
WHEREAS, the City of Galveston, Texas (the “City”) has previously issued and there remains outstanding the City of Galveston, Texas Wharves and Terminal Revenue Refunding Bonds, Series 2011 (the “Refunded Bonds”) pursuant to the Trust Indenture dated as of December 1, 1988 (the “Original Indenture”) and the Fourth Supplemental Trust Indenture dated as of December 1, 2011 (the “Fourth Supplement”), both between the City and The Bank of New York Mellon Trust Company, National Association, (the “Trustee”); and

WHEREAS, the City has previously issued and there remains outstanding the City of Galveston, Texas Subordinate Lien Wharves and Terminal Revenue Notes, Series 2014 (AMT) (the “Refunded Notes”) pursuant to the Original Indenture and a Fifth Supplemental Trust Indenture dated as of September 1, 2014 (the “Fifth Supplement”) between the City and the Trustee; and

WHEREAS the Fourth Supplement and the Fifth Supplement supplemented the Original Indenture, which was previously supplemented by the First Supplemental Trust Indenture dated as of September 1, 1999 (the “First Supplement”), the Second Supplemental Trust Indenture dated as of March 1, 2004 (the “Second Supplement”), and the Third Supplemental Trust Indenture dated as of June 1, 2008 (the “Third Supplement,” and collectively with the Original Indenture, the First Supplement, the Second Supplement, the Fourth Supplement and the Fifth Supplement, the “Indenture”); and

WHEREAS, the Refunded Bonds are secured by a first lien on the Net Revenues derived from Wharves Facilities (as defined in the Indenture) and a debt service reserve fund (the “Debt Service Reserve Fund”); and

WHEREAS, the Refunded Notes are secured by a junior and subordinate lien on the Net Revenues; and

WHEREAS, the Board of Trustees of the Galveston Wharves (the “Board”) desires that the City authorize the issuance of the City of Galveston, Texas Combination Tax and Revenue Refunding Bonds, Series 2021A and Series 2021B (AMT) in an amount necessary to refund the Refunded Bonds and the Refunded Notes (together, the “Refunded Obligations”) to provide for a present value savings in the debt service payable by the City, and that such benefit is sufficient consideration for the refunding of the Refunded Obligations in advance of their maturity; and

WHEREAS, the meeting at which this Ordinance is being considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code; Now, Therefore,

BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE GALVESTON WHARVES:
Section 1. **Incorporation of Findings.** The findings and recitations set out in the preamble of this Resolution are found to be true and correct and they are hereby adopted by the Board and made a part hereof for all purposes.

Section 2. **Purpose and Consideration.** It is hereby found and determined that the issuance of the Series 2021A and Series 2021B (AMT) Bonds and the refunding of the Refunded Bonds and the Refunded Notes will provide a public benefit to the City and to the Board.

Section 3. **Sale of Bonds.** The Board requests that the City authorize the sale of (i) the City of Galveston, Texas Wharves and Terminal Revenue Refunding Bonds, Series 2021A aggregate principal amount of $11,600,000 (the “Series 2021A Bonds”) for the purpose of refunding the Refunded Bonds and to pay the costs of issuing the Series 2021A Bonds; and (ii) the City of Galveston, Texas Wharves and Terminal Revenue Refunding Bonds, Series 2021B (AMT) in the aggregate principal amount of $11,400,000 (the “Series 2021B Bonds (AMT)”) for the purpose of refunding the Refunded Notes and to pay the costs of issuing the Series 2021B Bonds (AMT). The Series 2021A Bonds and the Series 2021B Bonds (AMT), collectively, shall be referred to herein as the “Bonds.”

Section 4. **Release of the Debt Service Reserve Fund.** In connection with the refunding of the Refunded Bonds, the Board request that the City authorize and direct the Trustee to release the funds held in the Debt Service Reserve Fund for use by the Board for any lawful purpose, all set forth under the Indenture.

Section 5. **Supplemental Indenture.** The Board requests that the City cause the Bonds to be issued pursuant to and on the terms and conditions set out in a Sixth Supplemental Trust Indenture between the City and the Trustee, dated as of August 1, 2021 (the “Sixth Supplemental Indenture”), the form of which is attached hereto as Exhibit A and incorporated herein for all purposes. The Board requests that the City cause the Indenture to be amended as set forth in the Sixth Supplemental Indenture and approve the execution and delivery of the Sixth Supplemental Indenture by the appropriate officers of the City, and that all officers, agents, and representatives of the City be authorized to do any and all things necessary to carry out its provisions.

Section 6. **Purchase Agreement.** The Board also requests that the City cause the Bonds to be sold and delivered to the PNC Bank, National Association (the “Initial Purchaser”) in accordance with the terms of the Purchase Agreement attached hereto as Exhibit B, which price and terms are hereby found and determined by the Board to be the most advantageous reasonably obtainable by the City and the Board. The Board requests that the City authorize the Mayor or Mayor Pro Tem and other appropriate officials of the City to execute the Purchase Agreement on behalf of the City and to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds and the approving opinions of the Attorney General of the State of Texas (the “Attorney General”).

Section 7. **Redemption and Defeasance.** The Board requests that the City (1) call for the redemption of the Refunded Obligations on the dates and at the redemption prices set forth in Exhibit C attached hereto, (2) authorize the City Secretary to cause be delivered to the Trustee a certified copy of the City’s Ordinance calling the Refunded Obligations for redemption, (3)
authorize and direct the Trustee to give notice of redemption to the owners of the Refunded Obligations in accordance with the requirements of the respective ordinances authorizing the issuance thereof, and (3) direct that following the deposit for the refunding of the Refunded Obligations with the Trustee, the Refunded Obligations shall be payable solely from and secured by the cash on deposit with the Trustee for the purpose of refunding the Refunded Obligations and shall cease to be payable from any other source.

Section 8. Authorization for Further Action by City – Refunded Obligations. The Board further requests that in order to satisfy in a timely manner all of the City's obligations under this Ordinance, that the City authorize and direct the Mayor or Mayor Pro Tem, the City Secretary or an Assistant City Secretary, the City Manager, the Deputy City Manager, the Assistant City Manager, Finance, the City Attorney, the Chairman of the Board, and all other appropriate officers and agents of the City and the Board to take all other actions that are reasonably necessary to provide for the refunding of the Refunded Obligations and issuance of the Bonds including, without limitation, obtaining the approval of the Bonds by the Attorney General and their registration by the Comptroller of Public Accounts, executing and delivering on behalf of the City and the Board all certificates, consents, receipts, requests, notices, and other documents as may be reasonably necessary to satisfy the City's obligations under this Ordinance and the Sixth Supplemental Indenture, and all actions taken for such purposes be ratified and confirmed.

Section 9. Authorization for Further Action by City – Issuance and Approval of the Bonds. The Board further requests that in order to satisfy in a timely manner all of the City's obligations under this Ordinance, that the City authorize and direct the Mayor or Mayor Pro Tem, the City Secretary or an Assistant City Secretary, the City Manager, the Deputy City Manager, the Assistant City Manager for Finance, the City Attorney, Bond Counsel, the Board’s Financial Advisor and all other appropriate officers and agents of the City to take all other actions that are reasonably necessary to provide for the issuance of the Bonds, including but not limited to obtaining the approval of the Bonds by the Attorney General and their registration by the Comptroller of Public Accounts, and to execute and deliver on behalf of the City and the Board all certificates, consents, receipts, requests, notices and other documents as may be reasonably necessary to satisfy the City's obligations under the Sixth Supplemental Indenture and its Ordinance approving same, and that all actions taken for such purposes be ratified and confirmed.

Section 10. Authorization by City to Make and Approve Revisions to Documents. The Board also requests that the City authorize its officers and Bond Counsel to make revisions, additions, deletions and variations to its Ordinance and to the form of the documents attached thereto as exhibits if necessary or desirable to carry out the purposes of its Ordinance, this Resolution, the Sixth Supplemental Indenture, and the Purchase Agreement, including without limitation, to conform to the requirements of the Attorney General and to conform all of the aforesaid documents to the terms of sale of the Bonds in the Purchase Agreement.

Section 11. Authorization for Further Action by the Board. The Chairman, Vice-Chairman and the other officials of the Board are hereby authorized, jointly and severally, to execute and deliver such certificates, documents, or papers necessary and advisable, and to take such actions as are necessary to carry out the intent and purposes of this Resolution and the Agreements.
Section 12. **Repealer.** All Resolutions or parts thereof in conflict herewith are repealed to the extent of such conflict only.

Section 13. **Open Meetings.** It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the Board at which this Resolution was adopted was posted at a place convenient and readily accessible at all times to the general public for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Resolution and the subject matter thereof has been discussed, considered and formally acted upon. The Board further ratifies, approves and confirms such written notice and the contents and posting thereof.

DULY PASSED by majority vote of all members of the Board of Trustees of the Galveston Wharves on the 11th day of August 2021.

BOARD OF TRUSTEES
OF THE GALVESTON WHARVES

(SEAL)

By: ____________________________
Chairman

ATTEST:

By: ____________________________
Secretary to the Board of Trustees

Approved as to form:

______________________________
Legal Counsel to the Board of Trustees
Of the Galveston Wharves
CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
COUNTY OF GALVESTON §

I, the undersigned officer of the Board of Trustees of the Galveston Wharves of the City of Galveston, Texas, hereby certify as follows:

1. The Board convened in regular session on December 17, 2012, and the roll was called of the duly constituted officers and members of said Board, to-wit:
   
   Albert P. Shannon Chairman
   Dr. Craig K. Brown Trustee
   Harry D. Maxwell, Jr. Trustee
   E. L. “Ted” O’Rourke Trustee
   Jeffrey M. Patterson Trustee
   Todd P. Sullivan Trustee
   
   and all of said persons were present except for the following absentee(s): , thus constituting a quorum, whereupon, among other business, the following was transacted at said meeting: a written


   was duly introduced for consideration and passage on the first reading. It was then duly moved and seconded that said Resolution be passed on the first reading; and after due discussion, said motion, carrying with it the passage of said Resolution, prevailed and carried by the following vote:

   _____ Members of the Board of Trustees shown present voted “Aye.”
   _____ Member(s) of the Board of Trustees shown present voted “No.”
   _____ Member(s) of the Board of Trustees shown present abstained from voting.

