City of Azle
Regular Meeting Agenda
City Council

505 W. Main Street
Azle, Texas 76020

June 4, 2024 | **6:00 PM** | **Council Chambers**

Pursuant to Section 551.071 of the Texas Government Code, the Council may convene into Executive Session(s) from time to time as deemed necessary during the meeting for any posted agenda item and may receive advice from its attorney as permitted by law.

CALL TO ORDER

INVOCATION

The City of Azle is accepting volunteers from all Religions and Denominations to provide the invocation at the beginning of the City Council meeting. If you are interested in giving the invocation at a future meeting, please call the city secretary's office at 817-444-7101 or email: yforgey@cityofazle.org

Rev. Carol B. Roberts -Set Free Movement, Free Methodist Church

PLEDGE OF ALLEGIANCE

PUBLIC PARTICIPATION

This is an opportunity for the public to address the City Council on posted agenda items or non-agenda items. In order to address the Council, please complete a Speaker's Request Form and submit to the City Secretary prior to the start of the council meeting. All comments must be directed to the Presiding Officer, rather than an individual council member or city staff. All speakers must refrain from personal attacks toward any individual. Comments are limited to three (3) minutes and must pertain to the subject matter listed on the Speaker's Request Form. Speakers requiring the assistance of a translator shall be provided four (4) minutes. Council may not comment publicly on non-agenda items, but may direct the City Manager to resolve the matter or request the matter be placed on a future agenda. Public comments regarding non-agenda items shall not include any "deliberation" as defined by Chapter 551 of the Government Code, as now or hereafter amended. If you have a subject that may require City Council action, you may obtain a form from the City Secretary and request the item be placed on a future agenda.

PRESENTATIONS

1. Braille Signage Project - Azle Independent School District's Gifted and Talented Program
   Tom Muir, City Manager
2. Department Presentation - Code Enforcement.
   David Hawkins, Director of Planning and Development

ACTION ITEMS

3. Consider any action on the May 21, 2024 regular meeting minutes.
   Yael Hoffman, City Secretary
4. Consider any action on the first reading of Ordinance 2024-12 renewing a natural gas franchise with Atmos Energy Corporation.
   Lawrence Bryant, Assistant City Manager
5. Discussion and consideration of all matters incident and related to the issuance and sale of "City of Azle, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2024", including the adoption of Ordinance 2024-13 authorizing the issuance of such certificates of obligation.
   Martin Avila, Finance Director

PUBLIC HEARING

6. Conduct a public hearing to allow questions and comments regarding the City of Azle's 2023 Annual Drinking Water Quality Report (CCR)
   Josh Henson, Water Plant Superintendent (Interim)

DISCUSSION ITEMS

7. Short term rentals
   Tom Muir, City Manager
8. Variance process
   Tom Muir, City Manager
9. Park amenities
   Tom Muir, City Manager

ITEMS TO BE PLACED ON FUTURE MEETING AGENDAS

MAYOR/COUNCIL COMMENTS OF COMMUNITY INTEREST

ADJOURNMENT

I, the undersigned authority, do hereby certify the above Agenda was posted at City Hall on May 31, 2024, at the City's official bulletin board and is readily accessible to the public at all times in accordance with V.T.C.A. Chapter 551, Texas Government Code.

Yael S. Hoffman, TRMC, CMC
City Secretary

This facility is wheelchair accessible and handicapped parking spaces are available. Auxiliary aids and services are available to a person when necessary to afford an equal opportunity to participate in city functions and activities. Auxiliary aids and services or accommodations should be requested forty-eight hours prior to the scheduled starting time by calling the City Secretary's Office at 817-444-7101. Complete City Council agenda packet is available for review at the City Secretary's Office and on our website www.cityofazle.org.

Presenter: **Tom Muir, City Manager**

Agenda Item: **Braille Signage Project - Azle Independent School District's Gifted and Talented Program**

Background and Explanation:

Azle Independent School District's Gifted and Talented Program conducted the "Hornet's Nest," a mock version of television's *Shark Tank*. The program called for projects by fourth through sixth grade teams to create and pitch ideas and innovations to local leaders and business owners. A team of sixth graders consisting of Samantha Bevan, Lyam Havens and Alexis Senn created a Braille map of City Hall.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

N/A.

Attachments:

None

Presenter: **David Hawkins, Director of Planning and Development**

Agenda Item: **Department Presentation - Code Enforcement.**

Background and Explanation:

Annual Presentation - Code Enforcement.

Board/Commission/Committee Recommendation:

N/A

Staff Recommendation:

N/A

Attachments:

None

Item Number: 3

Presenter: **Yael Hoffman, City Secretary**

Agenda Item: **Consider any action on the May 21, 2024 regular meeting minutes.**

Background and Explanation:

Procedural.

Board/Commission/Committee Recommendation:

NA

Staff Recommendation:

NA

Attachments:

1. 05-21-2024 Minutes.

MINUTES
Regular Meeting
Azle City Council

505 W. Main Street
Azle, Texas 76020

May 21, 2024	6:00 PM	Council Chambers

CALL TO ORDER

Mayor Brundrett called the meeting to order at 6:00 PM

Members Present:

Mayor Alan Brundrett
Mayor Pro Tem Randa Goode
Councilmember Stacy Peek
Councilmember Derrick Nelson
Councilmember Amy Estes
Councilmember Rouel Rothenberger
Councilmember Brian Conner

Staff Present:

Tom Muir	City Manager
Lawrence Bryant	Assistant City Manager
Yael Forgey	City Secretary
Susie Hiles	Assistant to the City Manager
David Hawkins	Director Of Planning and Development
Kristen Pegues	Community and Marketing Specialist
Ben Hall	Police Chief

INVOCATION

Steve Sandfort, Senior Pastor of The Edge Church, gave the invocation.

PLEDGE OF ALLEGIANCE

Mayor Brundrett led the Pledge of Allegiance

PUBLIC PARTICIPATION

None.

ACTION ITEMS

1. **Consider any action on the May 7, 2024 regular council meeting minutes and the May 14, 2024 special meeting minutes.**

   Councilmember Rothenberger moved to approve the May 7, 2024 regular council meeting minutes and the May 14, 2024 special meeting minutes, as presented. Councilmember Estes seconded the motion.

   Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

2. **Consider a petition for release from the City's Extraterritorial Jurisdiction (ETJ) for property legally described as a tract of land situated in the John N. Rash Survey, Abstract No. 1126, Parker County, Texas, being all of Tract One and Tract Two, in deed to Sherrell Elaine Welch, recorded in Clerks File No. 201724399, Real Records, Parker County, Texas and addressed as 12421 S FM 730.**

Councilmember Rothenberger moved to approve the petition for release from the City's Extraterritorial Jurisdiction (ETJ) for property legally described as a tract of land situated in the John N. Rash Survey, Abstract No. 1126, Parker County, Texas, being all of Tract One and Tract Two, in deed to Sherrell Elaine Welch, recorded in Clerks File No. 201724399, Real Records, Parker County, Texas and addressed as 12421 S FM 730, as presented. Councilmember Nelson seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

3. **Consider a variance request to Section 7.16 (I) of the City of Azle Code of Ordinances to allow for a reduction to the minimum driveway spacing requirements. The subject properties are located at 500 and 700 Kimbrough Road which is located on the east and south sides of Kimbrough Road and west of Stribling Drive.**

Mayor Brundrett recognized Planning and Development Director David Hawkins, who stated a variance request for these properties was denied at the May 7, 2024 council meeting. The property owner, Mr. Hancock, again requested a variance with more options for the driveway approach.

Councilmember Conner moved to deny the variance request to Section 7.16 (I) of the City of Azle Code of Ordinances to allow for a reduction to the minimum driveway spacing requirements. The subject properties are located at 500 and 700 Kimbrough Road which is located on the east and south sides of Kimbrough Road and west of Stribling Drive. Mayor Pro Tem Goode seconded the motion.

Yes: (6) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Brian Conner

No: (1) Rouel Rothenberger

4. **Consider any action approving the Façade and Signage Improvement Program application for Tyler A. Harden, Attorney, P.C. at 415 W. Main St.**

Councilmember Nelson moved to approve the Façade and Signage Improvement Program application for Tyler A. Harden, Attorney, P.C. at 415 W. Main St for the amount of $4167.62. Councilmember Rothenberger seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

5. **Consider any action approving the Façade and Signage Improvement Program application for Falcon Smoke Shop at 132 Park Place.**

Councilmember Nelson moved to approve the Façade and Signage Improvement Program application for Falcon Smoke Shop, 132 Park Place, for the amount of $1800 + sales tax. Mayor Pro Tem Goode seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

6. **Consider any action authorizing the City Manager to renew the interlocal agreement with the City of Pelican Bay for police dispatch and detention services.**

Mayor Brundrett recognized Police Chief Ben Hall, who stated this is a renewal of the agreement with the City of Pelican Bay for dispatch services. He stated the only amendment to the contract is adding "D - Wrecker Services" to Section 4. Chief Hall stated that Azle PD has a great working relationship with Pelican Bay PD.

Councilmember Rothenberger moved to authorize the City Manager to renew the interlocal agreement

with the City of Pelican Bay for police dispatch and detention services, as presented. Councilmember Peek seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

7. Consider any action making appointments to the Beautification Board.

City Manager Tom Muir advised the Council the Board application form has been updated to include the Beautification Board, but we haven't received any applications. He stated, according to the ordinance, up to three (3) of the members will be council members, so Council could make their appointments. The Council nominated Alan Brundrett, Randa Goode, and Amy Estes to represent the council on this board.

Councilmember Nelson moved to appoint Mayor Brundrett, Mayor Pro Tem Goode and Councilmember Estes to the Beautification Board. Councilmember Peek seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

Councilmember Nelson left the meeting at 6:40 PM.

It was stated that each needed to be assigned a "place" on the Board. Mayor Pro Tem Goode amended the motion as follows: Councilmember Estes - Place 2, Mayor Pro Tem Goode - Place 4, and Mayor Brundrett - Place 6. Councilmember Peek seconded the motion.

Yes: (6) Alan Brundrett, Randa Goode, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

DISCUSSION ITEMS

8. Short term rentals

Council requested this item be brought back at the next meeting when the City Attorney can be present.

9. Possible ordinance regarding residency requirements of registered sex offenders.

Police Chief Ben Hall provided a brief overview of information the Police Department has gathered on this topic. Police Dept will continue to gather information to bring back to Council. Council requested this item brought back at the next meeting.

ITEMS TO BE PLACED ON FUTURE MEETING AGENDAS

- Registered sex offenders residency ordinance
- Short-term rentals.

MAYOR/COUNCIL COMMENTS OF COMMUNITY INTEREST

- 05-22-2024 - Food Truck coordinator begins employment
- 05-24-2024 - Azle ISD High School Graduation Ceremony
- 05-27-2025 - Memorial Day - City Facilities will be closed
- 06-01-2024 - Farmers Market opening day
- 06-04-2024 - TxDOT Public meeting - SH199 and Denver Trail Ramp Project (Mayor Pro Tem Goode will attend the meeting)

ADJOURNMENT

Mayor Brundrett adjourned at 7:16 PM.

Presented and approved on 06-04-2024.

_____
Alan Brundrett, Mayor

Attest:

_____
Yael Hoffman, TRMC, CMC
City Secretary

Presenter:	**Lawrence Bryant, Assistant City Manager**
Agenda Item:	**Consider any action on the first reading of Ordinance 2024-12 renewing a natural gas franchise with Atmos Energy Corporation.**

Background and Explanation:

The current franchise agreement with Atmos Energy was adopted on April 15, 2008 but expired on December 31, 2022. Since that time, Atmos Energy has continued to operate in the City under the terms of the expired agreement and representatives from Atmos, City Staff, and the City's attorney have been working together to negotiate a new franchise agreement that all parties can agree upon. The new agreement is included with this communication for your review and is very similar to the previous agreement. Currently, Atmos Energy pays the City four percent (4%) of gross revenues received during the preceding calendar year for the use of its rights-of-way. The percentage paid to the City in the new agreement is unchanged at four percent (4%), however, the current maximum allowed is five percent (5%) and the Council does have the option of adopting this agreement at a five percent (5%) rate.

Section 10.02 of the City's charter requires that ordinances granting a franchise to a public utility require two separate readings and that the ordinance is not finally passed until 30 days after its first reading. The first reading will take place at this meeting and the second reading will occur at the next regular meeting on June 18, 2024. The new agreement will go into effect on August 1, 2024 after final passage and upon publication of the full text of the ordinance in the *Tri-County Reporter* for four (4) consecutive weeks.

The reading only requires that the caption of the ordinance be read - not the full 16 pages of the ordinance.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

Approve Ordinance 2024-12.

Attachments:

1. Atmos.Franchise.Final - Ord. 2024-12

ORDINANCE NO. 2024-12

AN ORDINANCE RENEWING A FRANCHISE TO CONSTRUCT, MAINTAIN, AND OPERATE PIPELINES AND EQUIPMENT IN THE CITY OF AZLE, TARRANT AND PARKER COUNTIES, TEXAS GRANTED TO ATMOS ENERGY CORPORATION, A TEXAS AND VIRGINIA CORPORATION, FOR THE TRANSPORTATION, DELIVERY, SALE, AND DISTRIBUTION OF GAS IN, OUT OF, AND THROUGH SAID CITY; PROVIDING FOR THE PAYMENT OF A FEE OR CHARGE FOR THE USE OF THE PUBLIC RIGHT-OF-WAY; AND PROVIDING THAT SUCH FEE SHALL BE IN LIEU OF CERTAIN OTHER FEES AND CHARGES.

WHEREAS, Atmos Energy Corporation (hereinafter called "Grantee"), is engaged in the business of providing Gas utility service within the City of Azle (hereinafter called "City") and is using the public rights-of-way for that purpose under the terms of Ordinance No. O-2008-07 granting a franchise agreement and ordinance heretofore duly passed by the governing body of the City; and

WHEREAS, the Franchise expired in December of 2022 and the City and Grantee desire to enter into a new franchise agreement;

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

SECTION 1. GRANT OF AUTHORITY.

(A) The City hereby grants to Grantee consent to use and occupy, subject to the terms hereof, the present and future Public Right-of-Way for the purpose of laying, maintaining, constructing, protecting, operating, and replacing therein and thereon its System to deliver, transport and distribute Gas in, out of, and through the City for persons, firms, and corporations, including all the general public, and to sell Gas to persons, firms, and corporations, including all the general public, within the City, as such limits may be amended from time to time during the term of this Franchise.

(B) The provisions set forth in this Franchise represent the terms and conditions under which Grantee shall construct, operate, and maintain its System facilities within the City. Grantee, by its acceptance of this Franchise, agrees that all such lawful regulatory powers and rights as the same may be from time to time vested in the City shall be in full force and effect and subject to the exercise thereof by the City at any time.

(C) This Franchise does not grant to Grantee the right, privilege or authority to engage in any other activities within the City other than those set forth in Section 1(A).

SECTION 2. DEFINITIONS.

For the purpose of this Franchise, the following words and phrases shall have meaning given in this section. When not inconsistent with the context, words used in the present tense include future tense, words in the plural number include the singular number, and words in the singular number include the plural number. The word "shall" is mandatory and "may" is permissive. Words not defined in this section shall be given their common and ordinary meaning.

"Affiliate" means any entity controlling, controlled by or under common control with the entity in question.

"City" means the municipal corporation designated as the City of Azle and includes the territory as currently is or may in the future be included within the boundaries of the City of Azle.

"City Council" means the legislative body of the City.

"City Manager" means the City Manager of the City of Azle or the manager's designated representative.

"Franchise" or "Agreement" means the rights and obligations of the City and Grantee set forth in this Franchise ordinance, as the same may be amended from time to time, and includes those rights and duties provided under the laws of Texas and of the United States.

"Gas" means such gaseous fuels as natural, artificial, synthetic, liquefied natural gas, liquefied petroleum, manufactured, or any mixture thereof.

"Governmental Customer" means a tax supported institution operated and owned by a governmental entity.

"Grantee" means Atmos Energy Corporation, Mid-Tex Division, but does not include its Affiliates, subsidiaries, assigns or any other entity in which it has an ownership interest.

