District's obligations under this Order, the President and Secretary of the Board of Directors of the District and all other appropriate officers and agents of the District are hereby authorized and directed to take all other actions that are reasonably necessary to provide for the issuance of the Bonds including, without limitation, executing and delivering on behalf of the District all certificates, consents, receipts, requests, and other documents as may be reasonably necessary to satisfy the District's obligations under this Order and to direct the transfer and application of funds of the District consistent with the provisions of this Order.