2. That a true, full and correct copy of the aforesaid resolution adopted at the meeting described in the above and foregoing paragraph is attached to and following this certificate; that said resolution has been duly recorded in said minutes of said Board meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said minutes of said meeting pertaining to the passage of said resolution; the persons named in the above and foregoing paragraph, at the time of said meeting and the passage of said resolution, were the duly chosen, qualified and acting officers and members of said Board as indicated therein; each of said officers and members was duly notified officially and personally in advance, of the time, place and purpose of the aforesaid meeting and that said resolution would be introduced and considered for passage at said meeting, and each of said officers and members consented in advance to the holding of said meeting for such purpose; and said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended.

   

   

5
SIGNED AND SEALED this ______ day of August, 2021.

__________________________________________
Chairman

(SEAL)

Approved as to form:

__________________________________________
Legal Counsel to the Board of Trustees
Of the Galveston Wharves
EXHIBITS

Exhibit A  Form of Sixth Supplemental Indenture
Exhibit B  Form of Purchase Agreement
Exhibit C  Schedule of Refunded Obligations
EXHIBIT A

FORM OF SIXTH SUPPLEMENTAL INDENTURE

[Attached]
SIXTH SUPPLEMENTAL TRUST INDENTURE

between

CITY OF GALVESTON, TEXAS

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION
as Trustee

relating to

City of Galveston, Texas
Wharves and Terminal Revenue Refunding Bonds,
Series 2021A

and

City of Galveston, Texas
Wharves and Terminal Revenue Refunding Bonds,
Series 2021B (AMT)

Dated as of

August 1, 2021
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SIXTH SUPPLEMENTAL TRUST INDENTURE

THIS SIXTH SUPPLEMENTAL TRUST INDENTURE (this "Supplemental indenture" or "Sixth Supplement"), dated as of August 1, 2021, is entered into between the CITY OF GALVESTON, TEXAS (the "City" or "Issuer") a home rule city of the State of Texas, and THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association with a corporate trust office in Austin, Texas, as trustee, successor to The Bank of New York Trust Company, National Association (the "Trustee").

WITNESSETH:

WHEREAS, the City has previously issued its Wharves and Terminal Revenue Refunding Bonds, Series 1998A (Non-AMT) (the "Series 1998A Bonds"), its Wharves and Terminal Revenue Bonds, Series 1999 (AMT) (the "Series 1999 Bonds"), its Wharves and Terminal Revenue Refunding Bonds, Series 2004 (the "Series 2004 Bonds"), its Wharves and Terminal Revenue Bonds, Series 2008 (the "Series 2008 Bonds") its Wharves and Terminal Revenue Refunding Bonds, Series 2011 (the "Series 2011 Bonds") (collectively, the "Senior Lien Bonds") and the Subordinate Lien Wharves and Terminal Revenue Notes, Series 2014 (AMT) (the "Series 2014 Notes") under the terms of a Trust Indenture dated as of December 1, 1998 (the "Original Indenture"), as supplemented by a First Supplemental Trust Indenture dated as of September 1, 1999 (the "First Supplement"), a Second Supplemental Trust Indenture dated as of March 1, 2004 (the "Second Supplement"), a Third Supplemental Trust Indenture dated as of June 1, 2008 (the "Third Supplement"), a Fourth Supplemental Trust Indenture dated as of December 1, 2011 (the "Fourth Supplement"), and a Fifth Supplemental Trust Indenture dated September 1, 2014 (the "Fifth Supplement") (and along with the Original Indenture, the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement and this Supplemental Indenture, the "Indenture") between the City and the Trustee; and

WHEREAS, the City is authorized and empowered by law, including particularly, Chapter 1207, Texas Government Code, as amended and Chapter 54, Texas Transportation Code, as amended (the "Acts"), to issue revenue bonds for the purposes of refunding all or any part of the Refunded Bonds (as defined herein) to achieve debt service savings and to enter into this Supplemental Indenture; and

WHEREAS, the City Council has found and determined that it is in the best interests of the City to issue the bonds herein for such purposes; and

WHEREAS, pursuant to Section 901(1) of the Indenture, a supplemental indenture may be entered into at any time by the City and the Trustee to authorize a series of Additional Parity Obligations (as defined therein) upon certain conditions therein stated; and

WHEREAS, Additional Parity Bonds shall be secured under the Indenture and by the Trust Estate, as and to the extent provided therein; and

WHEREAS, to cause the issuance of Additional Parity Bonds, the Indenture shall be supplemented and modified as necessary by the Trustee and the City to determine the structure,
covenants and requirements relating to any series of Additional Parity Bonds and the disposition of the proceeds of the sale of such series of Additional Parity Bonds; and

WHEREAS, the City and the Trustee each desire to supplement the Indenture to authorize the issuance of the Series 2021 Bonds (as defined herein), which consists of (i) the Series 2021A Bonds (as defined herein) to redeem and defease the outstanding Series 2011 Bonds and (ii) the Series 2021B (AMT) Bonds (as defined herein) to redeem and defease the outstanding Series 2014 Notes, and to pay the cost of issuance of the Series 2021 Bonds; and

WHEREAS, the City shall take the necessary steps to cause the redemption and defeasance of the Series 2011 Bonds and the Series 2014 Notes, and

WHEREAS, the execution and delivery of this Supplemental Indenture has been authorized by an ordinance of the City Council of the City, and all things necessary to make the Series 2021 Bonds, when issued pursuant to and as provided in the Indenture, as supplemented and authenticated by the Trustee, the legal, valid and binding special obligations of the City according to the import thereof and to make the Indenture as supplemented valid, binding and legal security of the Series 2021 Bonds, have been done and performed, and the execution, issuance and delivery of the Series 2021 Bonds, subject to the terms and provisions of the Indenture, as supplemented, have in all respects been fully authorized; and

WHEREAS, the Trustee has accepted the trusts created by this Supplemental Indenture and in evidence thereof has joined in the execution thereof.

NOW, THEREFORE, the City, in consideration of the premises and the acceptance by the Trustee of the trusts created in the Indenture, as supplemented hereby, of the purchase and acceptance of the Series 2021 Bonds by the Initial Purchaser thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby confirm and agree that the grant in the Indenture to the Trustee for the benefit of the Owners of the Series 2021 Bonds of the Trust Estate shall constitute a lien on and security interest in such Trust Estate (as defined in the Indenture) for the benefit of the Owners of the Series 2021 Bonds on an equal and ratable basis with the Owners of all Senior Lien Parity Obligations, and in addition to the foregoing, the parties hereto agree as follows: ::

ARTICLE 1

DEFINITIONS AND INTERPRETATIONS

Section 101. Definitions. (a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) "Supplemental Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto or amendments entered into pursuant to the applicable provisions of the Indenture
(2) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision.

(3) Unless otherwise defined herein, all terms used in this Supplemental Indenture which are defined in the Indenture have the same meanings in this Supplemental Indenture (except in Exhibit A-1 and Exhibit A-2 hereto) which are assigned to such terms in the Indenture. Except where the context otherwise requires, words imparting the singular number shall include the plural number and vice versa. Reference to any document means that document as amended or supplemented from time to time. Reference to any party to a bond document means that party and its successors and assigns.

(b) The following terms have the meanings set forth in the recitals hereof: “Act,” “Fifth Supplement,” “First Supplement,” “Fourth Supplement,” “Indenture,” “Second Supplement,” “Senior Lien Bonds,” and “Third Supplement.”

(c) The following terms have the meanings assigned to them below whenever they are used in this Supplemental Indenture (except in Exhibit A-1 and Exhibit A-2 hereto):

“Act” means collectively, Chapter 1207 Texas Government Code, as amended and Chapter 54, Texas Transportation Code, as amended.

“Additional Senior Lien Parity Obligations” shall have the meaning of “Additional Parity Obligations” as set forth in the Indenture.

“Additional Senior Lien Parity Bonds” shall have the meaning of “Additional Parity Bonds” as set forth in the Indenture.

“Authorized Denomination” means $100,000 or any integral multiple of $5,000 in excess thereof with respect to the Series 2021 Bonds.

“Board” means the Board of Trustees of the Galveston Wharves.

“Business Day” means any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required by law to be closed for business in Houston, Texas.

“City” means the City of Galveston, Texas.

“Dated Date” shall mean the Issuance Date.

“Determination of Taxability” shall be deemed to have occurred on the first to occur of the following: (i) on the date when the City files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability has occurred; (ii) sixty days after the Initial Purchaser reasonably requests in
writing that City provide a written opinion by a nationally recognized firm of attorneys of
substantial expertise on the subject of tax-exempt municipal finance confirming that
interest on the Series 2021 Bonds is excludable from gross income for federal income tax
purposes, unless the City shall deliver such an opinion to the Initial Purchaser within such
time; (iii) on the date when City receives written notice from the Internal Revenue
Service (or any other government official or agent exercising the same or a substantially
similar function from time to time) that, based upon filings of the City, or upon any
review or audit of the City or upon any other ground whatsoever, an Event of Taxability
has occurred; or (iv) on the date when the City receives written notice from Initial
Purchaser that the Internal Revenue Service (or any other government official or agency
exercising the same or a substantially similar function from time to time) has assessed as
includable in gross income for federal income tax purposes the interest on the Series 2021
Bonds due to the occurrence of an Event of Taxability; provided, however, no
Determination of Taxability shall occur under clause (iii) or (iv) of this definition unless
the City has been afforded the reasonable opportunity, at its expense, to contest any such
assessment, and, further, no Determination of Taxability shall occur until such contest, if
made, has been finally determined. To the extent the City reaches an agreement with the
Internal Revenue Service that allows the Series 2021 Bonds to continue to be treated as
tax-exempt, no Determination of Taxability shall be deemed to have occurred.

“Electronic Means” shall mean the following communications methods:
S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing
applicable authorization codes, passwords and/or authentication keys issued by the
Trustee, or another method or system specified by the Trustee as available for use in
connection with its services hereunder.