"Gross Revenues" means:

(A) all revenues received by Grantee from the sale of Gas to all classes of customers within the City (expressly excluding sales to Governmental Customers or to another Gas utility in the City for resale to its customers within the City);

(B) all revenues received by Grantee from the transportation of Gas through the pipeline system of Grantee within the City to customers located within the City (excluding Gas transported to Governmental Customers or to another Gas utility in the City for resale to its customers within the City);

(C) the value of Gas transported by Grantee for Transport Customers through the System of Grantee within the City (“Third Party Sales” [excluding the value of any Gas transported to Governmental Customers or to another Gas utility in the City for resale to its customers within the City]), with the value of such Gas to be established by utilizing Grantee’s monthly cost of Gas charged to industrial customers in the Mid-Tex Division, as reasonably near the time as the transportation service is performed; and

(D) "Gross Revenues" shall also include:

(1) the following ‘miscellaneous charges:

(a) charges to connect, disconnect, or reconnect gas within the City;

(b) charges to handle returned checks from consumers within the City;

(c) contributions in aid of construction” (“CIAC”);

(d) and

(2) revenues billed but not ultimately collected or received by Grantee; and

(3) State gross receipts fees.

(4) Should the City wish for such other service charges and charges as may from time to time, be authorized in the rates and charges on file with the City be included, they may do so by addendum agreed upon by the Parties.

(E) "Gross Revenues" shall not include:

(1) the revenue of any person including, without limitation, an Affiliate or subsidiary of Grantee;

(2) sales taxes and franchise fees paid to the City;

(3) any interest or investment income earned by Grantee; and

(4) all monies received from the lease or sale of real or personal property, provided, however, that this exclusion does not apply to the lease of facilities within the Public Right- of-Way.

"Public Right-of-Way" means the public streets, medians, boulevards, roads, lanes, alleys, highways, public utility easements, viaducts, and bridges across water ways that are deeded or dedicated to the City.

"Railroad Commission" means the Railroad Commission of the State of Texas or other authority succeeding to the regulatory powers of the Railroad Commission.

"System" and/ or "System facilities" means all of Grantee's pipes, pipelines, Gas mains, laterals, feeders, regulators, meters, fixtures, connections or other appurtenant equipment used in or incident to providing delivery, transportation, distribution, and sales of natural Gas for heating, lighting and power.

SECTION 3. USE OF PUBLIC RIGHT-OF-WAY.

(A) The grant to Grantee in Section 1 of this Franchise is subject to the terms and conditions contained herein, the City's Right-of-Way Management Ordinance, the Texas Constitution; the City's Code of Ordinances,; and the City's Charter, all as amended, and subject to applicable and controlling local, state and federal laws, including the rules and regulations of any and all agencies thereof, whether presently in force or whether enacted or adopted at any time in the future. This Franchise shall in no way affect or impair the rights, obligations or remedies of the parties under the Texas Public Utility Regulatory Act, other state or federal law, the Texas Constitution or the City's Charter. Nothing herein shall be deemed a waiver, release or relinquishment of either party's right to contest, appeal, or file suit with respect to any action or decision of the other party, including ordinances adopted by the City, that Grantee believes is in violation of any federal, state, or local law or regulation.

(B) Grantee shall provide reasonable notice to the City of planned work within the Public Right-of-Way and shall, except in cases of emergency conditions or work incidental in nature, obtain a permit if required by the City's ordinances before commencing work. If so required, Grantee shall comply with permitting requirements that do not conflict with this Franchise; provided however Grantee and its agents shall not be required to pay fees related to Grantee's use of the Public Right-of-Way other than in accordance with Section 7 hereof.

(C) The location of all System facilities in the Public Right-of-Way shall be subject to approval by the City Manager prior to construction; provided however, said approval shall not be unreasonably withheld. In the event of a conflict between the location of the System facilities of Grantee and the location of the facilities of the City or other utility franchisees within the Public Right-of-Way that cannot be resolved, the City Manager shall resolve the conflict and determine the location of the respective facilities. Grantee shall not interfere with power, telephone, cable, or water facilities, sanitary or storm sewer facilities, or other municipal or public use of the Public Right-of-Way. Grantee has the right to request City Council review of any actions concerning Grantee's use of the Public Right-of-Way.

(D) Grantee shall construct, maintain, and operate its System facilities in a manner which provides reasonable protection against injury or damage to persons or property.

(E) When Grantee is required by the City to remove or relocate its System facilities to accommodate construction of streets and alleys by the City, and Grantee is eligible under federal, state, county, City or other local agencies or programs for reimbursement of costs and expenses incurred by Grantee as a result of such removal or relocation, and such reimbursement is required to be handled through the City, the City shall include Grantee's costs and expenses in any application by the City for reimbursement, if Grantee submits a request together with its cost and expense documentation to the City a reasonable time prior to the filing of the application. The City shall provide reasonable notice to Grantee of the deadline for Grantee to submit documentation of the costs and expenses of such relocation to the City. When Grantee is required to remove or relocate any System facility without reimbursement, Grantee shall have the right to seek a surcharge to recover relocation costs pursuant to applicable law.

(F) The City may request Grantee to relocate any part of its System facilities installed or maintained in the Public Right-of-Way to accommodate construction or improvement of a highway, road, street, public way, other public work or other bona fide public purpose excluding projects with the primary purpose of beautification or benefiting a third party. Such relocation shall be made by Grantee at its expense to the extent System facilities are in conflict, within a reasonable period of time not to exceed 60 days after notice of request from City unless otherwise specifically agreed to by the City. Should Grantee request additional time to complete the relocation, and provide the City Manager with a written explanation of the reasons for its inability to complete the relocation within the specified time, the City Manager will not unreasonably deny approval of such request. System facilities are deemed to be in conflict to the extent that the proposed City facilities are determined by the Parties to be inconsistent with gas distribution industry standard safe operating practices for existing System facilities. Grantee shall not be required to relocate System facilities to a depth of greater than four (4) feet unless prior agreement is obtained from Grantee or the industry standards require relocation of System Facilities to a depth greater than four (4) feet. To the extent the Parties cannot agree, an unbiased third party will be hired to make such determination.

(G) Following relocation, Grantee shall repair, according to the City specifications, clean up, and restore to the approximate original condition it was in before being disturbed, all Public Right-of-Way disturbed during the construction and repair of its System at its expense.

(H) The installation and replacement of any System facilities in Public Right-of-Way by Grantee shall be subject to inspection and approval by the City. The repair and maintenance of any System facilities in Public Right-of-way by Grantee shall be subject to inspection by the City. Grantee agrees to cooperate fully with the City in

conducting the inspection. Such inspections shall be conducted within a reasonable time after completion of the project and for the purpose of confirming conformance with City Ordinances and regulations. Grantee shall promptly perform reasonable remedial action required by the City pursuant to such an inspection.

(I) Grantee shall require its contractors working in Public Right-of-Way to hold all necessary contracting licenses and permits required by the City. In no case, however, shall contractors working within the Public Right-of-Way on behalf of Grantee be required to pay any fees related to use of the Public Right-of-Way.

(J) The City reserves the right to lay and permit to be laid, power, sewer, Gas, water, and other pipe lines or cables and conduits, and to do and permit to be done, any underground and overhead work that may be deemed necessary or proper by the City in, across, along, over and under any Public Right-of-Way occupied by Grantee, and to change any curb or sidewalk or the grade of any street.

(K) If the City abandons any Public Right-of-Way in which Grantee has facilities, such abandonment shall be conditioned on Grantee's right to maintain its use of the former Public Right-of-Way and on the obligation of the party to whom the Public Right-of-Way is abandoned to reimburse Grantee for all removal or relocation expenses if Grantee agrees to the removal or relocation of its facilities following abandonment of the Public Right-of-Way. If the party to whom the Public Right-of-Way is abandoned requests Grantee to remove or relocate its facilities and Grantee agrees to such removal or relocation, such removal or relocation shall be done within a reasonable time at the expense of the party requesting the removal or relocation. If relocation cannot practically be made to another Public Right-of-Way, the expense of any right-of-way acquisition shall be considered a relocation expense to be reimbursed by the party requesting the relocation.

SECTION 4. INDEMNIFICATION AND INSURANCE.

(A) **IN CONSIDERATION OF THE GRANTING OF THIS FRANCHISE, GRANTEE AGREES TO INDEMNIFY AND KEEP HARMLESS THE CITY, ITS OFFICERS, AGENTS, AND EMPLOYEES (THE "INDEMNITEES") FROM AND AGAINST ALL SUITS, ACTIONS, LIABILITY, OR CLAIMS OF INJURY TO ANY PERSON OR PERSONS, OR DAMAGES TO ANY PROPERTY BROUGHT OR MADE FOR OR ON ACCOUNT OF ANY DEATH, INJURIES TO, OR DAMAGES RECEIVED OR SUSTAINED BY ANY PERSON OR PERSONS OR FOR DAMAGE TO OR LOSS OF PROPERTY ARISING OUT OF, OR OCCASIONED BY GRANTEE'S INTENTIONAL AND/OR NEGLIGENT ACTS OR OMISSIONS IN CONNECTION WITH GRANTEE'S OPERATIONS; THIS INDEMNIFICATION SHALL APPLY WITH RESPECT TO GRANTEE'S ACTS WHETHER OR NOT THE CITY, ITS AGENTS, OFFICERS OR EMPLOYEES WERE NEGLIGENT.**

(B) **IT IS THE INTENT OF THE PARTIES BY AGREEMENT TO THIS SECTION 4 THAT IF A CLAIM IS MADE IN ANY FORUM AGAINST INDEMNITEES**

FOR ANY OF THE REASONS REFERRED TO IN SECTION 4(A), AND UPON RESOLUTION OF THE CLAIM:

(1) **THERE IS NO FINDING BY A COURT OF COMPETENT JURISDICTION THAT INDEMNITEES WERE NEGLIGENT IN CONNECTION WITH ANY OF THE REASONS REFERRED TO IN SECTION 4(A), GRANTEE SHALL HOLD INDEMNITEES HARMLESS AND INDEMNIFY THEM FOR ANY DAMAGE, LOSS, EXPENSE, OR LIABILITY RESULTING FROM THE CLAIM, INCLUDING ALL REASONABLE ATTORNEY'S FEES, COSTS, AND PENALTIES INCURRED; OR**

(2) **THERE IS A FINDING BY A COURT OF COMPETENT JURISDICTION THAT GRANTEE AND INDEMNITEE WERE BOTH NEGLIGENT IN CONNECTION WITH ANY OF THE REASONS REFERRED TO IN SECTION 4, INDEMNITY, IF ANY, SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. GRANTEE SHALL HOLD INDEMNITEES HARMLESS AND INDEMNIFY THEM FOR GRANTEE'S PORTION OF ANY DAMAGE, LOSS, EXPENSE, OR LIABILITY RESULTING FROM THE CLAIM, INCLUDING REASONABLE ATTORNEYS' FEES, COSTS, AND PENALTIES.**

(C) This section does not waive any governmental immunity available to the City under Texas law. This section is not intended to create a cause of action or liability for the benefit of third parties but is solely for the benefit of Grantee and the City. This section is not intended to limit the ability of City or Grantee to settle claims through alternative dispute resolution.

(D) If any action, suit or proceeding is brought against the City, its agents and employees, upon any claim arising out of Grantee's operations, the City shall give notice in writing to Grantee by registered or certified mail. The City agrees to reasonably cooperate with Grantee in connection with such defense.

(E) Promptly after receipt by an Indemnitee of any claim or notice of the commencement of any action, administrative or legal proceeding, or investigation as to which the indemnity provided for in Section 4(A) hereof may apply, the Indemnitee shall notify Grantee in writing of such fact. Grantee shall assume the defense thereof with counsel designated by Grantee and reasonably satisfactory to the Indemnitee.

(F) Should an Indemnitee be entitled to indemnification under this Section 4 hereof as a result of a claim by a third party, and Grantee fails to assume the defense of such claim, the Indemnitee will, at the expense of Grantee, contest (or, with the prior written consent of Grantee, settle) such third party claim.

(G) Grantee shall purchase and maintain the following insurance coverages throughout the term of this Franchise or maintain the equivalent coverages through a plan of self-insurance maintained in accordance with sound accounting and risk management practices:

(1) Worker's compensation insurance and employer's liability coverage meeting applicable state statutory requirements.

(2) Commercial general liability insurance, or any combination of general liability and umbrella or excess insurance, with minimum limits of Ten Million Dollars ($10,000,000) as the combined single limit for each occurrence of bodily injury, personal injury and property damage. The policy shall provide blanket contractual liability insurance for all written contracts and shall include coverage for completed operations liability (to be maintained for one year); personal injury; and coverage for property damage from perils of explosion, collapse or damage to underground utilities, commonly known as XCU coverage. The insurance coverage must be written by a company or companies approved to conduct business in the State of Texas Grantee shall require its insurance to respond as if the City were named as an additional insured.

(3) Automobile liability insurance covering all owned, hired, and non-owned vehicles in use by applicant, its employees and agents, with personal protection insurance and property protection insurance to comply with the provisions of state law with minimum limits of One Million Dollars ($1,000,000) as the combined single limit for each occurrence for bodily injury and property damage.

(H) Special Conditions. Insurance furnished by Grantee shall be in accordance with the following requirements:

(1) Prior to commencement of operations pursuant to this Agreement, Grantee shall furnish the City with satisfactory proof that it has provided adequate insurance coverage in amounts as required by this Franchise.

(2) All policies other than those for Worker's Compensation shall be written on an occurrence and not on a claims made basis and shall name the City, its officers and employees as additional insureds by using endorsement CG 20 26 or broader or, if Grantee is self insured, by equivalent coverages. All insurance carriers and surplus line carriers shall be rated A+ or better by A.M. Best Company, or if Grantee is self-insured, by a plan of self-insurance maintained in accordance with sound accounting and risk management practices.

(3) Insurance policies must provide that the issuing company or, for a plan of self-insurance Grantee, waives all rights to recovery by way of subrogation against the City, its officers, and employees and agents, in connection with damage or losses covered by the policies or the coverages described in this Franchise.

(4) Grantee shall be give at least thirty (30) days prior written to the City of any intention to cancel, replace, or materially alter its insurance coverages. Such notice shall be given by registered mail.

(5) The policy phrase "other insurance" shall not apply to the City where the City is an additional insured on the policy. If Grantee has adopted a plan of

self-insurance, the plan shall be primary and non-contributory. The City's other insurance will be excess coverage and not contribute to the primary coverage.

(I) The City will accept letters of self-insurance which provide the same coverages as required herein, so long as Grantee demonstrates by written information to the City Manager that it has adequate financial resources to be a self-insured entity.

SECTION 5. GAS SERVICE.

(A) Grantee may make and enforce reasonable charges, rules and regulations for Gas supplies and service rendered in the conduct of its business, including a charge for services rendered in the inauguration of natural Gas service. Grantee may require, before furnishing service, the execution of a contract for such service. Grantee shall have the right to contract with each customer with reference to the installation of, and payment for, any and all of the Gas piping from the connection thereof with Grantee's main in the Public Right-of-Way to and throughout the customer's premises. Grantee shall own, operate and maintain all service lines, which are defined as the supply lines extending from Grantee's main to the customer's meter where Gas is measured by Grantee. The customer shall own, operate, and maintain all yard lines and house piping.

(B) Grantee shall be required to extend distribution mains in any Public Right-of-Way up to one hundred feet (100') for any one residential customer only if such customer, at a minimum, uses Gas for unsupplemented space heating and water heating. Grantee shall not be required to extend transmission mains in any Public Right-of-Way within the City or to make a tap on any transmission main within the City unless Grantee agrees to such extension by a written agreement between Grantee and a customer.

(C) Grantee shall be entitled to require from each customer of Gas, before Gas service is commenced or reinstated, a deposit in an amount calculated pursuant to Grantee's Quality of Service Rules as may be in effect during the term of this Franchise. Said deposit shall be retained and refunded in accordance with such Quality of Service Rules and shall bear interest as provided in the Texas Utilities Code, as it may be amended from time to time.

(D) Grantee shall keep and maintain its books, records, contracts, accounts, documents and papers in any way related to this Franchise and shall make them available for inspection by City officials and employees upon reasonable notice.

(E) Grantee shall install, repair, maintain and replace its Facilities in a good and workmanlike manner.

(F) Grantee shall take such measures which will result in its Facilities meeting the standards required by applicable federal, state and environmental laws.

SECTION 6. NON-EXCLUSIVE FRANCHISE.

The rights, privileges, and franchises granted by this Franchise are not to be considered exclusive, and the City hereby expressly reserves the right to grant, at any time, like privileges, rights, and franchises as it may see fit to any other person or corporation for the purpose of transporting, delivering, distributing, or selling Gas to and for the City and the inhabitants thereof.

SECTION 7. CONSIDERATION AND METHOD OF PAYMENT.

