

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement"), dated as of \_\_\_\_\_, 2019 is executed and delivered by the Brazos River Authority (the "Issuer") and the City of Georgetown, Texas (the "Disclosure Party") in connection with the issuance, from time to time, of the Issuer's "municipal securities," with respect to which the Disclosure Party is an "obligated person," as such terms are applied within the meaning of the Rule (the "Bonds"). For good and valuable consideration, the Issuer and the Disclosure Party covenant and agree as follows:

### SECTION 1. *Definitions.*

As used in this Agreement, 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 defined in the Securities Exchange Act of 1934, as amended) 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 or any successor to its functions under the Rule.

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

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

### SECTION 2. *Annual Reports; Obligations of Disclosure Party.*

The Disclosure Party shall provide annually to the MSRB, within six months after the end of each fiscal year ending in or after 2019, financial information and operating data with respect to the Disclosure Party as specified and included in Appendix B of any final official statement relating to Bonds. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in the notes to the financial statements included in the Official Statement, or such other accounting principles as the Disclosure Party may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Disclosure Party commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Disclosure Party shall provide unaudited financial information that is available to the Disclosure by the required time and will provide audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements become available. Such information shall be transmitted electronically to the MSRB, in such format and accompanied by such identifying information as prescribed by the MSRB.

If the Disclosure Party 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 Disclosure Party otherwise would be required to provide financial information and operating data pursuant to this Section 2.

The financial information and operating data to be provided pursuant to this Section 2 may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

The Disclosure Party shall, within ten (10) business days of the filings of the annual reports, notify the Issuer in writing that the filings have been made.

Further, the Disclosure Party shall provide (1), in a timely manner, notice of any failure by the Disclosure Party to provide annual financial statements and operating data in accordance with Section 2 hereof to the MSRB and (2) within ten (10) business days of the Disclosure Party's obtaining actual knowledge of the occurrence of any of the events enumerated in Section 3(a) below, notice to the Issuer of such event.

### SECTION 3. *Notice of Certain Events.*

(a) The following are the events with respect to Bonds that the Issuer agrees to disclose, in a timely manner and not more than 10 business days after occurrence of the event, if the Issuer determines, pursuant to subsection (b) below, that such filing is required under applicable federal securities laws and regulations promulgated thereunder:

- (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 Bonds, or other material events affecting the tax status of Bonds;
- (7) Modifications to rights of holders of Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Issuer or Disclosure Party;
- (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or Disclosure Party or the sale of all or substantially all of the assets of the Issuer or Disclosure Party, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, 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 Issuer or Disclosure Party, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or Disclosure Party, 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 Issuer or Disclosure Party, any of which reflect financial difficulties.

For these purposes, (i) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer or Disclosure Party 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 Issuer or Disclosure Party, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Issuer or Disclosure Party 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 Issuer or Disclosure Party, and (ii) the Issuer and Disclosure Party intend the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section 3 to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

(b) Whenever the Issuer obtains knowledge of the occurrence of one of the above events, whether because of a notice from the Disclosure Party pursuant to Section 2 or otherwise, the Issuer shall, in a timely manner, determine if such event would require the Issuer to make a filing with the MSRB pursuant to the Rule.

(c) If the Issuer determines that the occurrence of one of the above events requires a filing with the MSRB pursuant to the Rule, the Issuer shall promptly file a notice of such occurrence with the MSRB.

#### SECTION 4. *Limitations, Disclaimers, and Amendments.*

The Issuer and the Disclosure Party shall be obligated to observe and perform the covenants specified in this Agreement for so long as, but only for so long as, the Disclosure Party remains an "obligated person" with respect to Bonds within the meaning of the Rule, except that the Disclosure Party in any event will give notice of any deposit made that causes Bonds no longer to be outstanding.

The provisions of this Agreement are for the sole benefit of (and may be enforced by) the bondholders and beneficial owners of Bonds and the parties to this Agreement, and nothing in this Agreement, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer and the Disclosure Party undertake to provide only the financial information, operating data, financial statements, and notices which each has expressly agreed to provide pursuant to this Agreement and do not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer's or the Disclosure Party's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Agreement or otherwise, except as expressly provided herein. Neither the Issuer nor the Disclosure Party make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER OR THE DISCLOSURE PARTY BE LIABLE TO THE BONDHOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER OR THE DISCLOSURE PARTY, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS AGREEMENT, 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 Issuer or the Disclosure Party in observing or performing their respective obligations under this Agreement shall comprise a breach of or default under any resolution of the Issuer authorizing the issuance of Bonds, or any contract relating thereto, for purposes of any other provision of this Agreement.

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

The provisions of this Agreement may be amended by the Issuer and the Disclosure Party from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer or the Disclosure Party, but only if (1) the provisions of this Agreement, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the bondholders or beneficial owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Agreement that authorizes such an amendment) of outstanding Bonds consent to such amendment or (b) an entity that is unaffiliated with the Issuer or the Disclosure Party (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the bondholders and beneficial owners of Bonds and is permitted by the terms of the Agreement. If the Issuer and the Disclosure Party so amend the provisions of this Agreement in connection with the financial or operating data which it is required to disclose under Section 2 hereof, the Disclosure Party shall provide a notice of such amendment to be filed in accordance with Section 3(b) hereof, together with an explanation, in narrative form, of the reason for the amendment and the impact of any change in the type of financial information or operating data to be so provided. The Issuer and the Disclosure Party may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of Bonds.

## SECTION 5. *Miscellaneous.*

### A. Representations.

Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Agreement by the officers of such party whose

signatures appear on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver and perform this Agreement under applicable law and any resolutions or other actions of such party now in effect, (iii) that the execution and delivery of this Agreement~ and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Agreement, or its due authorization, execution and delivery of this Agreement, or otherwise contesting or questioning the issuance of Bonds.

B. Governing Law.

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Texas and applicable federal law.

C. Severability.

If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

D. Counterparts.

This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

[Execution Page Follows]

IN WITNESS WHEREOF, the Issuer and the Disclosure Party have each caused their duly authorized officers to execute this Agreement as of the day and year first above written.

BRAZOS RIVER AUTHORITY

\_\_\_\_\_  
General Manager

ATTEST

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

CITY OF GEORGETOWN

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Secretary