“Event of Default” is defined in Article VIII of this Supplemental Indenture.

“Event of Taxability” means change in law or fact or the interpretation thereof, or
the occurrence or existence of any fact, event or circumstance (including, without
limitation, the taking of any action by the City, or the failure to take any action by City,
or the making by City of any misrepresentation herein or in any certificate required to be
given in connection with the issuance, sale or delivery of the Series 2021 Bonds), has the
effect of causing interest paid or payable on the Series 2021 Bonds to be includable, in
whole or in part, in gross income for federal income tax purposes.

“Fixed Rate” shall mean 1.34% per annum; provided that such interest rate shall
increase by 0.15% for each notch that either S&P or Moody’s shall downgrade the Senior
Lien Parity Obligations’ long term unenhanced credit rating below “BBB” or “Baa2”,
respectively and such increase shall be effective as of the date of such rating change. In
the event of a split rating, the rate shall be adjusted based upon the lower rating.

“Funds” means those special funds of the City established in the Indenture and
this Supplemental Indenture.
"Galveston Wharves" means the Galveston Wharves created by the City of Galveston as a separate utility of the City to manage, maintain, operate and control all existing port properties and all additions, improvements, or extensions to such properties.

"Indenture" means the Original Indenture, as supplemented and amended hereby and as otherwise supplemented or amended from time to time in accordance with its terms, including the First Supplement, the Second Supplement, Third Supplement, the Fourth Supplement, the Fifth Supplement and this Supplemental Indenture. However, the terms of the Third Supplement no longer are effective.

"Initial Purchaser" means PNC Bank, National Association or their successors or assigns.

"Interest Payment Date," when used in connection with any Series 2021 Bonds, means the first (1st) day of each month, commencing October 1, 2021, until stated maturity or earlier redemption of such Series 2021 Bonds.

"Issuance Date" means the date on which the Series 2021 Bonds are delivered to and paid for by the Initial Purchaser.

"Moody's" means Moody's Investors Service, Inc.

"Overnight Bank Funding Rate" means, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York ("NYFRB"), as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Initial Purchaser for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Initial Purchaser at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the City.

"Paying Agent/Registrar" means initially the Trustee, and any other person authorized by the City to pay the principal of (and premium, if any) or interest on the Series 2021 Bonds.

"PNC Base Rate" equals the greater of (i) the PNC Prime Rate; (ii) the Overnight Bank Funding Rate plus 0.5%; and (iii) 7.0%.

"PNC Prime Rate" means the rate publicly announced by the Initial Purchaser from time to time as its prime rate. The Prime Rate is determined from time to time by the Initial Purchaser as a means of pricing some loans to its borrowers. The Prime Rate is
not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Initial Purchaser to any particular class or category of customers.

"Record Date" means the 15th day of the month next preceding each Interest Payment Date.

"Refunded Bonds" means the outstanding Series 2011 Bonds and Series 2014 Notes.


"Senior Lien Parity Bonds" shall bear the same definition as "Parity Bonds" as set forth in the Indenture, and shall include the Senior Lien Bonds.

"Senior Lien Parity Obligations" shall bear the same meaning as "Parity Obligations" set forth in the Indenture, and shall include the Series 2021 Bonds.


"Series 2014 Notes" means the City's Subordinate Lien Wharves and Terminal Revenue Refunding Notes, Series 2014 (AMT).

"Series 2021A Bonds" means City of Galveston, Texas Wharves and Terminal Revenue Refunding Bonds, Series 2021A in the aggregate principal amount of $__________.

"Series 2021B (AMT) Bonds" means City of Galveston, Texas Wharves and Terminal Revenue Refunding Bonds, Series 2021B (AMT) in the aggregate principal amount of $__________.


"Taxable Rate" means the interest rate on the Series 2021 Bonds adjusted to a rate determined by the Initial Purchaser in its sole discretion necessary to maintain the same after-tax yield to the Initial Purchaser after a Determination of Taxability.

Section 102. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 103. Indenture to Remain in Force. Except as amended by this Supplemental Indenture, the Indenture shall remain in full force and effect as to the matters covered therein.
Section 104. Authority. This Supplemental Indenture is executed and delivered pursuant to the Act and the Indenture.

Section 105. Successors and Assigns. All covenants and agreements in this Supplemental Indenture by the City and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 106. Severability Clause. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired hereby.

Section 107. Benefits of Supplemental Indenture. Nothing in this Supplemental Indenture or in the Series 2021 Bonds, express or implied, shall give to any Person, other than the parties hereto, and their successors hereunder and the Owner(s) of the Series 2021 Bonds, any benefit or any legal or equitable right, remedy or claim under this Supplemental Indenture.

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 2021 BONDS;
ISSUANCE AND FORM OF SERIES 2021 BONDS

Section 201. Authorization of Series 2021 Bonds. Pursuant to the Act, the Series 2021 Bonds shall be issued and designated as the (i) City of Galveston, Texas Wharves and Terminal Revenue Refunding Bonds, Series 2021A in the aggregate principal amount of $________ (the “Series 2021A Bonds”), to refund the Series 2011 Bonds that are Refunded Bonds and to pay the costs of issuance thereof and (ii) City of Galveston, Texas Wharves and Terminal Revenue Refunding Bonds, Series 2021B (AMT) in the aggregate principal amount of $________ (the “Series 2021B (AMT) Bonds”) and together with the Series 2021A Bonds, the “Series 2021 Bonds”), to refund the Series 2014 Notes that are the Refunded Bonds and to pay the costs of issuance thereof. The Series 2021 Bonds shall be Senior Lien Parity Obligations. The Series 2021 Bonds shall be issued as Additional Parity Bonds under the Indenture, as supplemented by this Supplemental Indenture. The Series 2021 Bonds shall be issued in fully registered form in Authorized Denominations, shall be numbered separately from R-1 upward in order of maturity (except for initial bonds to be delivered to the Attorney General of Texas and to be registered by the Comptroller, which may be numbered from 1-1 upward), and shall be dated the Issuance Date. The maturity date for the Series 2021 Bonds shall be February 1, 2026.

Section 202. Terms of Series 2021 Bonds. (a) The Series 2021 Bonds shall be issued in the original principal amounts as set forth in Section 201, shall bear interest at a rate equal to the Fixed Rate from the later of their Issuance Date or the most recent Interest Payment Date to which interest has been paid or duly provided for, (calculated on the basis of a 360 day year of twelve 30 day months). The Series 2021 Bonds are subject to the maintenance of the long-term unenhanced credit rating assigned to either the Galveston Wharves or the Senior Lien Parity Obligations as set forth in Section 903 and the Fixed Rate is subject to adjustment upon certain rating changes as set forth in the definition of Fixed Rate in Section 101. The interest shall be payable on the first (1st) day of each month, commencing October 1, 2021, and the principal shall payable in accordance with the mandatory sinking fund redemption schedule on the dates and in
the amounts set forth below, subject to prior redemption in accordance with Article III of this Supplemental Indenture.

**Series 2021A Bonds**

Mandatory Sinking Fund Redemption
(1<sup>st</sup> day of each month) Principal Amount
$

*

**Series 2021B (AMT) Bonds**

Mandatory Sinking Fund Redemption
(1<sup>st</sup> day of each month) Principal Amount
$

*

---

**Maturity**

(b) The principal of each Series 2021 Bonds shall be paid to the Initial Purchaser thereof on the due date thereof (whether at maturity or on the date of prior redemption thereof) upon presentation and surrender of such Series 2021 Bond at the designated office of the Trustee; provided, however, that for so long as a Series 2021 Bond is held by a single owner, mandatory sinking fund redemption payments made prior to final maturity will be noted by the Paying Agent/Registrar in their official records but will not require the presentation and surrender of the applicable Series 2021 Bond.

(c) The Series 2021 Bonds shall be delivered to the Attorney General of Texas for examination and approval and shall be registered by the Comptroller. The manually executed registration certificate of the Comptroller substantially in the form provided in Exhibit A-1 and Exhibit A-2 of this Supplemental Indenture shall be affixed or attached to the initial Series 2021A Bonds and Series 2021B (AMT) Bonds, respectively.

Section 203. Execution of Series 2021 Bonds; Seal. The Series 2021 Bonds shall be signed on behalf of the City by the Mayor Pro Tem and countersigned by the City Secretary, by their manual, lithographed, or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures shall have the same effect as
if each of the Series 2021 Bonds had been signed manually and in person by each of said officials, and such facsimile seal shall have the same effect as if the official seal of the City had been manually impressed upon each of such bonds. If any officer of the City whose manual or facsimile signature shall appear on the Series 2021 Bonds shall cease to be such officer before the authentication of such bonds or before the delivery of such bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

Section 204. **Approval By Attorney General; Registration by Comptroller.** The Series 2021 Bonds shall be delivered to the Attorney General of Texas for examination and approval and shall be registered by the Comptroller. The manually executed registration certificate of the Comptroller substantially in the form provided in Exhibit A-1 and Exhibit A-2 of this Supplemental Indenture shall be affixed or attached to the Series 2021A Bonds and the Series 2021B (AMT) Bonds, respectively.

Section 205. **Authentication.** The Series 2021A Bonds and the Series 2021B (AMT) Bonds shall bear thereon a certificate of authentication substantially in the form provided in Exhibit A-1 and Exhibit A-2, respectively, of this Supplemental Indenture, manually executed by an authorized representative of the Trustee, shall be entitled to the benefits of this Supplemental Indenture. Such duly executed certificate of authentication shall be conclusive evidence that the bond so authenticated was delivered by the Trustee hereunder.