(A) Grantee shall pay the City on or before the 15th day of June, 2024, and on or before the same day of each succeeding year during the term of this Franchise, four percent (4%) of the Gross Revenues received by Grantee during the preceding calendar year. Grantee's initial payment on the 15th day of June, 2024, shall be for the right of the Franchise for the period from January 1, 2024 through December 31, 2024. Except as provided in Section 7(B), the last payment hereunder shall be June 15, 2043.

(B) The franchise fee amounts due herein based on CIAC shall be calculated on an annual calendar year basis, i.e., from January 1 through December 31 of each calendar year. The franchise fee amounts that are due based on CIAC shall be paid at least once annually on or before April 30 each year based on the total CIAC recorded during the preceding calendar year. The initial CIAC franchise fee payment under this Franchise shall be due on or before April 30, 2024, and will be based on CIAC revenues for the year January 1 through December 31, 2023. The final CIAC franchise fee payment shall be due on April 30, 2044, and shall be based upon the CIAC revenues for the year 2043.

(C) Grantee agrees that at the time of each payment, Grantee shall also submit to the City a statement showing its Gross Revenues for the preceding calendar year from the sale of Gas to its customers, including but not limited to residential, commercial, industrial, and Governmental Customers, within said corporate limits, including the amount of revenues received by Grantee for the transportation of Gas. The City may treat this statement as if it were duly sworn to by an officer of Grantee.

(D) The reimbursement of the City by Grantee for hiring experts in connection with the rate making process pursuant to state law for which Grantee may be legally liable shall not be deducted from the payment hereunder.

(E) Should any payment due date required by this Franchise fall on a weekend or declared bank holiday, payment shall be delivered to the City no later than the close of business on the working day prior to any specifically required due date contained within this Franchise.

(F) If Grantee fails to pay when due any payment provided for in this Agreement, Grantee shall pay such amount plus interest at the prime rate or the statutory rate for deposits under Section 183.003 of the Texas Utilities Code, whichever is higher at the time of the due date of the payment. Interest shall be calculated from

such due date until payment is received by the City.

(G) Grantee may file with the City a tariff or tariff amendment(s) to provide for the recovery of the franchise fees under this Agreement. The City agrees that as regulatory authority, it will adopt and approve the ordinance, rates or tariff which provide for 100% recovery of such franchise fees as part of Grantee's rates; if the City intervenes in any regulatory proceeding before a federal or state agency in which the recovery of Grantee's franchise fees is an issue, the City will take an affirmative position supporting 100% recovery of such franchise fees by Grantee and; in the event of an appeal of any such regulatory proceeding in which the City has intervened, the City will take an affirmative position in any such appeals in support of the 100% recovery of such franchise fees by Grantee. The City agrees that it will take no action, nor cause any other person or entity to take any action, to prohibit recovery of such franchise fees by Grantee.

(H) The City shall within thirty (30) days of final approval, give Grantee notice of annexations and disannexations of territory by the City, which notice shall include a map and addresses, if known. Upon receipt of said notice, Grantee shall promptly initiate a process to reclassify affected customers into the city limits no later than sixty (60) days after receipt of notice from the City. The annexed areas added to the city limits will be included in future franchise fee payments in accordance with the sales tax effective date of the annexation if notice was timely received from the City. Upon request from the City, Company will provide documentation to verify that affected customers were appropriately reclassified and included for purposes of calculating franchise fee payments. In no event shall Grantee be required to add premises for the purposes of calculating franchise payment prior to the earliest date that the same premises are added for purposes of collecting sales tax.

SECTION 8. OTHER TAXES.

(A) It is expressly agreed that the aforesaid payments shall be in lieu of any and all other and additional occupation taxes, easement, franchise taxes or charges, municipal license, permit and inspection fees, street taxes, and street or alley rentals or charges except as provided in this section. Payment of the fees and other consideration due hereunder by Grantee is not accepted by the City in lieu of any reimbursement of regulatory cost, payment of taxes that are uniform and generally applicable to other persons conducting business within the City, such as property, sales and use taxes or the costs to repair damages to the Public Right-of-Way or to indemnify the City as required herein. If the City does not have the legal power to agree that the payment of the foregoing sums of money shall be in lieu of taxes, licenses, fees, street or alley rentals or charges, easement or franchise taxes or charges as aforesaid, then the City agrees that it will apply so much of said sums of money paid as may be necessary to satisfy Grantee's obligations, if any, to pay any such taxes, licenses, charges, fees, rentals, easement or franchise taxes or charges as aforesaid.

(B) Payment of the fees and other consideration due hereunder shall not in any way limit or inhibit any of the privileges of the City whether under this Franchise or otherwise.

SECTION 9. TERM.

The right, privilege, and franchise granted hereby shall expire on December 31, 2043.

SECTION 10. OTHER FRANCHISES.

(A) If Grantee should at any time after the effective date of this Franchise agree to a new municipal franchise ordinance, or renew an existing municipal franchise ordinance, with another municipality in Grantee's Mid-Tex Division, which municipal franchise ordinance determines the franchise fee owed to that municipality for the use of its Public Right-of-Way in a manner that, if applied to the City, would result in a franchise fee greater than the amount otherwise due the City under this Franchise, then the franchise fee to be paid by Grantee to the City pursuant to this Franchise may, at the election of the City, be increased so that the amount due and to be paid is equal to the amount that would be due and payable to the City were the franchise fee provisions of that other franchise ordinance applied to the City.

(B) The City acknowledges that the exercise of this right is conditioned upon the City's acceptance of all terms and conditions of the other municipal franchise *in toto*. The City may request waiver of certain terms and Grantee may grant, in its sole reasonable discretion, such waiver.

SECTION 11. LONG RANGE PLANNING FOR CAPITAL IMPROVEMENT PROJECTS.

The City and Grantee shall, with reasonable notice from either party, meet at least annually to discuss planned City and/or Grantee projects. The City shall make its annual capital improvements plan available to Grantee, and notify Grantee as soon as practicable of any projects that will affect Grantee's System facilities located in the Public Right-of-Way.

SECTION 12. CITY RULES AND REGULATIONS.

The City expressly reserves, and Grantee expressly recognizes, the City's right and duty to adopt, from time to time, in addition to the provisions herein contained, such cost of service, cost of Gas, charter provisions, ordinances, rules and regulations as the City deems necessary.

SECTION 13. DOCUMENTS AND REPORTS.

(A) Grantee shall file with the City, those documents required by law to be filed with the City, and otherwise, upon the City's request, all tariffs, rules, regulations and policies under consideration with the Railroad Commission relating to the facilities and operations, any matters relating to the System facilities and operations, any matters affecting the use of Public Right-of-Way, or this Franchise. Upon request, Grantee shall provide the City with a copy of filings it makes with the Railroad Commission affecting the same. In addition, upon request, Grantee will provide the City copies of Grantee's most recent annual report, all petitions, communication reports, advice letters, audits, complaints and applications together with supporting pre-filed testimony and exhibits filed by Grantee or third parties with the Railroad Commission related to Grantee's service within the City.

(B) Grantee shall submit reports and information as the City may from time to time request concerning operations and activities of Grantee under this Franchise. The form and content of such reports and information shall be changed from time to time as reasonably requested by the City.

SECTION 14. DEFAULT, REMEDIES, TERMINATION.

(A) In addition to all other rights and powers retained by the City under this Franchise or otherwise, the City reserves the right to forfeit and terminate the Franchise and all rights and privileges of Grantee hereunder in the event of a breach of its terms and conditions. A breach by Grantee shall include, but shall not be limited to, the following:

(1) Violation of any provision of the Franchise or any rule, order, regulation or determination of the City made pursuant to the Franchise;

(2) Attempt to evade any provision of the Franchise or to practice any fraud or deceit upon the City or its Residents;

(3) Failure to begin or complete Gas facility construction and/or extension as agreed to with the City;

(4) Failure to provide the services set forth in the Franchise; and

(5) Material misrepresentation of fact in the application for or negotiation of the Franchise.

(B) The foregoing shall not constitute a breach if the violation occurs without fault of Grantee or occurs as a result of circumstances beyond its control which could not have been avoided as a result of the exercise of reasonable care. Grantee shall not be excused by mere economic hardship nor by misfeasance or malfeasance of its directors, officers or employees.

(C) The City may make a written demand that Grantee comply with any such provision, rule, order, or determination under or pursuant to this Franchise. If the violation by Grantee continues for a period of thirty (30) days following such written demand without written proof that the corrective action has been taken or is being actively and expeditiously pursued, the City may take under consideration the issue of termination of the Franchise.

(D) If Grantee does not cure the default within such time frame, the City shall notify Grantee in writing of its right to have a hearing before the City Council to present any objections or defenses Grantee may have that are relevant to the proposed termination. The notice shall specify a hearing date which shall be at least thirty (30) days from the date of the notice. After such hearing, the City may determine whether to continue or to terminate the Franchise. The final decision of the City Council may be appealed to any court or regulatory authority having jurisdiction. Upon timely appeal by Grantee of the City Council's decision terminating the Franchise, the effective date of such termination shall be either when such appeal is withdrawn or a court order upholding the termination becomes final and unappealable, and until the termination becomes effective, the provisions of this Franchise shall remain in effect for all purposes.

(E) Notwithstanding the foregoing, the rights and remedies of the City set forth in this section shall be in addition to, and not in limitation of, any other rights and remedies provided by law or in equity. The City and Grantee understand and intend that such remedies shall be cumulative to the maximum extent permitted by law and the exercise by the City of any one or more of such remedies shall not preclude the exercise by the City, at the same or different times, of any other such remedies for the same breach of this Agreement.

SECTION 15. MISCELLANEOUS PROVISIONS.

(A) This Franchise is made for the exclusive benefit of the City and Grantee, and nothing herein is intended to, or shall confer any right, claim, or benefit in favor of any third party.

(B) No assignment or transfer of this Franchise shall be made, in whole or in part, without approval of the City Council unless to an Affiliate of Grantee. The City shall grant approval unless the assignee is materially weaker than Grantee. For purposes of this section, “materially weaker” means that the long term unsecured debt rating of the assignee is less than investment grade as rated by both S&P and Moody’s. If the assignee is materially weaker, the City may request additional documents and information reasonably related to the transaction and the legal, financial, and technical qualifications of the assignee. The City agrees that said approval shall not be unreasonably withheld or delayed. If the City is not satisfied by the additional information provided, City may deny the assignment or transfer. Upon approval, the obligations, rights, privileges, and franchise herein granted to Grantee shall extend to and include its successors and assigns. The assignment shall not become effective

until assignee agrees in writing to be bound by the terms, conditions, provisions, requirements and agreements contained in this Franchise.

(C) Any notices required or desired to be given from one party to the other party to this Franchise shall be in writing and shall be given and shall be deemed to have been served and received (whether actually received or not) if (i) delivered in person to the address set forth below; (ii) deposited in an official depository under the regular care and custody of the United States Postal Service located within the confines of the United States of America and sent by certified mail, return receipt requested, and addressed to such party at the address hereinafter specified; or (iii) delivered to such party by courier receipted delivery. Either party may designate another address within the confines of the continental United States of America for notice, but until written notice of such change is actually received by the other party, the last address of such party designated for notice shall remain such party's address for notice.

CITY	GRANTEE
City of Azle City Manager 505 W. Main Street Azle, Texas 76020	Manager of Public Affairs Atmos Energy Corporation 901 Alta Mesa Blvd. Fort Worth, Texas 76143

(D) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. In the event Grantee enters into an agreement with another municipality which provides for venue in the county in which the municipality is located, Grantee agrees, at the City's request, to amend this Franchise to provide that venue in any proceeding relating to this Franchise shall be in Tarrant County, Texas.

(E) Grantee shall not curtail Gas deliveries except in compliance with Grantee's tariff or curtailment plan approved by the Railroad Commission.

(F) Nothing herein contained shall limit or restrict any legal rights that the City may possess arising from any alleged violation of this Franchise.

(G) Neither the City nor Grantee shall be excused from complying with any of the terms and conditions of this Franchise by any failure of the other, or any of its officers, employers, or agents, upon any one or more occasions to insist upon or seek compliance with any such terms and conditions.

(H) The paragraph headings contained in this Franchise are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs hereof. Both parties have participated in the preparation of this Franchise and this Agreement shall not be construed either more or less strongly against or for either party.

SECTION 16. PUBLICATION AND ACCEPTANCE.

(A) In order to accept this Franchise, Grantee must file with the City Secretary its written acceptance of this Franchise within sixty (60) days after its final passage and approval by the City in accordance with Section 10.02 of the City Charter. If such written acceptance of this Franchise is not filed by Grantee, then this Franchise shall be rendered null and void.

(B) The City Secretary is hereby directed, pursuant to Section 10.02 of the City Charter, prior to second consideration, to publish the full text of this Franchise ordinance in the official City newspaper once each week for four consecutive weeks, at the expense of Grantee.

(C) When this Franchise becomes effective, all previous ordinances of the City granting franchises for gas delivery purposes that were held by Grantee shall be automatically canceled and annulled and shall be of no further force and effect.

SECTION 17. ATTORNEY'S FEES.

The prevailing party in the adjudication of any proceeding relating to this Agreement shall be authorized to recover its reasonable and necessary attorney's fees pursuant to Section 271.153 of the Texas Local Government Code. None of the City's costs reimbursed by Grantee under this Section shall appear in a separate line item surcharge.

SECTION 18. EFFECTIVE DATE.

If Grantee accepts this Franchise ordinance, by filing of its written acceptance, this ordinance shall become effective on the 1st day of August, 2024. Franchise payments remitted to City prior to the effective date of this ordinance shall be calculated and paid pursuant to Ordinance No. O-2008-07.

PASSED on FIRST Reading this ____ day of _____, 2024.

_____
Alan Brundrett, MAYOR

ATTEST:

_____
Yael Hoffman, TRMC, CITY SECRETARY

PASSED on SECOND Reading this ____ day of _____, 2024.

_____
Alan Brundrett, MAYOR

ATTEST:

_____
Yael Hoffman, TRMC, CITY SECRETARY

STATE OF TEXAS §
COUNTIES OF TARRANT AND PARKER §
CITY OF AZLE §

I, Yael Hoffman, TRMC, City Secretary of the City of Azle, Tarrant and Parker Counties, Texas, do hereby certify that the above and foregoing is a true and correct copy of an ordinance passed by the City Council of the City of Azle, Texas, at a regular session, held on the _____ day of _____, 2024, as it appears of record in the Minutes of the meeting held on the _____ day of _____, 2024.

WITNESS MY HAND AND SEAL, this the ___ day of _____, 2024.

_____

Yael Hoffman, TRMC, City Secretary
City of Azle, Texas

Presenter:	**Martin Avila, Finance Director**
Agenda Item:	**Discussion and consideration of all matters incident and related to the issuance and sale of "City of Azle, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2024", including the adoption of Ordinance 2024-13 authorizing the issuance of such certificates of obligation.**

Background and Explanation:

Staff has been working with the City's financial advisor, Hilltop Securities Inc., on the issuance of certificates of obligation for the construction and improvement of Dunaway Lane. Proceeds from the issuance may also be used for improvements at the animal shelter and new fleet maintenance facilities if there are savings on the Dunaway Lane project.

Hilltop Securities will receive bid pricing for the sale of the certificates on June 4, 2024 and final data will be inserted into the ordinance and presented for your approval at the council meeting. The ordinance included with this communication for your review is a draft of the actual ordinance that must be passed in order to move forward with the issuance.

Bond counsel has provided the following suggested language in order to make a motion to adopt the ordinance:

I move to adopt Ordinance 2024-13 approving the issuance and sale of "City of Azle, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2024" and resolving other matters incident and related thereto.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

Approve Ordinance 2024-13 issuing the certificates of obligation.

Attachments:

1. AZLE CO 2024 - Ordinance 2024-13

ORDINANCE NO. 2024-13

AN ORDINANCE authorizing the issuance of "CITY OF AZLE, TEXAS, TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024"; providing for the payment of said certificates of obligation by the levy of an ad valorem tax upon all taxable property within the City and a limited pledge of the net revenues of the City's Waterworks and Sewer System; specifying the terms and conditions of such certificates of obligation; resolving other matters incident and relating to the issuance, payment, security, sale, and delivery of said certificates of obligation, including the approval and execution of a Paying Agent/Registrar Agreement and the approval and distribution of an Official Statement; and providing an effective date.