Section 206. **Payment of Principal and Interest.** The Trustee is hereby appointed as the registrar and paying agent for the Series 2021 Bonds (the “Paying Agent/Registrar”). The principal of the Series 2021 Bonds shall be payable, without exchange or collection changes, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable at the designated office of the Trustee; provided, however, that for so long as a Series 2021 Bond is held by a single owner, mandatory sinking fund redemption payments made prior to final maturity will be noted by the Paying Agent/Registrar in their official records but will not require the presentation and surrender of the applicable Series 2021 Bond. The interest on the Series 2021 Bonds shall be payable (by check or other means acceptable to the Trustee) dated on the Interest Payment Date, mailed by the Trustee on each Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Bond Register, or by such other method, acceptable to the Trustee, requested by and at the risk and expense of the Owner. The Trustee shall make such payments of interest and principal on the Series 2021 Bonds from the Funds held by the Trustee which are established in Article IV of this Supplemental Indenture.

If the date for the payment of principal or interest on the Series 2021 Bonds is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date such payment was due.

Section 207. **Special Record Date.** If interest on the Series 2021 Bonds is not paid on any Interest Payment Date and continues unpaid for thirty (30) days thereafter, the Trustee shall establish a new record date for the payment of such interest, to be known as a Special Record
Date. The Trustee shall establish a Special Record Date when money to make such interest payment is received from or on behalf of the City. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five (5) days prior to the Special Record Date, to each Owner of record of an affected bond as of the close of business on the day prior to the mailing of such notice.

Section 208. Ownership; Unclaimed Principal and Interest. Subject to the further provisions of this Section, the City, the Trustee and any other person may treat the person in whose name any Series 2021 Bond is registered as the absolute Owner of such bond for the purpose of making and receiving payment of the principal of or interest on such bond, and for all other purposes, whether or not such bond is overdue, and neither the City nor the Trustee shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Series 2021 Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the City and the Trustee upon such bond to the extent of the sums paid.

Amounts held by the Trustee for the payment of any Series 2021 Bond that has not been presented for payment when due, whether at maturity or earlier redemption, shall be held by the Trustee for the benefit of the Owner of such bond, without liability to the City, the Owner of the bond, or any other person for interest thereon.

Amounts held by the Trustee which represent principal of and interest on the Series 2021 Bonds remaining unclaimed by the Owner after the expiration of three years from the date such amounts have become due and payable shall be reported and disposed of by the Trustee in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

The Trustee shall deposit any moneys received from the City into a trust account to be held as agent for the payment of the Series 2021 Bonds, with such moneys in the account that exceed the deposit insurance available to the City provided by the Federal Deposit Insurance Corporation to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas and to the extent practicable under the laws of the United States of America to secure and be pledged as collateral for trust accounts until the principal and interest on the Series 2021 Bonds have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of the Series 2021 Bonds shall, at its own expense and risk, request such other medium of payment.

Section 209. Registration, Transfer, and Exchange. So long as any Series 2021 Bonds remain outstanding, the Trustee shall keep the Bond Register at its designated office and, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration and transfer of the Series 2021 Bonds in accordance with the terms of this Supplemental Indenture.

Each Series 2021 Bond shall be transferable only upon the presentation and surrender thereof at the designated office of the Trustee, duly endorsed for transfer, or accompanied by an
assignment duly executed by the registered Owner or his authorized representative in form satisfactory to the Trustee. Upon due presentation of any Series 2021 Bond in proper form for transfer, the Trustee shall authenticate and deliver in exchange therefor, new Series 2021 Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same series, maturity and aggregate principal amount and bearing interest at the same rate as the Series 2021 Bonds so presented.

The Series 2021 Bonds shall be exchangeable upon presentation and surrender thereof at the designated office of the Trustee for a Series 2021 Bonds of the same series, maturity and interest rate and in any Authorized Denomination, in an aggregate amount equal to the unpaid principal amount of the bonds presented for exchange. The Trustee shall be and is hereby authorized to authenticate and deliver exchange bonds in accordance with the provisions of this Section. The Series 2021 Bonds delivered in accordance with this Section shall be entitled to the benefits and security of the Indenture to the same extent as the bonds in lieu of which such bonds are delivered.

The City may require the Owner of any Series 2021 Bonds to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such bonds. Any fee or charge of the Trustee for such transfer or exchange shall be paid by the City.

Section 210. Cancellation of Series 2021 Bonds. The Series 2021 Bonds paid or redeemed in accordance with this Supplemental Indenture, and the Series 2021 Bonds in lieu of which exchange bonds or replacement bonds are authenticated and delivered in accordance herewith, shall be canceled by the Trustee and thereafter treated in accordance with the Trustee’s document retention policies.

Section 211. Mutilated, Lost, or Stolen Series 2021 Bonds. Upon the presentation and surrender to the Trustee of the mutilated Series 2021 Bonds, the Trustee shall authenticate and deliver in exchange therefor replacement bonds of like series, maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. The City may require the Owner of such Series 2021 Bonds to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Trustee.

If any of the Series 2021 Bonds are lost, apparently destroyed, or wrongfully taken, the City, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such bonds have been acquired by a bona fide purchaser, shall authorize and the Trustee, upon the City’s authorization, shall authenticate and deliver replacement bonds of like series, maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner thereof shall have:

1. furnished to the City and the Trustee evidence satisfactory to the City of the ownership of and the circumstances of the loss, destruction or theft of such bonds;

2. furnished such security or indemnity as may be required by the Trustee and the City to save them harmless;
(3) paid all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Trustee and any tax or other governmental charge that may be imposed; and

(4) met any other reasonable requirements of the City and the Trustee.

If, after the delivery of such replacement bonds, a bona fide purchaser of the original Series 2021 Bonds in lieu of which such replacement bonds were issued presents for payment such original Series 2021 Bonds, the City and the Trustee shall be entitled to recover such replacement bonds from the person to whom they were delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the City or the Trustee in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Series 2021 Bonds has become or is about to become due and payable, the City in its discretion may, instead of issuing replacement bonds, authorize the Trustee to pay such bonds.

Each replacement bond delivered in accordance with this Section shall be entitled to the benefits and security of the Indenture to the same extent as the Series 2021 Bond in lieu of which such replacement bond is delivered.

Section 212. Form of Series 2021 Bonds. The Series 2021A Bonds, including the form of the Authentication Certificate, form of assignment, and form of Comptroller’s Registration Certificate, shall be substantially in the form set forth in Exhibit A-1, with such additions, deletions, and variations as may be necessary or desirable and not prohibited by this Supplemental Indenture. The opinion of bond counsel may be printed on or otherwise affixed to the Series 2021A Bonds. The Series 2021B (AMT) Bonds, including the form of the Authentication Certificate, form of assignment, and form of Comptroller’s Registration Certificate, shall be substantially in the form set forth in Exhibit A-2, with such additions, deletions, and variations as may be necessary or desirable and not prohibited by this Supplemental Indenture. The opinion of bond counsel may be printed on or otherwise affixed to the Series 2021B (AMT) Bonds.

ARTICLE III

REDEMPTION OF SERIES 2021 BONDS

Section 301. Limitation on Redemption. The Series 2021A Bonds and the Series 2021B (AMT) Bonds shall be subject to redemption prior to maturity only as provided in this Article III and in the form of bond attached hereto as Exhibit A-1 and Exhibit A-2.

Section 302. Optional Redemption. All of the Series 2021A Bonds are subject to optional redemption at any time (either (i) in whole or (ii) in part on a proportionate basis among all Series 2021A Bonds) at the option of the City, at the direction of the Board, at such times, in such amounts, in such manner and at such redemption prices as may be designated and provided for in this Supplemental Indenture. All of the Series 2021B (AMT) Bonds are subject to optional redemption at any time (either (i) in whole or (ii) in part on a proportionate basis among all
Series 2021B (AMT) Bonds) at the option of the City, at the direction of the Board, at such
times, in such amounts, in such manner and at such redemption prices as may be designated and
provided for in this Supplemental Indenture. Notwithstanding anything contained herein to the
contrary, upon any prepayment by or on behalf of the City, the registered owner(s) of the Series
2021 Bonds may require, if it so elects, the City to pay the registered owner(s) of the Series 2021
Bonds as compensation for the costs of being prepaid an amount equal to the Cost of
Prepayment. "Cost of Prepayment" means an amount equal to the present value, if positive, of
the product of (a) the difference between (i) the yield, on the beginning date of the applicable
interest period, of a U.S. Treasury obligation with a maturity similar to the applicable interest
period, minus (ii) the yield on the prepayment date, of a U.S. Treasury obligation with a maturity
similar to the remaining maturity of the applicable interest period, and (b) the principal amount
to be prepaid, and (c) the number of years, including fractional years, from the prepayment date
to the end of the applicable interest period. The yield on any U.S. Treasury obligation shall be
determined by reference to Federal Reserve Statistical Release H.15 (519) “Selected Interest
Rates.” For purposes of making present value calculations, the yield to maturity of a similar
maturity U.S. Treasury obligation on the prepayment date shall be deemed the discount rate. If
less than all of the Series 2021 Bonds are being redeemed pursuant to Section 302, the City shall
determine the principal amount being redeemed on all of the Series 2021 Bonds on a
proportionate basis and shall direct the Trustee to call such Series 2021 Bonds for redemption
accordingly. In the case of partial redemption, all Series 2021 Bonds shall be partially redeemed
in denominations of $5,000.

Section 303. Mandatory Redemption. The Series 2021 Bonds are issued as term bonds
and are subject to the mandatory sinking fund redemption schedule on the dates and in the
amounts set forth below in Section 202, and will be redeemed by the City in part at a redemption
price equal to the principal amount thereof without premium, plus interest accrued thereon to the
redemption date as set forth in the mandatory sinking fund redemption schedule herein and as
provided for in the Form of the Series 2021 Bonds. The Paying Agent/Registrar shall record in
their official records the reductions in the principal amount of the Series 2021 Bonds, and for so
long as an Initial Purchaser owns the applicable Series 2021 Bond, the Initial Purchaser shall not
be required to surrender the Series 2021 Bond for payment of mandatory sinking fund payments
prior to the final maturity of the applicable Series 2021 Bond. For so long as an Initial Purchaser
owns the applicable Series 2021 Bond, no notice of redemption shall be required in connection
with mandatory sinking fund redemptions in accordance with the mandatory sinking fund
schedule in Section 202.

Section 304. Notice of Redemption to Owners. (a) The Trustee shall give notice of any
redemption of the Series 2021 Bonds by sending notice by United States mail, first class, postage
prepaid, not less than 30 days before the date fixed for redemption, to the Owners of each Series
2021 Bond to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the redemption price, the place at
which the Series 2021 Bonds is to be surrendered for payment, and if less than all of the Series
2021 Bonds outstanding are being redeemed, an identification of the portions thereof to
redeemed on a proportionate basis among all the Series 2021 Bonds.
(c) The City reserves the right to give notice of its election or direction to redeem the Series 2021 Bonds under Section 302 conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Trustee, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate of the City to the Trustee instructing the Trustee to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Trustee shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Series 2021 Bonds subject to conditional redemption where redemption has been rescinded shall remain Outstanding.

(d) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

Section 305. Payment Upon Redemption. (a) Before or on each redemption date, the City shall deposit with the Trustee money sufficient to pay all amounts due on the redemption date and the Trustee shall make provision for the payment of the Series 2021 Bonds to be redeemed on such date by setting aside and holding in trust an amount from the interest and sinking fund or otherwise received by the Trustee from the City and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Series 2021 Bonds being redeemed.

(b) Upon presentation and surrender of the Series 2021 Bonds called for redemption at the designated office of the Trustee, on or after the date fixed for redemption, the Trustee shall pay the principal of, redemption premium, if any, and accrued interest on such Series 2021 Bonds to the date of redemption from the money set aside for such purpose; provided, however, that for so long as a Series 2021 Bond is held by a single owner, mandatory sinking fund redemption payments made prior to final maturity will be noted by the Paying Agent/Registrar in their official records but will not require the presentation and surrender of the applicable Series 2021 Bond.

Section 306. Effect of Redemption. (a) When Series 2021 Bonds have been called for redemption and due provision has been made to redeem same as herein provided, the Series 2021 Bonds (or portions thereof) so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Series 2021 Bond (or portion thereof) called for redemption shall terminate on the date fixed for redemption.

(b) If the City fails to make provision for payment of all sums due on an optional redemption date, then any Series 2021 Bonds (or portions thereof) called for optional redemption shall continue to bear interest at the rate stated on the Series 2021 Bonds until due provision is made for the payment of same.
Section 307. **Lapse of Payment.** Money set aside for the redemption of the Series 2021 Bonds and remaining unclaimed by the Owners thereof shall be subject to the provisions of Section 208 hereof.

**ARTICLE IV**

**SECURITY, SOURCE OF PAYMENT, FUNDS**

Section 401. **Confirmation of Pledge and Source of Payment.** The City hereby covenants and agrees that all Gross Revenues shall be deposited and paid into the special funds established in Article IV of the Original Indenture, except for the Parity Bond Debt Service Reserve Fund, and shall be applied in the manner set forth therein. The Senior Lien Parity Obligations shall constitute special obligations of the City that shall be payable solely from, and shall be equally and ratably secured by a first lien on and pledge of, the Net Revenues, which Net Revenues shall, in the manner herein provided, be set aside for and pledged to the payment of the Senior Lien Parity Obligations in the Parity Bond Interest and Sinking Fund as provided in the Original Indenture, and the Senior Lien Parity Obligations are in all respects on a parity with and of equal dignity with one another. The Senior Lien Parity Obligations do not constitute an indebtedness or general obligation of the City, and the Owners of the Senior Lien Parity Obligations shall never have the right to demand payment out of any funds raised or to be raised by taxation.

Section 402. **Confirmation of Special Funds and Flow of Funds.** (a) The special Funds created by the Original Indenture are hereby confirmed, including (a) the Revenue Fund; (b) the Annual City Payment Fund; and (c) the Parity Bond Interest and Sinking Fund and such Funds shall continue to be maintained in accordance with the terms of the Original Indenture as supplemented. The Parity Bond Debt Service Reserve Fund shall not be created and the Reserve Requirement shall not be maintained for the Series 2021 Bonds. The Flow of Funds detailed in Section 404 of the Indenture is confirmed, except for the Parity Bond Debt Service Reserve Fund.

Section 403. Reserved.

Section 404. **Application of Series 2021 Bond Proceeds and Parity Debt Service Reserve Fund.** The proceeds of the sale of the Series 2021A Bonds shall be deposited as follows:

1. $___________ shall be deposited with the Trustee as paying agent for the Series 2011 Bonds; and

2. the balance of the proceeds of the sale of the Series 2021A Bonds shall be used to pay the costs of issuance and the remainder shall be deposited into the Parity Bond Interest and Sinking Fund.

The proceeds of the sale of the Series 2021B (AMT) Bonds shall be deposited as follows:

3. $___________ shall be deposited with the Trustee as paying agent for the Series 2014 Notes; and
(4) the balance of the proceeds of the sale of the Series 2021B (AMT) Bonds shall be used to pay the costs of issuance and the remainder shall be deposited into the Parity Bond Interest and Sinking Fund.

The funds held in the Parity Bond Debt Service Reserve Fund for the Series 2011 Bonds shall be released and applied as follows:

(1) $__________ shall be deposited with the Board and shall be used for any lawful purpose.

Section 405. Investments and Transfers of Earnings. Money on deposit in the Funds created in this Article may be invested by the Board from time to time in investments authorized by law for funds of the Board by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. Earnings on the investment of money in the Revenue Fund and the Project Fund. Earnings on investments of money in the Annual City Payment Fund shall be transferred to the Revenue Fund as received. Earnings on the investment of money in the funds created pursuant to any supplemental indenture or separate indenture, ordinance or other instrument authorizing the issuance or incurrence of subordinate lien obligations shall be disposed of in the manner provided by such instrument.

The City will, and will cause the Board to, invest or direct the Trustee to invest all investments permitted or required by this Article in such manner that the money required to be expended from any Fund will be available at the proper time or times.

The Trustee may rely on the direction investment of the City or the Board as to the suitability, the legality and the compliance with the terms of this Supplemental Indenture of the investments so directed. The Trustee shall not have any responsibility for losses on investments made in accordance with the directions of the City or the Board as provided in this Section 405.

Although the City (for itself and on behalf of the Board) recognizes that it may obtain a broker confirmation with respect to the investment of monies in any fund or account held by the Trustee under this Supplemental Indenture (or a written statement containing comparable information) at no additional cost, the City (for itself and on behalf of the Board) hereby agrees that confirmations of investments are not required to be issued by the Trustee for any month in which a monthly statement is rendered. No statement need be rendered for any fund or account for any month if no activity occurred in such fund or account during such month.

Section 406. Fees, Tolls, and Charges. So long as any Series 2021 Bonds remain Outstanding, the City covenants that the Board or the City (in the event the management and control of the Galveston Wharves' facilities is placed in the hands of the City as authorized by Section 602 of the Original Indenture) shall fix, charge and collect fees, tolls, and charges for the use and services of the Galveston Wharves' facilities which will be sufficient to pay all Maintenance and Operation Expenses; to establish and maintain the Funds in the manner and in the order of priority set out herein and to pay all other obligations payable from Net Revenues as and when the same become due. Commencing with the fiscal year beginning on January 1, 2022 and tested as of December 31, 2022 (there shall not be a test for December 31, 2021) and while any Series 2021 Bonds remaining outstanding, in any fiscal year, such fees, tolls and charges will
be fixed, charged and collected in order that Net Revenues will equal an amount not less than 125% of the Debt Service for all Senior Lien Parity Obligations in such fiscal year.

ARTICLE V

PROVISIONS CONCERNING
FEDERAL INCOME TAX EXCLUSION

Section 501. Tax Exemption. (a) The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest on the Series 2021 Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the City covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the City in connection with the Series 2021 Bonds.

Section 502. Definitions. When used in this Article, the following terms have the meanings given to them below:

(a) “Capital Expenditure” means any cost of a type that is properly chargeable to capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under section 1.150-2(c) of the Regulations) under general Federal income tax principles.

(b) “Gross Proceeds” means any Proceeds and Replacement Proceeds.

(c) “Investment Proceeds” is defined in section 1.148-1(b) of the Regulations and generally consists of any amounts actually or constructively received from investing Proceeds.

(d) “Issue Price” means “issue price” as defined in Sections 1273 and 1274 of the Code, unless otherwise provided in Sections 1.148-0 through 1.148-11 of the Regulations.

(e) “Net Proceeds” means the Sale Proceeds less any Sale Proceeds invested in a Reasonably Required Reserve or Replacement Fund and as part of a minor portion under section 148(e) of the Code and Investment Proceeds, less accrued interest.

(f) “Proceeds” is defined in section 1.148-1(b) of the Regulations and generally means the Sale Proceeds and Investment Proceeds.

(g) “Reasonably Required Reserve or Replacement Fund” means any fund meeting the description set forth in section 148(d) of the Code.

(h) “Replacement Proceeds” has the meaning set forth in Section 1.148-1(c) of the Regulations.

(i) “Sale Proceeds” is defined in section 1.148-1 of the Regulations and generally consists of any amounts actually or constructively received from the sale (or other disposition) of bonds, including amounts used to pay underwriters’ discount or compensation and accrued interest other than pre-issuance accrued interest. Sale Proceeds also include amounts derived
from the sale of a right that is associated with such bonds and that is described in section 1.148-4(b)(4) of the Regulations.

(j) "Series 2014 Projects" means the projects financed with the Proceeds of the Series 2014 Notes.

Section 503. Series 2021A Bonds Not Private Activity Bonds. The City covenants that it will use the proceeds of the Series 2021 Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Series 2021 Bonds will not be "private activity bonds" within the meaning of section 141 of the Code. Furthermore, the City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Series 2021 Bonds to be a "private activity bond" unless it takes a remedial action permitted by section 1.141-12 of the Regulations.