WHEREAS, notice of the City Council's intention to issue certificates of obligation in the maximum principal amount of $6,000,000 for the purpose of paying contractual obligations to be incurred for (i) constructing and improving streets, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage and traffic signalization and the acquisition of land and rights-of-way therefor, (ii) improving and extending the City's Waterworks and Sewer System, including the acquisition of land and rights-of-way therefor, (iii) constructing, improving and equipping animal shelter facilities, (iv) constructing, improving and equipping an administrative office building housing the City's fleet maintenance facilities, and (v) professional services rendered in connection therewith, has been (a) duly published in the *Tri-County Reporter* a newspaper of general circulation in the City of Azle, Texas on April 11, 2024 and April 18 2024, the date the first publication of such notice being not less than forty-six (46) days prior to the tentative date stated therein for the passage of the ordinance authorizing the issuance of such certificates and (b) duly published continuously on the City's website for at least forty-five (45) days prior to the tentative date stated therein for the passage of the ordinance authorizing the issuance of such certificates; and

WHEREAS, no petition protesting the issuance of the certificates of obligation described in the aforesaid notice, signed by at least 5% of the qualified electors of the City, has been presented to or filed with the City Secretary on or prior to the date of the passage of this Ordinance; and

WHEREAS, the City Council hereby finds and determines that $_____ in principal amount of the certificates of obligation described in such notice should be authorized at this time; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AZLE, TEXAS:

Section 1. Authorization - Designation - Principal Amount - Purpose. Certificates of obligation of the City shall be and are hereby authorized to be issued in the aggregate principal amount of $_____, to be designated and bear the title "CITY OF AZLE, TEXAS, TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024" (hereinafter referred to as the "Certificates"), for the purpose of paying contractual obligations to be incurred for (i) constructing and improving streets, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage and traffic signalization and the acquisition of land and rights-of-way therefor, (ii) improving and

extending the City's Waterworks and Sewer System, including the acquisition of land and rights-of-way therefor, (iii) constructing, improving and equipping animal shelter facilities, (iv) constructing, improving and equipping an administrative office building housing the City's fleet maintenance facilities, and (v) professional services rendered in connection therewith, all in accordance with the authority conferred by and in conformity with the Constitution and laws of the State of Texas, including Texas Local Government Code, Subchapter C of Chapter 271, as amended.

Section 2. Fully Registered Obligations - Certificate Date - Authorized Denominations - Stated Maturities - Interest Rates. The Certificates are issuable in fully registered form only, shall be dated July 2, 2024 (the "Certificate Date"), and shall be in denominations of $5,000 or any integral multiple thereof (within a Stated Maturity), and the Certificates shall become due and payable on February 15 in each of the years and in principal amounts (the "Stated Maturities") and bear interest at the per annum rate(s) in accordance with the following schedule:

Year of Stated Maturity	Principal Amount ($)	Interest Rate (%)
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		
2044		

The Certificates shall bear interest on the unpaid principal amount thereof from the initial date of delivery of the Certificates at the per annum rates shown above (calculated on the basis of a 360-day year of twelve 30-day months) and shall be payable on February 15 and August 15 in each year until maturity or prior redemption, commencing February 15, 2025.

Section 3. Terms of Payment - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Certificates, due by reason of maturity, redemption or otherwise, shall be payable only to the registered owners or holders of the Certificates (the "Holders") appearing on the registration and transfer books maintained by the Paying Agent/Registrar. Such payments shall be payable, without exchange or collection charges, to the Holder in any coin or

currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The selection and appointment of U.S. Bank Trust Company, National Association, Dallas, Texas, or its assigns to serve as Paying Agent/Registrar for the Certificates is hereby approved and confirmed. The City agrees and covenants to cause to be kept and maintained at the Designated Payment/Transfer Office (defined below) of the Paying Agent/Registrar, books and records relating to the registration, payment, and transfer of the Certificates (the "Security Register"), all as provided herein, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement", substantially in the form attached hereto as **Exhibit A** and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor and City Secretary are authorized to execute and deliver such Paying Agent/Registrar Agreement in connection with the delivery of the Certificates. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are paid and discharged; and, any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution, or other entity duly qualified and legally authorized to act as and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice of the change to be sent to each registered owner of the Certificates by United States mail, first-class postage prepaid; and such notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Certificates, shall be payable at the Stated Maturities or on a date of earlier redemption thereof only upon presentation and surrender of the Certificates to the Paying Agent/Registrar at its designated offices, initially in St. Paul, Minnesota, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Payment/Transfer Office"). The Paying Agent/Registrar shall pay interest on the Certificates only to the Holders whose names appear in the Security Register at the close of business on the Record Date (the last business day of the month next preceding the interest payment date) and shall pay either by: (1) check sent by United States mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (2) by such other method, acceptable to the Paying Agent/Registrar, requested by the Holder at the Holder's risk and expense. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by first class United States mail, postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

Section 4. Redemption.

(a) Optional Redemption. The Certificates having Stated Maturities on and after February 15, 2034, shall be subject to redemption prior to maturity, at the option of the City on February 15, 2033, or any date thereafter, in whole or in part in principal amounts of $5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar) at the redemption price of par, together with interest accrued to the redemption date.

Not less than forty-five (45) days prior to an optional redemption date for the Certificates (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of: (1) the decision to redeem Certificates, (2) the principal amount of each Stated Maturity to be redeemed, and (3) the date of redemption.

[(b) **Mandatory Redemption.** The Certificates shall be subject to mandatory redemption in part prior to maturity at the redemption price of par and accrued interest to the date of redemption on the respective dates and in principal amounts as follows:

Redemption Date	Principal Amount ($)

*

* Stated maturity.

Approximately forty-five (45) days prior to each mandatory redemption date for the Certificates, the Paying Agent/Registrar shall select by lot the numbers of the Certificates within the applicable Stated Maturity to be redeemed on the next following February 15 from moneys set aside for that purpose in the Certificate Fund (as hereinafter defined). Any Certificate not selected for prior redemption shall be paid on the date of the Stated Maturity.

The principal amount of the Certificates for a Stated Maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Certificates which, at least fifty (50) days prior to the mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the optional redemption provisions set forth in subsection (a) of this Section and not theretofore credited against a mandatory redemption requirement.]

(b) Selection of Certificates for Redemption. If less than all Outstanding Certificates of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall treat such Certificates as representing the number of Certificates

Outstanding, which is obtained by dividing the principal amount of such Certificates by $5,000, and shall select by lot the Certificates to be redeemed within such Stated Maturity.

(c) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Certificates, a notice of redemption shall be sent by first class United States mail, postage prepaid, in the name of the City and at the City's expense, to each Holder of a Certificate to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall: (1) specify the date of redemption for the Certificates, (2) identify the Certificates to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (3) state the redemption price, (4) state that the Certificates, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (5) specify that payment of the redemption price for the Certificates, or the principal amount thereof to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Certificate is subject by its terms to prior redemption and has been called for redemption and notice of redemption thereof has been duly given as hereinabove provided, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable and interest thereon shall cease to accrue from and after the specified redemption date; provided moneys sufficient for the payment of such Certificate (or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

(d) Conditional Notice of Redemption. With respect to any optional redemption of the Certificates, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

Section 5. Registration - Transfer - Exchange of Certificates - Predecessor Certificates. A Security Register relating to the registration, payment, and transfer or exchange of the Certificates shall at all times be kept and maintained by the City at the Designated Payment/Transfer Office of the Paying Agent/Registrar and at a place within the State of Texas, and the Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each registered owner of the Certificates issued under and pursuant to the provisions of this Ordinance. Any Certificate may, in accordance with its terms and the terms hereof, be transferred or exchanged for Certificates of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Certificate to the Designated Payment/Transfer Office of the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly

executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon the surrender for transfer of any Certificate (other than the Initial Certificate(s) authorized in Section 8 hereof) at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Certificates, executed on behalf of, and furnished by, the City, of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Certificate or Certificates surrendered for transfer.

At the option of the Holder, Certificates (other than the Initial Certificate(s) authorized in Section 8 hereof) may be exchanged for other Certificates of authorized denominations and having the same Stated Maturity, bearing the same rate of interest, and of like aggregate principal amount as the Certificates surrendered for exchange upon the surrender of the Certificates to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Certificates are so surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Certificates, executed on behalf of, and furnished by the City, to the Holder requesting the exchange.

All Certificates issued upon any transfer or exchange of Certificates shall be delivered at the Designated Payment/Transfer Office of the Paying Agent/Registrar, or sent by United States mail, first class postage prepaid, to the Holder and, upon the delivery thereof, the same shall be valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Certificates surrendered in such transfer or exchange.

All transfers or exchanges of Certificates pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Certificates canceled by reason of an exchange or transfer under this Section are hereby defined to be "Predecessor Certificates," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Certificate or Certificates registered and delivered in the exchange or transfer. Additionally, the term "Predecessor Certificates" shall include any Certificate registered and delivered pursuant to Section 23 hereof in lieu of a mutilated, lost, destroyed, or stolen Certificate which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Certificate.

Neither the City nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of a Holder any Certificate called for redemption, in whole or in part, within forty-five (45) days of the date fixed for the redemption of such Certificate; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance of a Certificate called for redemption in part.

Section 6. Book-Entry-Only Transfers and Transactions. Notwithstanding the provisions contained in Sections 3, 4 and 5 relating to the payment, and transfer/exchange of the Certificates, the City hereby approves and authorizes the use of "Book-Entry-Only" securities clearance, settlement and transfer system provided by The Depository Trust Company ("DTC"), a limited purpose trust company organized under the laws of the State of New York, in accordance

with the operational arrangements referenced in the Blanket Issuer Letter of Representations by and between the City and DTC (the "Depository Agreement").

Pursuant to the Depository Agreement and the rules of DTC, the Certificates shall be deposited with DTC who shall hold said Certificates for its participants (the "DTC Participants"). While the Certificates are held by DTC under the Depository Agreement, the Holder of the Certificates on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Certificate (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Certificates or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Certificates, the City covenants and agrees with the Holders of the Certificates to cause Certificates to be printed in definitive form and issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Certificates in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Certificates shall be made in accordance with the provisions of Sections 3, 4 and 5 hereof.

Section 7. Execution - Registration. The Certificates shall be executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or impressed thereon and countersigned by the City Secretary. The signatures of said officers and the seal of the City on the Certificates may be manual or facsimile. Certificates bearing the manual or facsimile signatures of said individuals who are or were the proper officers of the City on the Certificate Date shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or any of them shall cease to hold such offices prior to the delivery of the Certificates to the initial purchaser(s), and with respect to Certificates delivered in subsequent exchanges and transfers, all as authorized and provided in Texas Government Code, Chapter 1201, as amended.

No Certificate shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Certificate either a certificate of registration substantially as set forth in the form of the Initial Certificate(s) provided in Section 9B, manually executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent, or a certificate of registration substantially as set forth in the form of the definitive Certificates provided in Section 9C, manually executed by an authorized officer, employee, or representative of the Paying Agent/Registrar, and either such certificate duly signed upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly certified, registered, and delivered.

Section 8. Initial Certificate(s). The Certificates herein authorized shall be initially issued either as (i) a single fully registered certificate in the total principal amount of this series with principal installments to become due and payable as provided in Section 2 and numbered T-1 or, alternatively, (ii) as one certificate for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Certificate(s)") and, in either case, the Initial Certificate(s) shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Certificate(s) shall be the Certificate(s) submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Certificate(s), the

Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Certificate(s) delivered hereunder and exchange therefor definitive Certificates of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

Section 9. Forms.

A. Forms Generally. The Certificates, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Registration of the Paying Agent/Registrar, and the form of Assignment to be printed on the Certificates, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance 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) and such legends and endorsements (including insurance legends in the event the Certificates, or any maturities thereof, are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or be determined by the officers executing such Certificates as evidenced by their execution thereof. Any portion of the text of any Certificate may be set forth on the reverse thereof, with an appropriate reference to such a portion on the face of the Certificate.

The definitive Certificates shall be printed, lithographed, engraved or produced in any other similar manner, all as determined by the officers executing such Certificates as evidenced by their execution thereof, but the Initial Certificate(s) submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

The City may provide (i) for issuance of one fully registered Certificate for the Stated Maturity in the aggregate principal amount of such Stated Maturity and (ii) for registration of such Certificate in the name of a securities depository, or the nominee thereof. While any Certificate is registered in the name of a securities depository or its nominee, references herein and in the Certificates to the holder or owner of such Certificate shall mean the securities depository or its nominee and shall not mean any other person.

B. Form of Single Initial Certificate.

REGISTERED REGISTERED
NO. T-1 $_____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AZLE, TEXAS
TAX AND WATERWORKS AND SEWER SYSTEM
(LIMITED PLEDGE) REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2024

Certificate Date: July 2, 2024

Registered Owner: _____

Principal Amount: _____THOUSAND DOLLARS

The City of Azle (hereinafter referred to as the "City"), a body corporate and municipal corporation in the Counties of Tarrant and Parker, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, the Principal Amount hereinabove stated, on February 15 in each of the years and in principal installments in accordance with the following schedule:

YEAR	PRINCIPAL INSTALLMENTS ($)	INTEREST RATE (%)

(Information to be inserted from Section 2 hereof)

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the initial date of delivery of the Certificates at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 of each year until maturity or prior redemption, commencing February 15, 2025. Principal installments of this Certificate are payable on the Stated Maturity dates or on a redemption date to the registered owner hereof by U.S. Bank Trust Company, National Association, Dallas, Texas (the "Paying Agent/Registrar"), upon its presentation and surrender at its designated offices, initially in St. Paul, Minnesota or, with respect to a successor paying agent/registrar, at the designated office of such successor (the "Designated Payment/Transfer Office"). Interest shall be payable to the registered owner of this Certificate whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding the interest payment date hereof and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. All payments of principal of, premium, if any, and interest on this Certificate shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Certificate is issued in the aggregate principal amount of $_____ for the purpose of paying contractual obligations to be incurred for (i) constructing and improving streets, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage and traffic signalization and the acquisition of land and rights-of-way therefor, (ii) improving and extending the City's Waterworks and Sewer System, including the acquisition of land and rights-of-way therefor, (iii) constructing, improving and equipping animal shelter facilities, (iv) constructing, improving and equipping an administrative office building housing the City's fleet maintenance facilities, and (v) professional services rendered in connection therewith, pursuant to authority conferred by and in conformity with the Constitution and laws of the State of Texas, particularly Texas Local Government Code, Subchapter C of Chapter 271, as amended, and pursuant to an ordinance adopted by the governing body of the City (hereinafter referred to as the "Ordinance").

The Certificates maturing on and after February 15, 2034, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of $5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on February 15, 2033, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

[The Certificates are subject to mandatory redemption prior to maturity with funds on deposit in the Certificate Fund established and maintained for the payment thereof in the Ordinance, and shall be redeemed in part prior to maturity at the price of par and accrued interest thereon to the mandatory redemption date on the respective dates and in principal amounts as follows:

Redemption Date	Principal Amount ($)

*

* Stated maturity.

The particular Certificates of a stated maturity to be redeemed on each redemption date shall be chosen by lot by the Paying Agent/Registrar; provided, however, that the principal amount of the Certificates required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Certificates which, at least fifty (50) days prior to the mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the optional redemption provisions appearing below and not theretofore credited against a mandatory redemption requirement.]

At least thirty (30) days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by first class United States mail, postage prepaid, to the registered owners of each Certificate to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinance. If a Certificate (or any portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon the redemption date such Certificate (or the portion of its principal sum to be redeemed) shall become due and payable, and, if moneys for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the redemption date on the principal amount redeemed.

In the event a portion of the principal amount of a Certificate is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such

principal amount shall be made to the registered owner only upon presentation and surrender of such Certificate to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Certificate or Certificates of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum thereof will be issued to the registered owner, without charge. If a Certificate is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Certificate to an assignee of the registered owner within forty-five (45) days of the redemption date; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Certificate redeemed in part.

With respect to any optional redemption of the Certificates, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

The Certificates are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City and are additionally payable from and secured by a lien on and limited pledge of $1,000 of the Net Revenues of the City's Waterworks and Sewer System (the "System"), as provided in the Ordinance. In the Ordinance, the City reserves and retains the right to issue Additional Certificates equally and ratably secured with the Certificates by a parity lien on and pledge of the Net Revenues.

Reference is hereby made to the Ordinance, a copy of which is on file at the principal offices of the Paying Agent/Registrar, and to all of the provisions of which the registered owner by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Certificate; the properties constituting the System; the Net Revenues pledged to the payment of the principal of and interest on this Certificate; the nature, extent, and manner of enforcement of the pledge; the terms and conditions relating to the transfer or exchange of this Certificate; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the registered owners; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the tax levy and the liens, pledges, charges, and covenants made therein may be discharged at or prior to the maturity of this Certificate, and this Certificate deemed to be no longer Outstanding; and for the other terms and provisions thereof. Capitalized terms used herein have the meanings assigned in the Ordinance.