(a) The Board represents and covenants that:

(i) At least 95 percent of the Net Proceeds of the Series 2014 Notes were expended or will be expended for Capital Expenditures to provide "docks and wharves" (within the meaning of section 142 of the Code) and property that is "functionally related and subordinate" thereto (within the meaning of section 1.103-8(a)(3) and 1.103-8(3)(2)(iii) of the Regulations). For purposes of this requirement, "docks and wharves" do not include: (A) a storage or training facility that is not directly related to the dock and wharf, (B) an "office" that is not located on the premises of a dock and wharf or for which more than a de minimis amount of the functions to be performed at such office are not directly related to the day to day operations at such dock and wharf, (C) any lodging facilities, (D) any retail facilities (including food and beverage facilities) in excess of the size necessary to serve passengers and employees at the 2014 Projects, (E) any retail facility other than parking for passengers or the general public located outside of the Series 2014 Projects, (F) any office building for individuals who are not employees of the Galveston Wharves, or (G) any industrial park or manufacturing facility.

(ii) All Net Proceeds of the Series 2021B (AMT) Bonds will be used to pay costs of issuance of the Series 2021B (AMT) Bonds, principal of or interest on the Series 2014 Notes, and accrued interest, if any, on the Series 2021B (AMT) Bonds. All of the Series 2014 Notes will be retired prior to the date that is 90 days after the Issuance Date.

(iii) The Series 2014 Projects have been and will be owned for all federal income tax purposes by the Galveston Wharves. Any leases, management contracts or similar operating or use agreements entered into with any person with respect to all or any portion of the Series 2014 Projects will comply with the requirements of section 142(b)(1)(B)(i)-(iii) of the Code.

(iv) The Series 2014 Projects have not included and will not include any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

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(v) Less than 25 percent of the Net Proceeds of the Series 2014 Notes were or will be used, directly or indirectly, for the acquisition of land or an interest therein; proved that, land acquired for noise abatement or wetland preservation purposes, or for future use as a dock or wharf facility is not taken into account, if there is no significant other use of such land. Notwithstanding the immediately preceding sentence, no portion of the Net Proceeds of the Series 2014 Notes will be used, directly or indirectly, for the acquisition of land or an interest therein to be used for farming purposes.

(vi) No portion of the Net Proceeds of the Series 2014 Notes were or will be used for the acquisition of any existing property or an interest therein unless (i) the first use of such property is pursuant to such acquisition or (ii) the rehabilitation expenditures with respect to any building and the equipment therefor equal or exceed 15 percent of the cost of acquiring such building financed or refinanced with the Net Proceeds of the applicable issue of bonds (with respect to structures other than buildings, this clause shall be applied by substituting 100 percent for 15 percent). For purposes of the preceding sentence, the term “rehabilitation expenditures” shall have the meaning set forth in Section 147(d)(3) of the Code.

(b) The costs of issuance (within the meaning of Section 147(g) of the Code) financed (a) with the Net Proceeds of the Series 2011 Bonds did not exceed 2 percent of the Net Proceeds of the such issue, and (b) with the Net Proceeds of the Series 2021B (AMT) Bonds will not exceed 2 percent of the Net Proceeds of the Series 2021B (AMT) Bonds; provided that, for purposes of clause (b) hereof costs of issuance of the Series 2014 Notes were a part that are refinanced with the proceeds of the Series 2021B (AMT) Bonds are not taken into account.

(c) The Board covenants that the weighted average maturity of the Series 2021 Bonds, taking into account the Issue Price of the various maturities of the Series 2021 Bonds, will not exceed 120 percent of the reasonably expected economic life of the Series 2014 Projects, taking into account the respective cost of each item composing the Series 2014 Projects, all as determined in accordance with Section 147(b) of the Code.

(d) The City obtained approval of the Series 2014 Notes from the applicable elected representative of the City after a public hearing following reasonable public notice, all in accordance with section 147(f) of the Code. Unless the City obtains a new approval for the Series 2021B (AMT) Bonds, the weighted average maturity date of the Series 2021B (AMT) Bonds will not be later than the weighted average maturity date of the Series 2014 Notes to be refunded.

Section 505. No Federal Guarantee. The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Series 2021 Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

Section 506. No Hedge Bonds. The City covenants not to take any action or omit to take action that, if taken or omitted, would cause the Series 2021 Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code.
Section 507. **No Arbitrage Bonds.** The City covenants that it will make such use of the proceeds of the Series 2021 Bonds (including investment income) and regulate the investment of such proceeds of the Series 2021 Bonds so that the Series 2021 Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

Section 508. **Required Rebate.** The City covenants that, if the City does not qualify for an exception to the requirements of section 148(f) of the Code, the City will comply with the requirement that certain amounts earned by the City on the investment of the gross proceeds of the Series 2021 Bonds, be rebated to the United States.

Section 509. **Information Reporting.** The City covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning the Series 2021 Bonds in accordance with section 149(e) of the Code.

Section 510. **Record Retention.** The City covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Refunded Bonds and the Series 2021 Bonds and the use of the property financed, directly or indirectly, thereby until three years after the last Series 2021 Bond is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

Section 511. **Registration.** If the Series 2021 Bonds are “registration-required bonds” under section 149(a)(2) of the Code, the Series 2021 Bonds will be issued in registered form.

Section 512. **Favorable Opinion of Bond Counsel.** Notwithstanding the foregoing, the City will not be required to comply with any of the federal tax covenants set forth above if the City has received an opinion of nationally recognized bond counsel or tax counsel that such noncompliance will not adversely affect the excludability of interest on the Series 2021 Bonds from gross income for federal income tax purposes.

Section 513. **Continuing Compliance.** Notwithstanding any other provision of this Ordinance, the City’s obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Series 2021 Bonds for as long as such matters are relevant to the excludability of interest on the Series 2021 Bonds from gross income for federal income tax purposes.

**ARTICLE VI**

**REMEDIES OF THE TRUSTEE AND OWNERS OF SERIES 2021 BONDS IN EVENTS OF DEFAULT**

Section 601. **Events of Default.** An “Event of Default,” as used herein, shall mean the occurrence and continuation of any of the following events:

1. default in the payment of the principal of or interest on any Series 2021 Bond when due; or

2. the filing by the Board of a petition in bankruptcy; or
(3) default (other than a default described in Subsections (1) or (2) of this Section) in the due and punctual observance and performance of any covenant, term, condition or agreement of the City contained in the Indenture occurs and continues for a period of 90 days after there has been given to the City and the Board by the Trustee notice specifying such default pursuant to Section 602 and the City and the Trustee shall not have agreed in writing to an extension of such period prior to its expiration; provided, however, that such period shall be extended if such default can be remedied and corrective action is instituted within the applicable period and so long as such action is diligently pursued until such default is corrected.

Upon the occurrence of an Event of Default with respect to Series 2021 Bonds, the Trustee, at its sole option, may pursue any remedy available to it at law or in equity. In addition, the interest rate on the Series 2021 Bonds shall adjust to the PNC Base Rate, plus 3%, provided that such rate may only be charged during such time that an Event of Default has occurred and is continuing. If such Event of Default is cured, the default rate shall no longer apply and the interest rate shall be determined per Section 202.

Section 602. Notice and Cure. If a default specified in Section 601(3) occurs and is continuing, the Trustee shall give written notice of such default to the City, the Initial Purchaser and the Board, who shall have a period specified in Section 601 from receipt of such notice in which to cure such default. If such default is not cured within such period the Trustee shall, if instructed to do so by the Owners of at least 50% in aggregate principal amount of the Outstanding Series 2021 Bonds, pursue one or more of its remedies available to it at law or in equity.

Section 603. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Board, the Trustee (irrespective of whether the principal of the Series 2021 Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the City for the payment of overdue principal or interest) shall be entitled and empowered, at its sole option, by intervention in such proceeding or otherwise,

(i) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Series 2021 Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Owners of Series 2021 Bonds allowed in such judicial proceeding, and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Owner of Series 2021 Bonds to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Owners of Series 2021 Bonds, to pay to the Trustee any amount due to
it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under the Indenture.

Nothing herein contained shall be deemed to authorize or require the Trustee to authorize or consent to or accept or adopt on behalf of any Owner of Series 2021 Bonds any plan of reorganization, arrangement, adjustment or composition affecting the Series 2021 Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner of Series 2021 Bonds in any such proceeding.

Section 604. Trustee May Enforce Claims Without Possession of Series 2021 Bonds. All rights of action and claims under the Indenture with respect to the Series 2021 Bonds, may be prosecuted and enforced by the Trustee without the possession of any of the Series 2021 Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel before the ratable benefit of the Owners of the Series 2021 Bonds in respect of which such judgment has been recovered.

Section 605. Application of Money Collected. Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee, which shall be the earliest practicable date or dates, and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Series 2021 Bonds (provided, however, that for so long as a Series 2021 Bond is held by a single owner, mandatory sinking fund redemption payments made prior to final maturity will be noted by the Paying Agent/Registrar in their official records but will not require the presentation and surrender of the applicable Series 2021 Bond) and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

First: To the payment of all amounts due the Trustee under the Indenture;

Second: To the payment of the amounts then due and unpaid upon the Series 2021 Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind according to the amounts due and payable on such Series 2021 Bonds for principal (and premium, if any) and interest, respectively; and

Third: To the Board, any remaining amounts of money so collected.

Section 606. Limitation on Suits. No Owner of any Series 2021 Bonds shall have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Owner has previously given written notice to the Trustee of a continuing Event of Default;

(2) the Owners of not less than 50% in principal amount of the Outstanding Series 2021 Bonds shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;
(3) such Owners have offered to the Trustee indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and

(4) the Trustee for 180 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Owners of Series 2021 Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other Owners of Series 2021 Bonds, or to obtain or to seek to obtain priority or preference over any other Owners of Series 2021 Bonds, to take any action that would affect the validity of the lien of the Indenture on the Net Revenues, or to enforce any right under the Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Owners of Series 2021 Bonds.

Section 607. Restoration of Rights and Remedies. If the Trustee or any Owner of Series 2021 Bonds has instituted any proceeding to enforce any right or remedy under the Indenture and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee or to such Owner of Series 2021 Bonds, then and in every such case the City, the Trustee and the Owners of Series 2021 Bonds shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Owners of Series 2021 Bonds shall continue as though no such proceeding had been instituted.

Section 608. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee to the Owners of Series 2021 Bonds is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 609. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Owner of any Series 2021 Bonds to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Owners of Series 2021 Bonds may be exercised from time to time, and as often as may be deemed expedient by the Trustee or by the Owners of Series 2021 Bonds, as the case may be.

Section 610. Control by Owners of Series 2021 Bonds. The Owners of not less than 50% in principal amount of the Outstanding Series 2021 Bonds shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, provided that

(1) such direction is in writing and shall not be in conflict with any rule of law or with the Indenture, and
(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 611. Waiver of Past Defaults. The Owners of not less than 50% in principal amount of the Outstanding Series 2021 Bonds may on behalf of the Owners of all the Series 2021 Bonds waive any past default hereunder and its consequences, except a default in the payment of the principal of (or premium, if any) or interest on any Series 2021 Bond. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 612. Event of Taxability. As additional interest on the Series 2021 Bonds, the City shall pay to the Owners of any Outstanding Series 2021 Bonds, from the commencement date of any Event of Taxability to the maturity or prior redemption date of such Series 2021 Bonds, if the Event of Taxability is deemed retroactive to the Issuance Date, an amount equal to the Taxable Rate.

ARTICLE VII

AMENDMENTS TO INDENTURE

Section 701. Indenture to Remain in Force. This Supplemental Indenture shall amend the Indenture only as specifically provided herein, but shall also supplement the Indenture with respect to the provisions contained herein. Except as amended and supplemented as set forth below, the Indenture shall remain in full force and effect, including without limitation, the provisions relating to the security and source of payment for the Series 2021 Bonds.

ARTICLE VIII

TRUSTEE MATTERS

Section 801. Duties and Liabilities of Trustee. (a) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Supplemental Indenture and no implied covenants or obligations shall be read into this Supplemental Indenture against the Trustee.

(b) In case any Event of Default has occurred and is continuing and the Trustee has notice thereof, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a reasonably prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(c) No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except, that:

(1) this subsection shall not be construed to limit the effect of subsection (a) of this Section or of Section 803;
(2) the Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Series 2021 Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture with respect to such obligations; and

(4) no provision of the Indenture shall require the Trustee to expend or risk its funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that the repayment of such funds or adequate indemnity satisfactory to the Trustee against such risk or liability or the payment of its fees and expenses is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 802. Notice of Defaults. Within 30 days after the occurrence of any default of which a Responsible Officer of the Trustee has notice or knowledge pursuant to Section 803(f), the Trustee shall transmit by mail to all Owners of the Series 2021 Bonds, notice of such default, unless such default shall have been cured or waived or unless corrective action to cure such default has been instituted and is being pursued such that such default does not constitute an Event of Default.

Section 803. Certain Rights and Duties of Trustee. Except as otherwise provided in Section 801:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, note, debenture, agreement or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties and shall not be required to verify the accuracy of any information or calculations required to be included therein or attached thereto;

(b) The Trustee may consult with counsel, appraisers, accountants and other skilled personnel and the written advice of such person or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(c) The Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability hereunder, and the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture, unless the Trustee has received reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities, including
reasonable attorneys' fees and expenses, which might be incurred by it in connection with such request or direction and for the payment of the Trustee's fees in connection therewith, and the provision of such indemnity shall be mandatory for any remedy taken upon direction of the Owners of not less than 50% of the Outstanding the Series 2021 Bonds;

(d) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, note, debenture, agreement or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Board, personally or by agent or attorney;

(e) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and may in all cases pay, subject to reimbursement as provided in Section 807, such reasonable compensation as it deems proper to all such agents and attorneys reasonably employed or retained by it, and the Trustee shall not be responsible for any misconduct or negligence of any agent or attorney appointed with due care by it;

(f) The Trustee shall not be required to take notice or be deemed to have notice or knowledge of any default or Event of Default hereunder unless a Responsible Officer of the Trustee shall be specifically notified of such Event of Default in writing by the City, the Board, or by the Owner of any Outstanding Series 2021 Bonds, and in the absence of such notice the Trustee may conclusively assume that no Event of Default exists; provided, however, that the Trustee shall be required to take and be deemed to have notice of default under Section 802;

(g) The Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Supplemental Indenture;

(h) In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of the Series 2021 Bonds, each representing less than a majority in aggregate principal amount of the Series 2021 Bonds Outstanding, pursuant to the provisions of the Indenture, the Trustee, in its sole discretion, may determine what action, if any, shall be taken;

(i) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under the Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of this Supplemental Indenture and final payment of the Series 2021 Bonds;

(j) The permissive right of the Trustee to take the actions permitted by this Supplemental Indenture shall not be construed as an obligation or duty to do so; and

(k) The Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Series 2021 Bonds, and
the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Series 2021 Bonds.

(I) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the specific requirements of the Indenture.

Section 804. Not Responsible For Recitals or Issuance of Series 2021 Bonds. The recitals contained herein and in the Series 2021 Bonds (other than the certificate of authentication on such Series 2021 Bonds) shall be taken as the statements of the City, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture or of the Series 2021 Bonds. The Trustee shall not be accountable for the use or application by the City or the Board of the Series 2021 Bonds or of the proceeds of such Series 2021 Bonds.

Section 805. Trustee May Own Series 2021 Bonds. The Trustee or other agent of the City, in its individual or any other capacity, may become the owner or pledgee of Series 2021 Bonds and may otherwise deal with the City with the same rights it would have if it were not Trustee or such other agent. The Trustee, in its commercial banking or in any other capacity, may also engage in or be interested in any financial or other transaction with the City and may act as depository, trustee or agent for any committee of Owners of Series 2021 Bonds secured hereby or other obligations of the City as freely as if it were not Trustee. The provisions of this Section shall extend to affiliates of the Trustee.

Section 806. Monies to Be Held in Trust. All monies received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received.

Section 807. Compensation and Expenses of Trustee. The City agrees:

(1) to pay or cause to be paid to the Trustee from time to time reasonable compensation for all services rendered by it hereunder,

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of the Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel) except any such expense, disbursement or advance as may arise from its negligence or bad faith; and

(3) to the extent allowed by law, to indemnify the Trustee for, and to defend and hold it harmless against, any loss, liability or expenses incurred without negligence or bad faith on its part arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against
any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

Section 808. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be a trust company, bank or banking association organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $75,000,000, and subject to supervision or examination by Federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 809. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 810.

(b) The Trustee may resign at any time by giving written notice thereof to the City and the Board. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time upon payment or reimbursement of all of the Trustee's fees and expenses pursuant to the Indenture by Act of the Owners of a majority in principal amount of the Outstanding Series 2021 Bonds, delivered to the Trustee, City and the Board.

(d) If at any time:

(1) the Trustee shall cease to be eligible under Section 808 and shall fail to resign after written request therefor by the City or by any Owner of the Series 2021 Bonds (as described below), or

(2) the Trustee shall become incapable of acting or shall he adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, upon payment or reimbursement of all of the Trustee's fees and expenses pursuant to the Indenture (i) the City may remove the Trustee, or (ii) any Owner of a Series 2021 Bond who has been a bona fide Owner of a Series 2021 Bond for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of successor Trustee.
(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the City shall promptly appoint a successor Trustee. If, within 1 year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Owners of a majority in principal amount of the Outstanding Series 2021 Bonds delivered to the City and the retiring Trustee, the successor Trustee appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the City. If for a period of 60 days following the removal or incapacity of the Trustee, no successor Trustee shall have been appointed by the City or the Owners of the Series 2021 Bonds and accepted appointment in the manner herein provided, the Trustee or any Owner of a Series 2021 Bond who has been a bona fide Owner of a Series 2021 Bond for at least 6 months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The City shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Owners of Series 2021 Bonds at their addresses as shown in the Bond Register. Each notice shall include the name and address of the principal corporate trust office of the successor Trustee.

Section 810. Acceptance of Appointment by Successor. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the City and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the City or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to the successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the City shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 811. Merger or Consolidation. Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Series 2021 Bond shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Series 2021 Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Series 2021 Bonds.
Section 812. Right of Interpleader. If any conflicting demands should be made upon the Trustee by the City or the Board and the Owners of any Series 2021 Bond with respect to payment of monies held in any Fund by the Trustee, the Trustee shall have the right, but not the obligation, to institute a bill of interpleader in any court of competent jurisdiction to determine the rights of such parties. The right of the Trustee to institute such a bill of interpleader shall not, however, be deemed to modify the manner in which the Trustee is entitled to make payments out of the Funds maintained by it as herein set forth other than to tender monies in any funds held by it into the registry of such court. Should a bill of interpleader be instituted in accordance with this Section, the Trustee shall be protected from any claims or liability for loss or damage arising from such action.

ARTICLE IX

ADDITIONAL COVENANTS

Section 901. Additional Bonds Test. The provisions related to Additional Parity Bonds in Section 501 of the Original Indenture are confirmed.

Section 902. Minimum Liquidity Covenant. On December 31, 2021, the Chairman of the Board shall certify to the City and the Initial Purchaser, based on review of the Galveston Wharves financial statements, that the Board maintained unrestricted liquidity of at least $15,000,000.

Section 903. Credit Rating. While any of the Series 2021 Bonds remain Outstanding, the City covenants to cause the Board to maintain at least one long term unenhanced credit rating for either the Galveston Wharves or the Senior Lien Parity Obligations with either Moody’s or S&P. The City covenants to promptly notify and shall provide a copy of the rating report to the Trustee and the Initial Purchaser if either S&P or Moody’s shall downgrade such long term unenhanced credit rating below “BBB” or “Baa2,” respectively.

ARTICLE X

CONTINUING DISCLOSURE OF INFORMATION

Section 1001. Annual Reports. The City will, or cause the Board to, provide to the Initial Purchaser audited financial statements and a compliance certificate attesting that no Events of Default have occurred, including a calculation of the coverage ratio under Section 406 hereof or the Minimum Liquidity Covenant under Section 902 hereof, as applicable, within six months after the end of each fiscal year ending in and after 2021. If audited financial statements are not available by the required time, the City will, or cause the Board to, provide to the Initial Purchaser unaudited financial statements by the required time and audited financial statements when such audited financial statements become available. The current fiscal year end is December 31. Accordingly, the City or the Board must provide updated audited financial statements relating to the Galveston Wharves’ facilities by June 30 in each year, unless the City or the Board change the fiscal year. The financial information to be provided 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, including on the City’s or the MSRB’s internet web site.
ARTICLE XI

GENERAL

Section 1101. Counterparts. This Supplemental Indenture may be executed in any number of counterparts, and each such counterpart shall be, and shall be deemed to be, an original. All such counterparts shall constitute but one and the same instrument.