This Certificate, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the principal offices of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the registered owner hereof, or his duly authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Certificates of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, may treat the registered owner hereof whose name appears on the Security Register (i) on the Record Date as the owner entitled to the payment of the interest hereon, (ii) on the date of surrender of this Certificate as the owner entitled to the payment of the principal hereof at its Stated Maturity, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented, and covenanted that the City is a duly organized and legally existing municipal corporation under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Certificates is duly authorized by law; that all acts, conditions, and things required to exist and be done precedent to and in the issuance of the Certificates to render the same lawful and valid obligations of the City have been properly done, have happened, and have been performed in regular and due time, form, and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Certificates do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Certificates by the levy of a tax and a limited pledge of $1,000 and lien on the Net Revenues as stated above. In case any provision in this Certificate or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Certificate to be duly executed under the official seal of the City as of the Certificate Date.

CITY OF AZLE, TEXAS

_____
Mayor

COUNTERSIGNED:

_____
City Secretary

(City Seal)

C. <u>Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Certificate(s) Only</u>.

REGISTRATION CERTIFICATE OF
THE COMPTROLLER OF PUBLIC ACCOUNTS

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

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

WITNESS my signature and seal of office this _____.

_____
Comptroller of Public Accounts
of the State of Texas

(Seal)

D. Form of Registration Certificate of Paying Agent/Registrar to Appear on Definitive Certificates Only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Certificate has been duly issued and registered under the provisions of the within - mentioned Ordinance; the certificate or certificates of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The office of the Paying Agent/Registrar in St. Paul, Minnesota is the Designated Payment/Transfer Office for this Certificate.

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION,
DALLAS, TEXAS,
as Paying Agent/Registrar

Registered this date:
_____

By: _____
Authorized Signature

E. Form of Assignment.

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

DATED: _____

Signature guaranteed:

_____

_____

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Certificate in every particular.

F. Form of Definitive Certificates.

REGISTERED
NO. R-____

REGISTERED
$_____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AZLE, TEXAS
TAX AND WATERWORKS AND SEWER SYSTEM
(LIMITED PLEDGE) REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2024

Certificate Date:	Interest Rate:	Stated Maturity:	CUSIP NO.
July 2, 2024	_____%	February 15, 20__	_____

Registered Owner:

Principal Amount: DOLLARS

The City of Azle (hereinafter referred to as the "City"), a body corporate and municipal corporation in the Counties of Tarrant and Parker, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount stated above (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount stated above from the interest payment date next preceding the "Registration Date" of this Certificate appearing below (unless this Certificate bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Certificate is prior to the initial interest payment date in which case it shall bear interest from the initial date of delivery of the Certificates) at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year until maturity or prior redemption, commencing February 15, 2025. Principal of this Certificate shall be payable at its Stated Maturity or on a redemption date to the Registered Owner hereof upon presentation and surrender at the designated offices of the Paying Agent/Registrar executing the registration

certificate appearing hereon, initially in St. Paul, Minnesota, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Payment/Transfer Office"). Interest shall be payable to the registered owner of this Certificate (or of one or more Predecessor Certificates, as defined in the Ordinance hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding the interest payment date and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first class postage prepaid, to the address of the registered owner, recorded in the Security Register or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. All payments of principal of, premium, if any, and interest on this Certificate shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Certificate is one of the series specified in its title issued in the aggregate principal amount of $_____ (herein referred to as the "Certificates") for the purpose of paying contractual obligations to be incurred for (i) constructing and improving streets, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage and traffic signalization and the acquisition of land and rights-of-way therefor, (ii) improving and extending the City's Waterworks and Sewer System, including the acquisition of land and rights-of-way therefor, (iii) constructing, improving and equipping animal shelter facilities, (iv) constructing, improving and equipping an administrative office building housing the City's fleet maintenance facilities, and (v) professional services rendered in connection therewith, pursuant to authority conferred by and in conformity with the Constitution and laws of the State of Texas, particularly Texas Local Government Code, Subchapter C of Chapter 271, as amended, and pursuant to an ordinance adopted by the governing body of the City (hereinafter referred to as the "Ordinance").

The Certificates maturing on and after February 15, 2034, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of $5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on February 15, 2033, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

At least thirty (30) days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by first class United States mail, postage prepaid, to the registered owners of each Certificate to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinance. If a Certificate (or any portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon the redemption date such Certificate (or the portion of its principal sum to be redeemed) shall become due and payable, and, if moneys for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the redemption date on the principal amount redeemed.

In the event a portion of the principal amount of a Certificate is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Certificate to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Certificate or Certificates of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum thereof will be issued to the registered owner, without charge. If a Certificate is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Certificate to an assignee of the registered owner within forty-five (45) days of the redemption date; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Certificate redeemed in part.

With respect to any optional redemption of the Certificates, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

The Certificates are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City and are additionally payable from and secured by a lien on and limited pledge of $1,000 of the Net Revenues of the City's Waterworks and Sewer System (the "System"), such lien and pledge, together with a parity pledge securing the payment of the Previously Issued Certificates, as provided in the Ordinance. In the Ordinance, the City reserves and retains the right to issue Additional Certificates equally and ratably secured with the Certificates by a parity lien on and pledge of the Net Revenues.

Reference is hereby made to the Ordinance, a copy of which is on file at the principal offices of the Paying Agent/Registrar, and to all of the provisions of which the registered owner by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Certificates; the properties constituting the System; the Net Revenues pledged to the payment of the principal of and interest on the Certificates; the nature, extent, and manner of enforcement of the pledge; the terms and conditions relating to the transfer or exchange of this Certificate; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the registered owners; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the tax levy and the liens, pledges, charges, and covenants made therein may be discharged at or prior to the maturity of this Certificate, and this Certificate deemed to be no longer Outstanding; and, for the other terms and provisions thereof. Capitalized terms used herein have the meanings assigned in the Ordinance.

This Certificate, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the principal offices of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the registered owner hereof, or his duly authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Certificates of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same

aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, may treat the registered owner hereof whose name appears on the Security Register (i) on the Record Date as the owner entitled to the payment of the interest hereon, (ii) on the date of surrender of this Certificate as the owner entitled to the payment of the principal hereof at its Stated Maturity, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented, and covenanted that the City is a duly organized and legally existing municipal corporation under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Certificates is duly authorized by law; that all acts, conditions, and things required to exist and be done precedent to and in the issuance of the Certificates to render the same lawful and valid obligations of the City have been properly done, have happened, and have been performed in regular and due time, form, and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Certificates do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Certificates by the levy of a tax and a limited pledge of $1,000 of the Net Revenues as stated above. In case any provision in this Certificate or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Certificate to be duly executed under the official seal of the City as of the Certificate Date.

CITY OF AZLE, TEXAS

_____
Mayor

COUNTERSIGNED:

_____
City Secretary

(City Seal)

Section 10. Definitions. For purposes of this Ordinance and for clarity with respect to the issuance of the Certificates herein authorized, and the levy of taxes and appropriation of Pledged Revenues therefor, the following definitions are provided:

(a) The term "Additional Certificates" shall mean combination tax and revenue certificates of obligation hereafter issued under and pursuant to the provisions of Texas Local Government Code, Subchapter C of Chapter 271, as amended, or any similar law hereafter enacted, and payable from ad valorem taxes and additionally payable from and secured by a lien on and pledge of the Net Revenues as provided in Section 13 hereof.

(b) The term "Certificates" shall mean the "City of Azle, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2024" authorized by this Ordinance.

(c) The term "Certificate Fund" shall mean the special fund created and established under the provisions of Section 11 of this Ordinance.

(d) The term "Collection Date" shall mean, when reference is being made to the levy and collection of annual ad valorem taxes, the date the annual ad valorem taxes levied each year by the City become delinquent.

(e) The term "fiscal year" shall mean the twelve month accounting period used by the City in connection with the operation of the System which may be any twelve consecutive month period established by the City.

(f) The term "Government Securities" shall mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Certificates under the then applicable laws of the State of Texas.

(g) The term "Gross Revenues" shall mean all income, receipts and revenues of every nature derived or received from the operation and ownership (excluding meter deposits, gifts and grants) of the System, including earnings and income derived from the investment or deposit of moneys in any special funds or accounts created and established for the payment and security of other obligations payable solely from and secured only by a lien on and pledge of the Net Revenues, and fees paid to the City for access to the System; provided such access fees have been received and deposited with the City.

(h) The term "Maintenance and Operating Expenses" shall mean all current expenses of operating and maintaining the System, including all salaries, labor, materials, repairs and extensions necessary to render efficient service; provided, however, that only such repairs and

extensions, as in the judgment of the City Council, reasonably and fairly exercised, are necessary to maintain the operations and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair obligations payable from Net Revenues shall be deducted in determining "Net Revenues". Depreciation charges shall not be considered Maintenance and Operating Expenses. Maintenance and Operating Expenses shall include payments under contracts for water supply, treatment of sewage or other materials, goods, services or facilities for the System to the extent authorized by law and the provisions of such contract.

(i) The term "Net Revenues" shall mean Gross Revenues, with respect to any period, after deducting the Maintenance and Operating Expenses during such period.

(j) The term "Outstanding" when used in this Ordinance with respect to Certificates means, as of the date of determination, all Certificates theretofore issued and delivered under this Ordinance, except:

(1) those Certificates theretofore canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Certificates for which payment has been duly provided by the City in accordance with the provisions of Section 25 hereof by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or Government Securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity; and

(3) those Certificates that have been mutilated, destroyed, lost, or stolen and for which (i) replacement Certificates have been registered and delivered in lieu thereof or (ii) have been paid, all as provided in Section 23 hereof.

(k) The term "Previously Issued Certificates" shall mean the outstanding (1) "City of Azle, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligations, Series 2016", dated October 20, 2016, and (2) "City of Azle, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2017", dated March 1, 2017, and (iii) other similar obligations hereafter issued that are payable from and secured, in whole or in part, by a parity lien on and pledge of the Net Revenues, which is equal in right and claim to the lien on and pledge of the Net Revenues securing the payment of the Certificates.

(l) The term "Prior Lien Obligations" shall mean the outstanding (i) "City of Azle, Texas, Waterworks and Sewer System Revenue Refunding Bonds, Series 2014", dated April 15, 2014, and (ii) other similar obligations hereafter issued that are payable from and secured, in whole or in part, by a lien on and pledge of the Net Revenues, which is prior in right and claim to the lien on and pledge of the Net Revenues securing the payment of the Previously Issued Certificates, the TWDB Certificates, and the Certificates.

(m) The term "System" shall mean all properties, facilities and plants currently owned, operated and maintained by the City for the supply, treatment and transmission of treated potable water and for the collection, treatment and disposal of water-carried wastes, together with all future extensions, improvements, replacements and additions thereto.

(n) The term "TWDB Certificates" shall mean the City of Azle, Texas Tax and Waterworks and Sewer System (Surplus Pledge) Revenue Certificates of Obligation, Series 2017A" dated November 1, 2017, that are payable from and secured, in whole or in part, by a lien on and pledge of the surplus Net Revenues, which is junior and subordinate in right and claim to the lien on and pledge of the Net Revenues securing the payment of the Prior Lien Obligations, the Certificates, and the Previously Issued Certificates.

Section 11. Certificate Fund. For the purpose of paying the interest on and to provide a sinking fund for the payment and retirement of the Certificates, there shall be and is hereby created a special fund or account to be designated "SPECIAL 2024 CITY OF AZLE, TEXAS, CERTIFICATE OF OBLIGATION FUND" (the "Certificate Fund"), which fund or account shall be maintained on the records of the City and deposited in a special fund maintained at an official depository of the City's funds, and moneys deposited in said fund or account shall be used for no other purpose. The Mayor, City Manager, Assistant City Manager, Finance Director and City Secretary, any one or more of said officials of the City, are hereby authorized and directed to make withdrawals from said fund or account sufficient to pay the principal of and interest on the Certificates as the same become due and payable, and, shall cause to be transferred to the Paying Agent/Registrar from moneys on deposit in the Certificate Fund (on or prior to a principal and/or interest payment date) an amount sufficient to pay the amount of principal and/or interest falling due on the Certificates.

Pending the transfer of funds to the Paying Agent/Registrar, money in the Certificate Fund may, at the option of the City, invested in investments authorized by the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, and the City's investment policy; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from said Account will be available at the proper time or times. All interest and income derived from deposits and investments in the Certificate Fund shall be credited to, and any losses debited to, such account. All investments in the Certificate Fund shall be sold promptly when necessary to prevent any default in connection with the Certificates.

Section 12. Tax Levy. To provide for the payment of the "Debt Service Requirements" on the Certificates being (i) the interest on said Certificates and (ii) a sinking fund for their redemption at maturity or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied, within the limitations prescribed by law, for the current year and each succeeding year thereafter while said Certificates or any interest thereon shall remain Outstanding, a sufficient tax on each one hundred dollars' valuation of taxable property in said City, adequate to pay such Debt Service Requirements, full allowance being made for delinquencies and costs of collection; said tax shall be assessed and collected each year and applied to the payment of the Debt Service Requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Certificate Fund. The City Council hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the said Debt Service Requirements, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness.

The amount of taxes to be provided annually for the payment of the principal of and interest on the Certificates shall be determined and accomplished in the following manner:

Prior to the date the City Council establishes the annual tax rate and passes an ordinance levying ad valorem taxes each year, the City Council shall determine:

(1) The amount on deposit in the Certificate Fund after (a) deducting therefrom the total amount of Debt Service Requirements to become due on Certificates prior to the Collection Date for the ad valorem taxes to be levied and (b) adding thereto the amount of the Net Revenues, together with any other lawfully available revenues of the City, appropriated and allocated to pay such Debt Service Requirements prior to the Collection Date for the ad valorem taxes to be levied.

(2) The amount of Net Revenues and any other lawfully available revenues which are appropriated and to be set aside for the payment of the Debt Service Requirements on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year.

(3) The amount of Debt Service Requirements to become due and payable on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year.

The amount of taxes to be levied annually each year to pay the Debt Service Requirements on the Certificates shall be the amount established in paragraph (3) above less the sum total of the amounts established in paragraphs (1) and (2), after taking into consideration delinquencies and costs of collecting such annual taxes.

Any surplus proceeds from the sale of the Certificates not expended for authorized purposes shall be deposited in the Certificate Fund, and such amounts so deposited shall reduce the sums otherwise required to be deposited in said Fund from ad valorem taxes.

Section 13. Limited Pledge of Net Revenues. The City hereby covenants and agrees that the Net Revenues (within the limitation of a total amount of $1,000) are hereby irrevocably pledged to the payment of the principal of and interest on the Certificates and the pledge of such Net Revenues herein made for the payment of the Certificates shall constitute a lien on such Net Revenues in accordance with the terms and provisions hereof and be valid and binding without any physical delivery thereof or further act by the City. The lien on and pledge of the Net Revenues shall continue until such time as the City shall pay all of such $1,000, after which time the pledge shall cease.

Texas Government Code, Chapter 1208, as amended, applies to the issuance of the Certificates and the pledge of the revenues granted by the City under this Section of this Ordinance, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Certificates are Outstanding and unpaid such that the pledge of the revenues granted by the City under this Section of this Ordinance is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the Holders of the Certificates the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur.

Section 14. System Fund. The City hereby covenants and agrees that all revenues derived from the operation and ownership of the System shall be kept separate and apart from all other funds, accounts, and moneys of the City, and shall be deposited as collected into the "City of Azle, Texas, Waterworks and Sewer System Fund" (hereinafter called the "System Fund"). All

moneys deposited in the System Fund shall be pledged and appropriated to the extent required for the following purposes and in the order of priority shown, to wit:

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

Second: To the payment of the amounts required to be deposited in the special funds created and established for the payment, security and benefit of Prior Lien Obligations in accordance with the terms and provisions of the ordinances authorizing the issuance of Prior Lien Obligations.

Third: To the payment of the amounts required to be deposited in the special funds and accounts created and established for the payment of the Previously Issued Certificates and the Certificates.

Fourth: To the payment of amounts required to be deposited in the special Funds created and established for the payment of the TWDB Certificates and other similar obligations hereinafter issued that are payable from and secured, in whole or in part, by a lien on and pledge of the surplus Net Revenues, which is junior and subordinate in right and claim to the lien on and pledge of the Net Revenues securing the payment of the Certificates and the Previously Issued Certificates.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for redemption of the Certificates or any other City purpose now or hereafter permitted by law.

Section 15. Deposits to Certificate Fund. Subject to the provisions of Section 14 hereof, the City hereby covenants and agrees to cause to be deposited in the Certificate Fund from the pledged Net Revenues in the System Fund, the amount of Net Revenues pledged to the payment of the Certificates.

Deposits of the Net Revenues to be made to the Certificate Fund, as hereinabove provided, shall be made to such Fund. Ad valorem taxes levied, collected, and deposited in the Certificate Fund for and on behalf of the Certificates may be taken into consideration and utilized to reduce the amount of the deposits otherwise required to be deposited in the Certificate Fund from the Net Revenues. In addition, any surplus proceeds from the sale of the Certificates not expended for authorized purposes shall be deposited in the Certificate Fund, and such amounts so deposited shall reduce the sums otherwise required to be deposited in said Fund from ad valorem taxes and the Net Revenues.

Section 16. Security of Funds. All moneys on deposit in the Funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds, and moneys on deposit in such Funds shall be used only for the purposes permitted by this Ordinance.

Section 17. Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in the payments to be made to the Certificate Fund, or (b) defaults in

the observance or performance of any other of the covenants, conditions, or obligations set forth in this Ordinance, any Holder shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition, or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

Section 18. Special Covenants. The City hereby covenants as follows:

(i) That it has the lawful power to pledge the Net Revenues supporting this issue of Certificates and has lawfully exercised said powers under the Constitution and laws of the State of Texas, including said power existing under Sections 271.041 271.063 Texas Local Government Code and Chapter 1502, Texas Government Code, as amended.

(ii) Other than for the payment of the outstanding Prior Lien Obligations, the Previously Issued Certificates, the Certificates, the TWDB Certificates, and a water supply contract with Tarrant Regional Water Supply District, the Net Revenues have not in any manner been pledged to the payment of any debt or obligation of the City or of the System.

(iii) That, as long as the Certificates or any interest thereon remain Outstanding and the pledge of the Net Revenues has not been fully satisfied, the City will not sell, lease, or encumber the System or any substantial part thereof, provided that this covenant shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the System.

(iv) The City recognizes that the purchasers and owners of the Certificates will have accepted them on, and paid a price which reflects, the understanding that interest thereon is excludable from federal income taxation under laws in force at the time the Certificates shall have been delivered. In this connection the City covenants to take no action or fail to take any action, which action or failure to act may render the interest on any of such Certificates subject to federal income taxation, particularly pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), nor shall the City take any action or fail to take any action, which action or failure to act, would have the effect of causing the income derived by the City from the System to become subject to federal income taxation in the hands of the City, whether or not provision shall have been made for the payment of such Certificates.

Section 19. Issuance of Additional Certificates. The City hereby expressly reserves the right to hereafter issue Additional Certificates payable from and secured by a lien on and pledge of the Net Revenues of equal rank and dignity, and on a parity in all respects, with the lien thereon and pledge thereof securing the payment of the Previously Issued Certificates and the Certificates.

It is the intention of this governing body and accordingly hereby recognized and stipulated that the provisions, agreements, and covenants contained herein bearing upon the management

and operations of the System, and the administering and application of revenues derived from the operation thereof, shall to the extent possible be harmonized with like provisions, agreements, and covenants contained in any ordinance authorizing the issuance of any other obligations of the City payable in whole or in part from the Net Revenues, and to the extent of any irreconcilable conflict between the provisions contained herein and in any ordinance authorizing any other obligations of the City payable in whole or in part from the Net Revenues, the provisions, agreements, and covenants contained therein shall prevail to the extent of such conflict and be applicable to this Ordinance but in all respects subject to the priority of rights and benefits, if any, conferred thereby to the holders of any such obligations.

Section 20. Sale of Certificates – Official Statement. Pursuant to a public sale for the Certificates, the bid submitted by _____ (herein referred to as the "Purchasers") is declared to be the best bid received producing the lowest true interest cost rate to the City, and the sale of the Certificates to the Purchasers at the price of par plus premium in the amount of $_____ is hereby determined to be in the best interests of the City and is approved and confirmed. Delivery of the Certificates to the Purchasers shall occur as soon as possible upon payment being made therefor in accordance with the terms of sale. The Initial Certificate shall be registered in the name as provided in the winning bid.

Furthermore, the use of the Preliminary Official Statement in connection with the public offering and sale of the Certificates is hereby ratified, confirmed and approved in all respects, the Preliminary Official Statement is hereby deemed "final" as of its date, within the meaning of Rule 15c2-12 of the Securities Exchange Commission, and the City Council hereby finds that the information and data contained in said Preliminary Official Statement pertaining to the City and its financial affairs is true and correct in all material respects and no material facts have been omitted therefrom which are necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The final Official Statement reflecting the terms of sale (together with such changes approved by the Mayor, Mayor Pro Tem, Assistant City Manager, Finance Director or the City Manager, any one or more of said officials), shall be and is hereby in all respects approved and the Purchaser is hereby authorized to use and distribute said final Official Statement, dated June 4, 2024, in the offering, sale and delivery of the Certificates to the public. The Mayor and City Secretary are further authorized and directed to manually execute and deliver for and on behalf of the City copies of said Official Statement in final form as may be required by the Purchaser, and such Official Statement in the final form and content manually executed by said officials shall be deemed to be approved by the City Council and constitute the Official Statement authorized for distribution and use by the Purchaser.

Section 21. Notices to Owners - Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Certificates. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given; 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 22. Cancellation. All Certificates surrendered for payment, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it; and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Certificates previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Certificates so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Certificates held by the Paying Agent/Registrar shall be returned to the City.

Section 23. Mutilated, Destroyed, Lost, and Stolen Certificates. If (a) any mutilated Certificate is surrendered to the Paying Agent/Registrar, or the City and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Certificate, and (b) there is delivered to the City and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the City or the Paying Agent/Registrar that such Certificate has been acquired by a bona fide purchaser, the City 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 Certificate, a new Certificate 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 Certificate has become or is about to become due and payable, the City in its discretion may, instead of issuing a new Certificate, pay such Certificate.

Upon the issuance of any new Certificate under this Section, the City may require payment by the Holder of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent/Registrar) connected therewith.

Every new Certificate issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Certificate shall constitute a replacement of the prior obligation of the City, whether or not the mutilated, destroyed, lost, or stolen Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Certificates.

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 Certificates.

Section 24. Covenants to Maintain Tax-Exempt Status of Interest on the Certificates.

(a) Definitions. When used in this Section, the following terms shall have the following meanings:

"*Closing Date*" means the date on which the Certificates are first authenticated and delivered to the initial purchasers against payment therefor.

"*Code*" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

"*Computation Date*" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"*Gross Proceeds*" means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Certificates.

"*Investment*" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"*Nonpurpose Investment*" means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Certificates are invested and which is not acquired to carry out the governmental purposes of the Certificates.

"*Rebate Amount*" has the meaning set forth in Section 1.148 1(b) of the Regulations.

"*Regulations*" means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Certificates. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"*Yield*" of

(1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and

(2) the Certificates has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Certificate to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Certificate, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Certificates:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Certificates, and not use or permit the use of

such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Certificates or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Certificates to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take or pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Certificates directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Certificates.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Certificates to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by Section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in Section 148(f) of the Code and the Regulations and rulings thereunder:

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which

the last outstanding Certificate is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Certificates with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Certificates until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Certificates by the Purchaser and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the Certificate Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Certificates equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Certificates, enter into any transaction that reduces the amount required to be paid to the United States pursuant to subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Certificates not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, City Manager, Assistant City Manager and Finance Director, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Certificates, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(k) Qualified Tax Exempt Obligations. In accordance with the provisions of paragraph (3) of subsection (b) of Section 265 of the Code, the City hereby designates the Certificates to be "qualified tax exempt obligations" in that the Certificates are not "private activity bonds" as defined in the Code and the reasonably anticipated amount of "qualified tax exempt obligations" to be issued by the City (including all subordinate entities of the City) for the calendar year 2024 will not exceed $10,000,000.

Section 25. Satisfaction of Obligations of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Certificates, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied and the lien on and pledge of the Net Revenues under this Ordinance and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Certificates, or any principal amount(s) thereof, shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (a) money sufficient to pay in full such Certificates or the principal amount(s) thereof at maturity, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (b) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have been certified by an independent accounting or consulting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Certificates, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof. The City covenants that no deposit of moneys or Government Securities will be made under this Section and no use made of any such deposit which would cause the Certificates to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code or regulations adopted pursuant thereto.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. Provided, however, the City has reserved the option, to be exercised at the time of the defeasance of the Certificates, to call for redemption, at an earlier date, those Certificates which have been defeased to their maturity date, if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption; (ii) gives notice of the reservation of that right to the Owners immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

The City reserves the right, subject to satisfying the requirements of (i) and (ii) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

Any moneys so deposited with the Paying Agent/Registrar, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Certificates, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, upon the City's request, the Paying Agent/Registrar shall remit to the city along with a written receipt, any moneys deposited and held in trust by the Paying Agent/Registrar for the payment of the principal of and interest on the Certificates which remain unclaimed for a period of three (3) years

after being so deposited and held on the Stated Maturity or applicable redemption date on the Certificates. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

Section 26. Proceeds of Sale. The proceeds of sale of the Certificates, excluding the amounts to pay costs of issuance, shall be deposited in a construction fund maintained at a City depository bank. Pending expenditure for authorized projects and purposes, such proceeds of sale may be invested in authorized investments in accordance with the provisions of Texas Government Code, Chapter 2256, as amended, including guaranteed investment contracts permitted by Texas Government Code, Section 2256.015 et seq., and the City's investment policies and guidelines, and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Certificate Fund as shall be determined by the City Council. Any surplus proceeds of sale of the Certificates, including investment earnings, remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Certificate Fund. The $_____ of premium received in connection with the Certificates shall be used as follows: $_____ shall be deposited into the construction fund, $_____ shall be deposited into the Certificate Fund and $_____ shall be used for costs of issuance.

Section 27. Ordinance a Contract - Amendments. The provisions of this Ordinance shall constitute a contract with the Holders; and, the City shall not amend or repeal any of the provisions of this Ordinance so long as any Certificate remains Outstanding except as permitted in this Section and Section 28 hereof. The City, may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, with the written consent of the registered owner or owners holding a majority in aggregate principal amount of the Certificates then Outstanding affected thereby, the City may amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all registered owners of Outstanding Certificates, no such amendment, addition or rescission shall: (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Certificates, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Certificates; (2) give any preference to any Certificate over any other Certificate; or, (3) reduce the aggregate principal amount of Certificates required for consent to any such amendment, addition or rescission.

Section 28. Continuing Disclosure Undertaking.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

"*Financial Obligation*" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Rule*" means SEC Rule 15c2-12, as amended from time to time.

"*SEC*" means the United States Securities and Exchange Commission.

(b) Annual Reports.

The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year, ending in or after 2024, financial information and operating data with respect to the City of the general type of information contained in Tables 1 through 6, and Tables 8 through 15 in the Official Statement, and (2) within twelve months after the end of each fiscal year ending in or after 2024 and if not provided as part of such financial information and operating data, audited financial statements of the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in Appendix B of the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. If audited financial statements are not available within 12 months after the end of any fiscal year, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available.

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

The financial information, operating data and financial statements 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 available to the public on the MSRB's Internet Web site or filed with the SEC.

(c) Notice of Certain Events.

The City shall provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
7. Modifications to rights of holders of the Certificates, if material;
8. Certificate calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Certificates, if material;
11. Rating changes;

12. Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, 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 City, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding item 12 is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City and (b) the City intends the words used in the immediately preceding items 15 and 16 in this Section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such Section.

(d) Filings with the MSRB.

All financial information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) Limitations, Disclaimers, and Amendments.

The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Certificates within the meaning of the Rule, except that the City in any event will give the notice

required by subsection (c) of this Section of any Certificate calls and defeasance that cause the City to be no longer such an "obligated person."

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Certificates, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

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

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

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

Notwithstanding anything herein to the contrary, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (b) a Person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Certificates. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Certificates from lawfully purchasing or selling Certificates in such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided pursuant to subsection (b) of this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

Section 29. Control and Custody of Certificates. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Certificates, and shall take and have charge and control of the Initial Certificate(s) pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts, and the delivery thereof to the Purchaser.

Section 30. Further Procedures. Any one or more of the Mayor, Mayor Pro Tem, City Manager, Assistant City Manager, Finance Director and City Secretary are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the issuance of the Certificates. In addition, prior to the initial delivery of the Certificates, the Mayor, City Manager, Assistant City Manager, Finance Director or Bond Counsel to the City are each hereby authorized and directed to approve any changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any ambiguity, formal defect or omission in the Ordinance or such other document; or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Certificates by the Attorney General and if such officer or counsel determines that such changes are consistent with the intent and purpose of the Ordinance, which determination shall be final. In the event that any officer of the City whose signature shall appear on any document shall cease to hold such office before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 31. Bond Counsel's Opinion. The Purchaser's obligation to accept delivery of the Certificates is subject to being furnished a final opinion of Norton Rose Fulbright US LLP, Attorneys, Dallas, Texas, approving such Certificates as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for such Certificates. A true and correct reproduction of said opinion is hereby authorized to be printed on the definitive Certificates or an executed counterpart thereof shall accompany the global Certificates deposited with DTC. The City Council confirms the continuation of the engagement of Norton Rose Fulbright US LLP as the City's bond counsel.

Section 32. CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Certificates shall be of no significance or effect as regards the legality thereof and neither the City nor the attorneys approving said Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Certificates.

Section 33. Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar, and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance. This Ordinance in its entirety is intended to be and is for the sole and exclusive benefit of the City, the Paying Agent/Registrar, and the Holders.

Section 34. Inconsistent Provisions. All ordinances, orders, or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

Section 35. Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

Section 36. Incorporation of Findings and Determinations. The findings and determinations of the City Council contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

Section 37. Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 38. Effect of Headings. The Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 39. Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance or the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

Section 40. Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Texas Government Code, Chapter 551, as amended.

Section 41. Effective Date. This Ordinance shall take effect and be in force from and after its passage and approval in accordance with the provisions of Texas Government Code, Section 1201.028, as amended.

[*remainder of page intentionally left blank*]

PASSED AND APPROVED, this June 4, 2024.

Mayor
City of Azle, Texas

ATTEST:

City Secretary
City of Azle, Texas

(City Seal)

EXHIBIT A

PAYING AGENT/REGISTRAR AGREEMENT

Item Number: 6

Presenter:	**Josh Henson, Water Plant Superintendent (Interim)**
Agenda Item:	**Conduct a public hearing to allow questions and comments regarding the City of Azle's 2023 Annual Drinking Water Quality Report (CCR)**

Background and Explanation:

Under Title 30, Texas Administrative Code, Chapter 290, Section 290.274(a), every community water system is required to deliver a 2023 CCR to their customers and the TCEQ by July 1, 2024. This report contains drinking water data from the most recent calendar year and informs customers about the quality of their drinking water.

Board/Commission/Committee Recommendation:

N/A

Staff Recommendation:

N/A

Attachments:

1. CCR 2023

PWS ID TX2200002

City of Azle
Consumer Confidence Report
2023

This is the Annual Drinking Water Report for the period of January 1 to December 31, 2023.

This report is intended to provide you with important information about your drinking water and the efforts made by the City of Azle to provide safe drinking water. To request a paper copy of this report at no cost, please call 817-752-2686.

Public Participation Opportunity
Date: 06/04/2024 at 6:00 PM
Azle City Hall, 505 West Main Street
817-444-2541

Este informe contiene información muy importante sobre el aqua que usted bebe. Tradúzcalo ó hable con alguien que lo entienda bien. 817-444-2541 para hablar con una persona bilingue en espanol.

Eagle Mountain Lake is our raw water source. It is owned and operated by the Tarrant County Water Control and Improvement District No. 1. Construction of the dam began on January 23, 1930, and was completed October 24, 1932. Impoundment of water began on February 28, 1934. The reservoir has a normal capacity of 190,460 acre-feet* and a maximum capacity of 680,335 acre-feet; its surface area at normal capacity is 9,200 acres and at maximum capacity, 19,050 acres.

* 1 acre/ft = 325,851 gallons.

Sections & Topics

- The Water Treatment Process
- Special Notice / Information on Source Water
- Source Water Assessment & Terminology
- Regulated Contaminants Results
- Unregulated Contaminants Results
- LT2 Enhanced Surface Water Treatment Rule
- Bacteriological Testing
- Lead & Copper Information
- Water Aesthetics—Taste, Odor, and Color
- The Distribution System
- Water Hardness Facts
- Water Conservation & Water Audit Information

City of Azle
Community & Opportunity

On average, the City of Azle consumed 1.97 million gallons per day—this equates to 719 million gallons drawn from Eagle Mountain Lake this year.

The Water Treatment Process

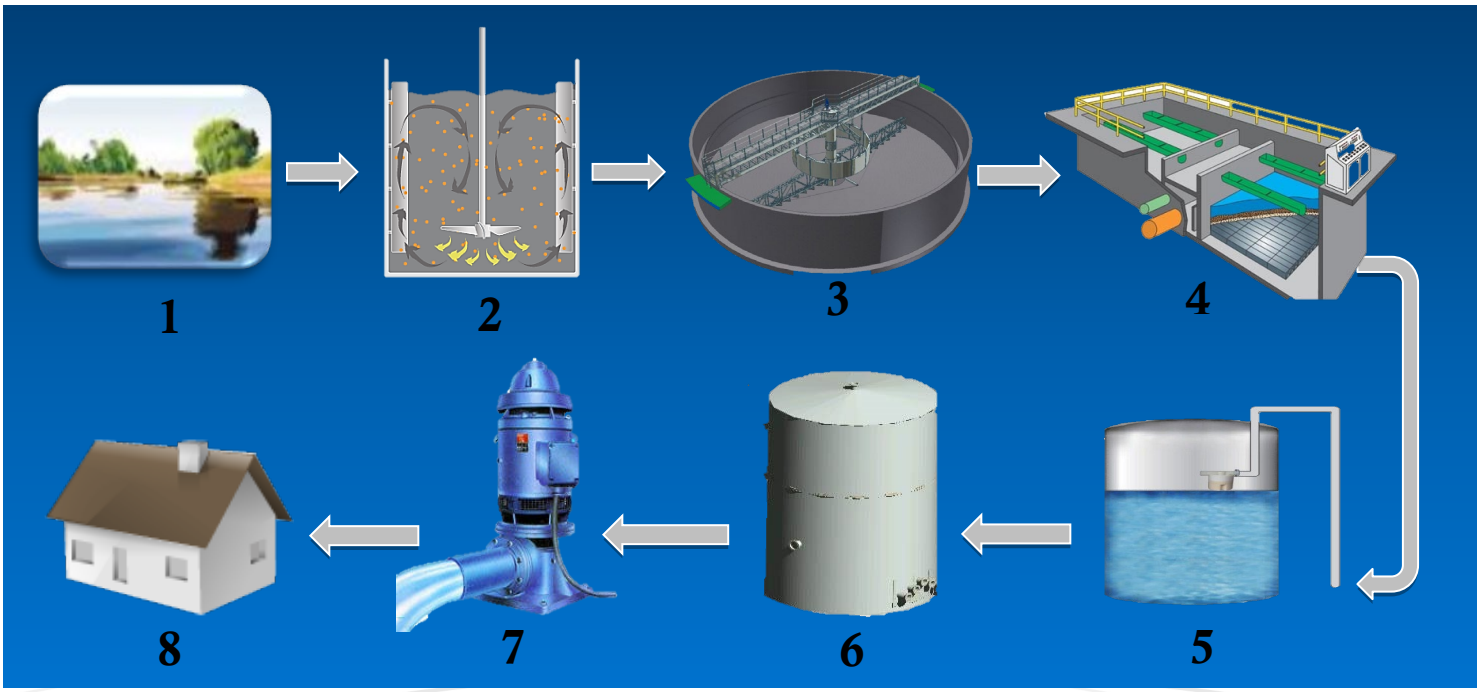
The Azle Water Treatment Plant produces high quality water that exceeds state drinking water standards for removal of bacteriological and chemical contaminants. Our staff is certified by the Texas Commission on Environmental Quality (TCEQ) and is dedicated to serving the needs of residential and commercial customers.

The diagram below illustrates the various stages by which lake water is treated to produce potable water.

1. Our raw water pump station is capable of supplying 6 million gallons of raw water per day.
2. Compounds are added to the raw water in a mixing chamber to disinfect and remove particles.
3. In this stage, particles such as silt settle to the bottom and are removed—further clarifying the water.
4. Water is then filtered through anthracite and sand, removing additional particles from Stage 3.
5. Additional disinfectant is added at this stage and pH adjustment helps produce water that is non-corrosive to pipes in the distribution system.
6. 2.5 million gallons are stored on site to assure adequate supply. An additional 1.5 million is available in the two elevated storage tanks located within the city.
7. Five High Service pumps supply water and keep the distribution system pressurized.
8. Safe potable water arrives to your home.

Water quality tests are performed regularly throughout the day to assure that we are producing safe and superior water. Bacteriological samples are obtained from the distribution system and TCEQ monitors drinking water parameters throughout the year to assure quality and safety of the water we produce.

Tours of the plant are available by appointment only. For information, please call 817-752-2686



Special Notice
Required Language for ALL Community Public Water Systems

In order to ensure that tap water is safe to drink, EPA prescribes regulations which limit the amount of certain contaminants in water provided by public water systems. FDA regulations establish limits for contaminants in bottled water which must provide the same protection for public health.

Contaminants may be found in drinking water that may cause taste, color or odor problems. These types of problems are not necessarily causes for health concerns. For more information on taste, odor, or color of drinking water, please contact the systems business office.

You may be more vulnerable than the general population to certain microbial contaminants, such as Cryptosporidium, in drinking water. Infants, some elderly or immunocompromised persons such as those undergoing chemotherapy for cancer; persons who have undergone organ transplants; those who are undergoing treatment with steroids; and people with HIV/AIDS or other immune system disorders, can be particularly at risk from infections. You should seek advice about drinking water from your physician or health care providers. Additional guidelines on appropriate means to lessen the risk of infection by Cryptosporidium are available from the Safe Drinking Water Hotline at (800) 426-4791.

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. We are responsible for providing high quality drinking water, but we cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at https://www.epa.gov/safewater/lead .

Information on Sources of Water

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity. Our source of surface water is Eagle Mountain Lake.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the EPA's Safe Drinking Water Hotline at (800) 426-4791

Contaminants monitored by the City of Azle that may be present in source water include:

- ✓ **Microbial contaminants**, such as viruses and bacteria, which may come from sewage treatment plant, septic systems, agriculture livestock operations and wildlife.
- ✓ **Inorganic contaminants**, such as salts and metals, which can be naturally occurring or result from urban storm water runoff, industrial or domestic wastewater discharges, oil and gas production, mining or farming.
- ✓ **Pesticides and herbicides**, which may come from a variety of sources such as agriculture and urban storm water runoff and residential uses.
- ✓ **Organic chemical contaminants**, including synthetic and volatile organic chemicals, which are by-products of industrial processes and petroleum production, and can also come from gas stations, urban storm water runoff and septic systems.
- ✓ **Radioactive contaminants**, which can be naturally-occurring or be the result of oil and gas production and mining activities.

Information About Source Water Assessments

The TCEQ completed an assessment of your source water and results indicated that some of our sources are susceptible to certain contaminants. The sampling requirements for your water system is based on this susceptibility and previous sample data. Any detections of these contaminants will be found in this Consumer Confidence Report. For more information on source water assessments and protection efforts at our system, please contact Josh Henson, Water Plant Superintendent at (817) 752-2686.

For more information, please refer to the **Source Water Assessment Viewer** at https://www.tceq.texas.gov/gis/swaview

Further details about Source Water Assessments are available at Drinking Water Watch
https://dww2.tceq.texas.gov/DWW/

Information About Secondary Contaminants

Many elements (such as calcium, sodium, or iron) that are often found in drinking water can cause taste, color, and odor problems. The taste and odor elements are called secondary contaminants and are regulated by the State of Texas, not the EPA. These contaminants are not cause for health concerns. Therefore, secondary contaminants are not required to be reported in this document, but they may greatly affect the appearance and taste of your water. Refer to the section following the analyses for more information.

Analytical Terminology

Definition and Abbreviations for the following tables contain scientific terms and measures, some of which may require explanation.

Action Level: The concentration of a contaminant which, if exceeded, triggers treatment or other requirements which a water system must follow.

Action Level Goal (ALG): The level of a contaminant in drinking water below which there is no known or expected risk to health. ALGs allow for a margin of safety.

Average (Avg): Regulatory compliance with some MCLs are based on running annual average of monthly samples.

Level 1 Assessment: A level 1 assessment is a study of the water system to identify potential problems and determine (if possible) why total coliform bacteria have been found in our water system.

Level 2 Assessment: A level 2 assessment is a very detailed study of the water system to identify potential problems and determine (if possible) why an E. coli MCL violation has occurred and/or why total coliform bacteria have been found in our water system on multiple occasions.

Maximum Contaminant Level (MCL): The highest level of a contaminant that is allowed in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology.

Maximum Contaminant Level Goal (MCLG): The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.

Maximum Residual Disinfectant Level (MRDL): The highest level of disinfectant level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

Maximum Residual Disinfectant Level Goal (MRDLG): The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.

MFL: million fibers per liter (a measure of asbestos)

mrem: millirems per year (a measure of radiation absorbed by the body)

na: not applicable

NTU: Nephelometric Turbidity Units (a measure of turbidity)

pCi/L: picocuries per liter (a measure of radioactivity)

ppb: micrograms per liter or parts per billion – or one ounce in 7,350,000 gallons of water.

ppm: milligrams per liter or parts per million – or one ounce in 7,350 gallons of water.

ppq: parts per quadrillion, or picograms per liter (pg/L)

ppt: parts per trillion, or nanograms per liter (ng/L)

Treatment Technique or TT: A required process intended to reduce the level of a contaminant in drinking water.

2023 Regulated Contaminants

Regulated contaminants are those that have an established MCL. The EPA has determined that these contaminates may have potential adverse effects on health when exceeding the MCL. Regulated contaminants found in Azle are all well below maximum contaminant levels.

Coliform Bacteria (collected monthly) *See page 8 for more details.*

MCLG	MCL TTL Coliform	Reported TTL Coliform	Fecal Coliform MCL	Reported Fecal Coliforms	Violation	Definition
0	1 per month	0	0	0	No	Naturally present in the environment

Lead and Copper (found in plumbing fixtures)

Action Level Goal (ALG) is the level of a contaminant in drinking water below which there is no known or expected risk to health. ALGs allow for a margin of safety. Action Level (AL) is the concentration of a contaminant, which, if exceeded, triggers treatment of other requirements that a water system must follow. Testing of the distribution system is performed every three years; the next round of testing is scheduled for 2025. *See page 9 for more details.*

Contaminant	Date Sampled	MCLG	AL	90TH PERCENTILE	# Sites over AL	Unit	Violation	Definition
Copper	2022	<1.3	1.3	0.4700	0	ppm	NONE	Erosion of natural deposits; Corrosion of household plumbing system
Lead	2022	0	15	3.400	0	ppb	NONE	

Disinfectants and Disinfection By-Products

Not all sample results may have been used for calculating the Highest Level Detected (HLD) because some results may be part of an evaluation to determine where compliance sampling should occur in the future.

Disinfectant and Disinfection By-Product	Collection Date	Highest Level Detected	Range of Levels Detected	MCLG	MCL	Unit	Violation	Definition
Chloramines	2023	3.2 (Yearly Avg.)	0.5 – 4.0	< 4.0	4.0	ppm	NONE	Water Additive used to control microbes
(HAA5) Haloacetic Acids	2023	19	11.4 – 25.3	No goal	60	ppb	NONE	By-product of drinking water disinfection
(TTHM) Total Trihalomethanes	2023	26	19.0 – 31.2	No goal	80	ppb	NONE	By-product of drinking water disinfection

Inorganic Contaminants Collected 04/10/2023

Contaminant	Highest Level Detected	Detection Limit	Range of Individual Samples	MCLG	MCL	Unit	Violation	Definition
Arsenic	<0.0020	0.4000	1.20-1.20	0	10	ppb	NONE	Erosion of natural deposits; Runoff from orchards; Runoff from glass and electronics production wastes.
Asbestos (04-29-2021)	0.197	0.0004	0.197-0.197	7	7	MFL	NONE	Decay of asbestos cement water mains; Erosion of Natural deposit
Barium	0.066	0.0004	0.066-0.066	2.0	2.0	ppm	NONE	Discharge of drilling wastes; Discharge from metal refineries; Erosion of natural deposits.
Chromium	<0.0100	0.0100	<0.0100	0.100	0.100	ppm	NONE	Erosion from natural deposits and drilling waste.
Cyanide	<0.0200	0.005	<0.0002	0.200	0.200	ppm	NONE	Discharge from plastic/fertilizer factories; Discharge from steel/metal factories.
Fluoride	0.198	0.005	0.198 - 0.198	4.0	4.0	ppm	NONE	Erosion of natural deposits; Water additive which promotes strong teeth; Discharge from fertilizer and aluminum factories.
Mercury	<0.0004	0.0004	<0.0004	0.002	0.002	ppm	NONE	Erosion of natural deposits; discharge from factories; runoff from landfills; runoff from cropland.
Nitrate (as Nitrogen)	0.0403	0.005	0.0403 - 0.0403	10.0	10.0	ppm	NONE	Runoff from fertilizer use; Leaching from septic tanks, sewage; Erosion of natural deposits.
Nitrite (as Nitrogen) (07-25-2022)	0.037	0.005	0.037 – 0.037	1.0	1.0	ppm	NONE	Runoff from fertilizer use; Leaching from septic tanks, sewage; erosions of natural deposits.

Turbidity (NTU: Nephelometric Turbidity Units—a measure of water clarity)

Item	Limit (Treatment Technique)	Level Detected	Violation	Definition
Highest Single Measurement in 2023	1.0 NTU	0.18 NTU	NONE	Soil Runoff
Lowest Monthly % Meeting Limit	0.3 NTU	100%	NONE	Soil Runoff

Synthetic Organic Contaminants (pesticides and herbicides)

Contaminant	Highest Level Detected	Detection Limit	MCLG	MCL	Units	Violation	Definition
Alachlor *Date Collected 4-10-23*	<0.1	0.05	0	2.0	ppb	NONE	Soil Runoff--Herbicide
Atrazine *Date Collected 4-10-23*	<0.1	0.05	3.0	3.0	ppb	NONE	Soil Runoff--Herbicide
Benzene *Date Collected 9-7-23*	<0.5	0.250	0	5.0	ppb	NONE	Soil Runoff--Pesticide

Radioactive Contaminants (pCi / L: picocuries per liter—a measure of radioactivity. Tests are performed in 6 year cycles unless MCLs are exceeded)

Contaminant	Collection Date	Highest Level Detected	Minimum Detected Activity	MCLG	MCL	Units	Violation	Definition
Beta/photon emitters	04/10/2023	5.1	1.4	0	50	pCi / L	NONE	Decay of natural and manmade deposits
Combined Radium 226/228	04/10/2023	<1.0	0.40	0	5.0	pCi / L	NONE	Erosion from natural deposits

UNREGULATED CONTAMINANTS are those for which the EPA has not established drinking water standards. The purpose of unregulated contaminant monitoring is to assist EPA in determining the occurrence of unregulated contaminants in drinking water and whether future regulation is warranted.

No associated adverse health effects.

Constituent	Collection Date	Level Detected	Secondary Limit	Unit	Violation	Source of Constituent
Bicarbonate	04/10/2023	122	None	ppm	NONE	Corrosion of carbonate rock such as, limestone
Chloride	04/10/2023	42.7	250	ppm	NONE	Naturally occurring element used in water purification
Hardness as CaCO3	04/10/2023	122	None	ppm	NONE	Naturally occurring calcium and magnesium
pH	04/10/2023	8.1	6.5-8.5	Units	NONE	Measure of corrosivity of water
Sodium	04/10/2023	33.6	None	ppm	NONE	Erosion of natural deposits; byproduct of oil field activity
Sulfate	04/10/2023	35.5	250	ppm	NONE	Naturally occurring; common industrial byproduct; byproduct of oil field activity
Total Alkalinity as $CaCO_3$	04/10/2023	122	None	ppm	NONE	Naturally occurring soluble mineral salts
Total Dissolved Solids	04/10/2023	240	500	ppm	NONE	Total dissolved mineral constituents in water

Bacteriological Testing

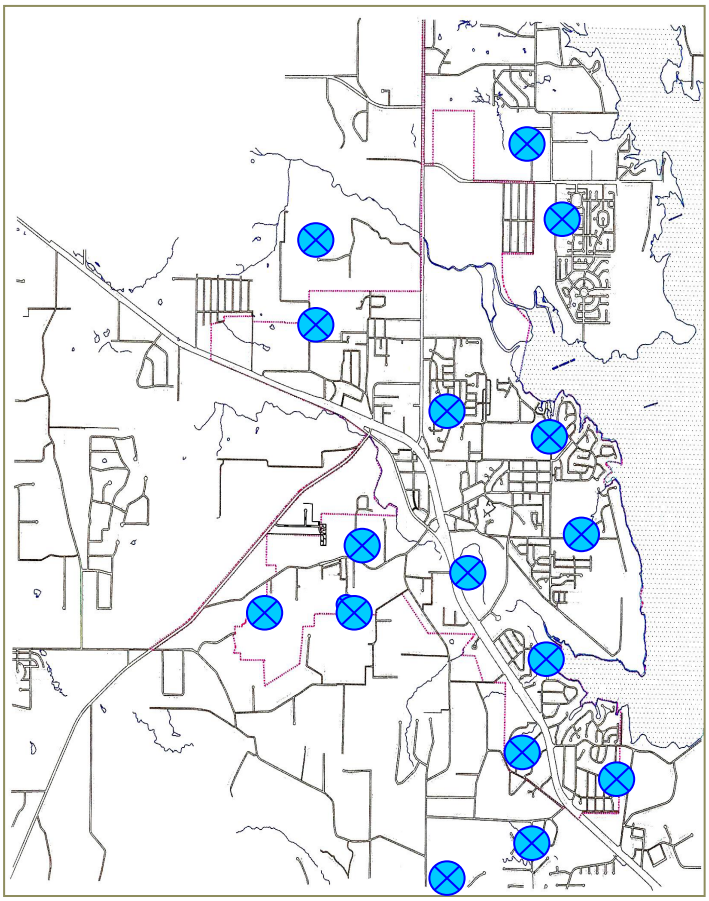
Azle's Commitment to Safe Potable Water

Testing for Coliforms

The Texas Commission on Environmental Quality (TCEQ) sets drinking water standards in Texas and has determined that the presence of total coliform is a possible health concern. Coliforms are bacteria that are naturally present in the environment and are used as an indicator that other, potentially harmful, bacteria may be present.

Where Do We Collect Samples?

Each month, the City collects 16 samples from designated locations that are representative of the distribution system (shown in the illustration at right). New water lines are also tested before being put into service. Samples are collected by a State certified operator and delivered to the Tarrant County Health Department lab for analysis.



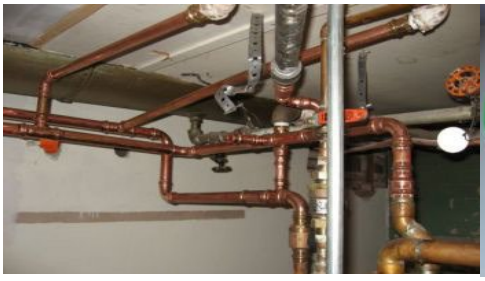
How are Samples Analyzed & What Happens with the Results?

Samples are analyzed using a Presence / Absence method; simply put, coliforms are either present, or not. This process involves an 18-hour incubation period once a selective media (food for bacteria) is added to each sample collected. If bacteria are present, a color change in the sample occurs; otherwise, the sample stays clear (illustration at left). The lab reports results to the City and the TCEQ to decide if any further action is necessary. If a sample is positive, the City is required to resample within 24-hours to determine if sampling error caused the positive result; sampling error is the most common reason for positive samples.

For more information on this and other water related topics, please contact the Azle Water Treatment Plant at 817-752-2686.

LEAD & COPPER

FACTs about Lead and Copper in Drinking Water



Summary of the United States Environmental Protection Agency's Lead and Copper Rule

Lead and copper enter drinking water primarily through plumbing materials. Exposure to excessive amounts of lead and copper may cause health problems ranging from stomach distress to brain damage. On June 7, 1991, EPA published a regulation to control lead and copper in drinking water. This regulation is known as the Lead and Copper Rule (also referred to as the LCR or 1991 Rule). The treatment technique for the rule requires systems to monitor drinking water at customer taps. If lead concentrations exceed an action level of 15 ppb (parts per billion), or copper concentrations exceed an action level of 1.3 ppm in more than 10% of customer taps sampled, the system must undertake a number of additional actions to control corrosion. If the action level for lead is exceeded, the system must also inform the public about steps they should take to protect their health and may have to replace lead service lines under their control. For complete information and updates to the LCR, visit the USEPA's website https://www.epa.gov/dwreginfo/lead-and-copper-rule.

Information on how the City of Azle tests for lead and copper can be located by following this link to the Texas Commission on Environmental Quality's website.
https://www.tceq.texas.gov/drinkingwater/chemicals/lead_copper/lead-copper.html

Azle's Commitment to Water Treatment Techniques, Testing and Results.

As required by the TCEQ, the City of Azle conducts lead and copper testing from 30 locations every three years. This sampling schedule was initiated by the TCEQ because we have never exceeded an action level for either contaminant. In fact, sample results have shown that water treatment techniques used by the Azle Water Treatment Plant (AWTP), along with routine distribution system maintenance, have proven effective in suppressing contaminants.

The AWTP carefully monitors and adjusts the pH of the water entering the distribution system in order to maintain a water quality that prevents excessive levels of lead and copper from escaping plumbing fixtures in your home. However, if you are concerned about these issues, a good practice is to allow the water taps in your home to flush for a few minutes after the fixtures have been unused for eight hours. For example, if a bathroom faucet is only used in the morning, run the faucet for a few minutes before it is used the next morning. Furthermore, there are relatively inexpensive commercially available filters that remove metals and minerals from drinking water.

Aesthetic Issues In Drinking Water

How does the City respond to the issues?

The City of Azle takes pride in the quality of water we supply to our community. We take every measure to assure that raw water from the lake is purified, disinfected, and delivered to your home according to State regulations.

We understand that at times there may be taste, odor, or color issues that can be inconvenient for our residents. The most common practice for the removal of aesthetic issues is to flush water lines through the many fire hydrants within the City.

You can help minimize taste and odor issues in your home by running water in your sinks or bathtub until the issue is gone. Also, periodically flushing your hot water heater helps remove minerals deposits that contribute aesthetic issues.

Taste and Odor

Taste and odor in drinking water occurs naturally in the source, Eagle Mountain Lake. The major contributors are various **algae**, which produce a harmless by-product called **geosmin** that creates an "earthy" or "muddy" taste. Typically, geosmin levels in the lake average 20-40 ppt (part per trillion); however, during summer and winter, geosmin levels have reached as high as 400 ppt.

The second reason for unpleasant taste and odor is often referred to as "lake turn-over." Water temperatures at various depths shift, causing a poorer quality of water to rise closer to the surface—this generally occurs in Spring and Fall when ambient temperature fluctuates most.

Water with high geosmin and turn-over issues is difficult to treat; however, we are implementing various treatment techniques that have aided in the removal of taste and odor.

Color

Color is another aesthetic issue that arises from time to time in any distribution system. "Red water" is primarily due to corrosion (rust build-up in metal pipe) that occurs in parts of the 129 miles of pipe in our system.

Although there are no associated adverse health effects, we understand that high color in your water is undesirable. The only remedy to the effect is to flush water mains.

If you experience taste, odor, or color in your water, please call **817-444-2541** to report the issue. If you have further questions regarding water quality, please call the **Azle Water Treatment Plant at 817-752-2686**.

The Distribution System

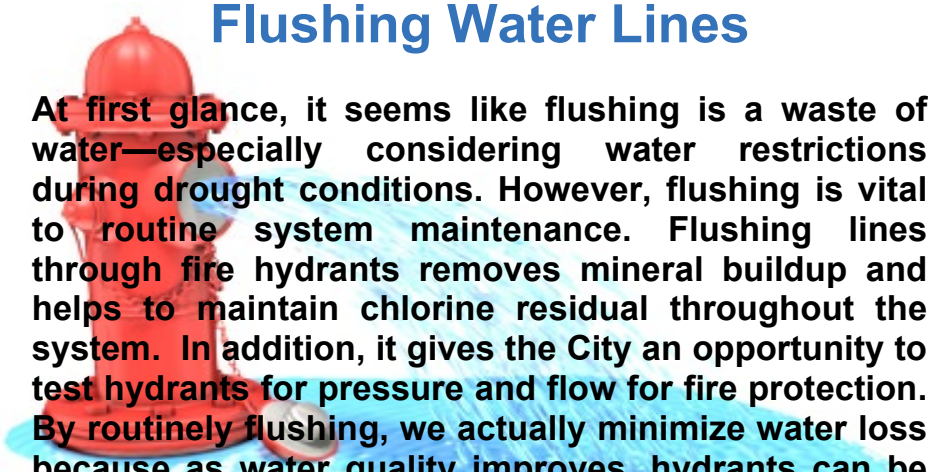
The potable water distribution system for the City of Azle consists of the Azle Water Treatment Plant; 137 miles of pipe through which potable water is transferred to businesses and residences; and, two elevated storage tanks. In all, the City maintains nearly 4 million gallons of water in storage to ensure an adequate supply.

The distribution system is very complex. For example, not only does pipe size change, a transmission line may be a 16" pipe that eventually works down to a 2" service line; but also, pipe composition can vary from iron to PVC—both size and composition can affect water quality.

Other features of the distribution system that have potential to affect water quality are: cross connection prevention devices; valve and fire hydrant maintenance (these elements can affect the direction of flow and pressure); likewise, line repair and new additions may affect water quality by creating disruptions to existing lines. Therefore, considering the complexity of the distribution system, just through these few examples, the only way to verify the quality of water that we serve to our customers is by routinely sampling a wide variety of locations throughout the system. By doing so, we monitor the "health" of our distribution system. In addition, the City will routinely flush water mains through fire hydrants to help improve water quality.

Systemwide studies show an average distribution pressure of 59 pounds per square inch (PSI).

Flushing Water Lines



At first glance, it seems like flushing is a waste of water—especially considering water restrictions during drought conditions. However, flushing is vital to routine system maintenance. Flushing lines through fire hydrants removes mineral buildup and helps to maintain chlorine residual throughout the system. In addition, it gives the City an opportunity to test hydrants for pressure and flow for fire protection. By routinely flushing, we actually minimize water loss because as water quality improves, hydrants can be flushed for shorter periods.

City employees are the only persons allowed to test hydrants. To help prevent water theft, please contact City Hall at 817-444-2541 and report running hydrants.

Water Loss Information

In the water loss audit submitted to the Texas Water Development Board for the period of Jan 1 to Dec 31, 2023, our system lost an average of 4.5 gallons of water per connection per day (GPCPD). This amount equates to 1.64% of the total volume of water produced in a year and is an exceptionally low volume. "Water loss" is water that cannot be accurately accounted for such as, water used in fighting fires, flushing water mains, testing fire hydrants, broken water mains, undetected leaking water mains, water theft, etc. If you have any questions regarding the water loss audit, please call 817-752-2686.

20 Ca Calcium 40.078

Water Hardness

12 Mg Magnesium 24.305

What is it and how does it affect your water?

Dissolved Minerals

Carbonate and bicarbonate compounds formed from calcium and magnesium dissolved in water are the two minerals responsible for making water "hard" or “soft” depending on the amounts present. Hard water requires more soap and detergents for laundry and bathing, and contributes to scaling (commonly known as lime buildup); soft water has the opposite effect.

Our water is considered “moderately hard” and at times “hard” as rain dissolves the limestone present in our soil and deposits the minerals into the lake. There are no adverse health effects associated with these minerals in water.

Hardness & Plumbing

We make every effort to produce water that is non-corrosive to plumbing fixtures and non-scale forming to avoid mineral buildup in pipes. Although the water treatment process does not directly affect water hardness, we are able to affect how hardness reacts by controlling the pH of the water being treated. If the pH is too low, water becomes corrosive to metal pipes; if too high, the hardness will form mineral deposits. Based on our hardness, which ranges between 100 to 140, we have determined an optimum pH range of 7.9 to 8.1 prevents corrosivity and scaling.

There are several commercially available products which help remove undesirable spotting and scaling of mineral deposits—some are water softeners, others are acid-based. Consult manufacture’s labels to decide what’s best for you.

Some dishwashers have settings for water hardness expressed as grains per gallon. The following scale will help you determine what setting is right for your unit.

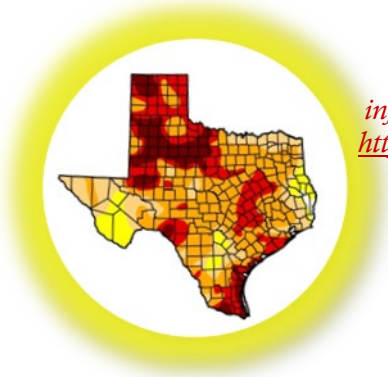
Water Hardness Scale		
Grains Per Gallon	**mg/L or ppm**	**Classification**
less than 1.0	**less than 17.1**	**Soft**
1.0 - 3.5	**17.1 - 60**	**Slightly Hard**
3.5 - 7.0	**60 - 120**	**Moderately Hard**
7.0 - 10.5	**120 - 180**	**Hard**
over 10.5	**over 180**	**Very Hard**

For more information, contact the Azle Water Treatment Plant at 817-752-2686

Water Conservation

Although it has been several years since drought conditions in the area required watering restrictions, it is still important to remain mindful of the critical need to protect our most precious resource. The rainfall we received throughout this year replenished our lakes and reservoirs, but we must always be aware that drought conditions will return, and we must be prepared by conserving.

The City of Azle is dedicated to minimizing water loss through its Drought Contingency Plan, found here:
https://tx-azle3.civicplus.com/DocumentCenter/View/2696/Water-ConservationDrought-Plan-May-2024?bidId=
The plan contains water conservation information, and watering restrictions based on data from the Tarrant Regional Water District. More information on contingency plans may be found here:
https://www.tceq.texas.gov/permitting/water_rights/wr_technical-resources/contingency.html



Current drought condition information may be found at https://www.tceq.texas.gov/response/drought

Water Conservation Websites for Helpful Tips and Guidance

https://www.trwd.com

https://savetarrantwater.com

https://www.twca.org

https://texaslivingwaters.org

https://www.twca.org

Drinking Water
At the Correct Time Maximizes
its Effectiveness On The Human Body

***2 Glasses Of Water After Waking Up**
- Helps Activate Internal Organs

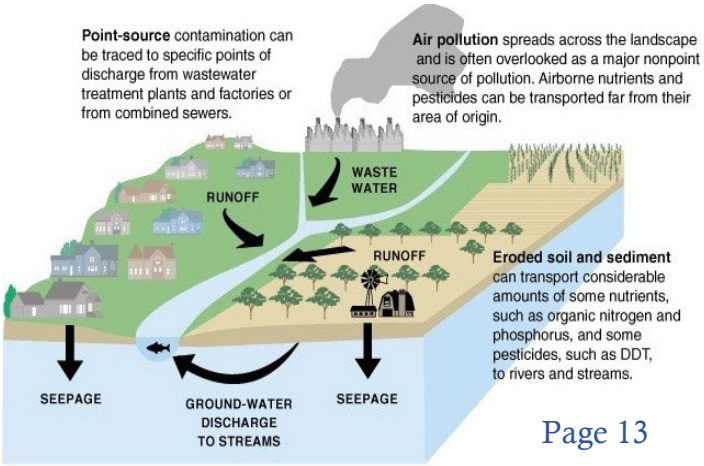
***1 Glass of Water 30 Minutes Before a Meal**
- Helps Digestion

***1 Glass of Water Before taking a bath/shower**
- helps Lower Blood Pressure

***1 Glass of water before Going to Bed**
- Avoids Stroke or Heart Attack

Happy Drinking (H20)!!

Water Pollution: Facts & Prevention



Water pollution can be defined in many ways. Usually, it means one or more substances have built up in water to such an extent that they cause problems for animals or people. Items such as trash, automotive fluids, and silt are deposited in Eagle Mountain Lake through storm drains and can degrade water quality. Therefore, it is up to us to help prevent these from entering our source of drinking water. Twice a year, the City sponsors a waste collection day for hazardous household items such as, chemicals and tires. For more information, please call 817-444-2541. In addition, the City provides a station where used motor oil can be dropped off for recycling. It is located at 470 Denver Trail.

Presenter: **Tom Muir, City Manager**

Agenda Item: **Short term rentals**

Background and Explanation:

Council will continue a discussion on short term rentals (residential).

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

N/A.

Attachments:

None

Presenter: **Tom Muir, City Manager**

Agenda Item: **Variance process**

Background and Explanation:

Mayor Pro Tem Goode requested a discussion on the City's variance process.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

N/A.

Attachments:

None

Presenter: **Tom Muir, City Manager**

Agenda Item: **Park amenities**

Background and Explanation:

Mayor Brundrett requested a discussion on park amenities.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

N/A.

Attachments:

None