Section 1102. Governing Law. This Supplemental Indenture shall be governed, in all respects including validity, interpretation and effect by, and shall be enforceable in accordance with, the law of the State of Texas.
IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be executed on their behalf by their duly authorized officers all as of the day and year first above written.

CITY OF GALVESTON, TEXAS

By: ____________________________
Name: __________________________
Mayor

ATTEST:

By: ____________________________
Name: __________________________
City Secretary

APPROVED AS TO FORM:

By: ____________________________
Name: __________________________
City Attorney
THE BANK OF NEW YORK MELLON
TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: __________________________________________
Name: _________________________________________
 Authorized Representative
EXHIBIT A-1

FORM OF SERIES 2021A BOND

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF GALVESTON

NUMBER
PRINCIPAL AMOUNT
$______
REGISTERED
REGISTERED

CITY OF GALVESTON, TEXAS

WHARVES AND TERMINAL REVENUE REFUNDING BOND

SERIES 2021A

INTEREST RATE:  ____% MATURITY DATE:  February 1, 2026
ISSUANCE DATE:  August 26, 2021

REGISTERED OWNER:

PRINCIPAL AMOUNT:  DOLLARS

THE CITY OF GALVESTON, TEXAS, a municipal corporation duly incorporated under the laws of the State of Texas (herein the “City”) for value received, promises to pay, but solely from certain Net Revenues as hereinafter provided, to the registered owner identified above or registered assigns, on the Maturity Date specified above, upon presentation and surrender of this bond at the payment office of THE BANK OF NEW YORK MELLON TRUST COMP ANY, NATIONAL ASSOCIATION, as Trustee, in Dallas, Texas, or its successor in such capacity (the “Trustee”), the principal amount identified above, in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due the United States of America, and to pay, solely from such Net Revenues, interest thereon at the rate shown above, calculated on the basis of a 360 day year of twelve 30 day months, from the later of the Issuance Date set forth above, or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Bond is payable by check payable on the first (1st) day of each month, beginning on October 1, 2021, mailed to the registered owner as shown on the books of registration kept by the Trustee as of the fifteenth (15th) calendar day of the month next preceding each interest payment date, or by such other method, acceptable to the Trustee, requested by and at the risk and expense of the registered owner.
THIS BOND IS DATED THE ISSUANCE DATE and is one of a series of bonds being the $________ City of Galveston Wharves and Terminal Revenue Refunding Bonds, Series 2021A (the "Series 2021A Bonds"), issued to current refund the City of Galveston, Texas Wharves and Terminal Revenue Bonds, Series 2011 Bonds and to pay the cost of issuance as authorized by an ordinance adopted by the City Council of the City and a sixth supplemental trust indenture between the City and the Trustee dated August 1, 2021 (the "Supplemental Indenture").

THIS BOND AND THE SERIES OF WHICH IT IS A PART, are special obligations of the City that are payable from and are equally and ratably secured by a first lien on and pledge of the revenues of the City’s port and harbor facilities remaining after deduction of operation and maintenance expenses and an annual payment required by the City Charter (the "Net Revenues"), as defined and provided in the Indenture, which Net Revenues are required to be set aside and pledged to the payment of the Series 2021A Bonds and all additional obligations issued on a parity therewith in the Interest and Sinking Fund maintained for the payment of all such parity obligations, all as more fully described and provided for in the Indenture. This bond and the series of which it is a part, and together with the interest thereon, are payable solely from such Net Revenues and do not constitute an indebtedness or general obligation of the City. The owner hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

THE CITY HAS RESERVED THE OPTION to redeem the Series 2021A Bonds at any time (either (i) in whole or (ii) in part on a proportionate basis among all Series 2021A Bonds) at the option of the City, at the direction of the Board, at such times, in such amounts, in such manner and at such redemption prices as may be designated and provided for in the Supplemental Indenture. If less than all of the Series 2021A Bonds are being redeemed pursuant to Section 302, the City shall determine the principal amount being redeemed on all of the Series 2021A Bonds on a proportionate basis and shall direct the Trustee to call such Series 2021A Bonds for redemption accordingly. In the case of partial redemption, all Series 2021A Bonds shall be partially redeemed in denominations of $5,000.

NOTICE OF ANY REDEMPTION identifying the Series 2021A Bonds to be redeemed in whole or in part shall be given by the Trustee at least 30 days prior to the date fixed for redemption by sending written notice by United States mail, first class postage paid, to the registered owner of each Series 2021A Bond to be redeemed in whole or in part at the address shown on the Register. The notice shall also be given by the Trustee at least 30 days prior to the date fixed for redemption by United States certified mail, return receipt requested, to each registered securities depository. Such notice shall identify the Series 2021A Bonds or portions thereof to be redeemed by stating the certificate number, date of issuance, interest rate and maturity date of such Series 2021A Bonds or portions thereof to be redeemed, and shall state the redemption date, the redemption price, the amount of accrued interest payable on the redemption date, and the place at which Series 2021A Bonds are to be surrendered for payment Any notice given as provided in this paragraph shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. By the date fixed for redemption, due provision shall be made with the Trustee for the payment of the redemption price of the Series 2021A Bonds to be redeemed, plus accrued interest to the date fixed for redemption. When the Series 2021A Bonds have been called for redemption in whole or in part due provision has been made.
to redeem same as herein provided, the Series 2021A Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the owners to collect interest which would otherwise accrue after the redemption date on any Series 2021A Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

THE CITY RESERVES THE RIGHT, in the case of an optional redemption, to give notice of its election or direction to redeem Series 2021A Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Trustee, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Trustee instructing the Trustee to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Trustee shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Series 2021A Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the City in the notice, the Series 2021A Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Series 2021A Bond or portion thereof has not been surrendered for payment, interest on such Series 2021A Bonds or portions thereof shall cease to accrue.

THIS BOND IS SUBJECT TO MANDATORY SINKING FUND REDEMPTION prior to its scheduled maturity and will be redeemed at a redemption price equal to the principal amount set forth in the mandatory sinking fund schedule, without premium, plus interest accrued thereon to the redemption date. So long as a single owner owns this Bond, mandatory sinking fund redemption payments made prior to final maturity will be noted by the Paying Agent/Registrar in their official records but will not require the presentation and surrender of this Bond. Further, for so long as an Initial Purchaser owns this Bond, no notice of redemption shall be required in connection with the outstanding sinking fund redemptions in accordance with the mandatory sinking fund redemption schedule herein.

THIS BOND shall be payable at maturity, subject to mandatory sinking fund redemption (at a redemption price equal to the principal amount thereof set forth on the schedule below, without premium, plus interest accrued thereon to the redemption date), in accordance with the following mandatory sinking fund redemption schedule:
Mandatory Sinking Fund Redemption Date
(1st day of each month) Principal Amount

* 

*Maturity

The Initial Purchaser of this Bond is not required to present this Series 2021A Bond to the Trustee in order to receive payment in accordance with the mandatory sinking fund redemption schedule above (except at maturity).

This Bond IS TRANSFERABLE only upon presentation and surrender at the principal payment office of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Indenture.

This Bond IS EXCHANGEABLE at the principal payment office of the Trustee for bonds in the principal amount of $100,000 or any integral multiple of $5,000 in excess thereof, subject to the terms and conditions of the Indenture.

The City has reserved the right to issue additional parity revenue obligations, subject to the restrictions contained in the Indenture, which may be equally and ratably payable from, and secured by a first lien on and pledge of, the Net Revenues in the same manner and to the same extent as this bond and the other Series 2021A Bonds.

It is hereby declared and represented that this bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this bond have been performed, existed, and been done in accordance with law; that the Series 2021A Bonds do not exceed any statutory limitation; and that provision has been made for the payment of the principal of and interest on this bond and all of the Series 2021A Bonds by the creation of the aforesaid lien on and pledge of the Net Revenues.
IN WITNESS WHEREOF, the City has caused its corporate seal to be impressed, printed, or lithographed hereon and has caused this Bond to be executed by the manual or facsimile signatures of the Mayor and City Secretary.

(AUTHENTICATION CERTIFICATE)

CITY OF GALVESTON, TEXAS

Name: Mayor

COUNTERSIGNED:

Name: City Secretary
To be printed on or affixed to bonds.

FORM OF TRUSTEE’S AUTHENTICATION CERTIFICATE

AUTHENTICATION CERTIFICATE

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

_________________________, as Trustee

By: ____________________________
Name: __________________________
      Authorized Signatory

Date of Authentication ______________
FORM OF ASSIGNMENT

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto

__________________________________________________________________________

(Please print or type name, address, and zip code of Transferee)

__________________________________________________________________________
(Please insert Social Security or Taxpayer Identification Number of Transferee)
within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer said bond on the books kept for registration thereof, with full power of
substitution in the premises.

DATED: _________________________________________________________________

Signature Guaranteed: ______________________________________________________

__________________________________________________________________________

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the
Securities Transfer Agent Medallion Program ("STAMP") or similar program.

Registered Owner
NOTICE: The signature above must correspond to the name of the registered
owner as shown on the face of this bond in every particular, without any alteration,
enlargement or change whatsoever.
FORM OF REGISTRATION CERTIFICATE

COMPTROLLER’S REGISTRATION CERTIFICATE:   REGISTRATION NO. ________

I hereby certify that this bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL this ________________________.

______________________________
Comptroller of Public Accounts
of the State of Texas

(SEAL)
EXHIBIT A-2

FORM OF SERIES 2021B (AMT) BOND

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF GALVESTON

NUMBER

PRINCIPAL AMOUNT $

REGISTERED

REGISTERED

CITY OF GALVESTON, TEXAS

WHARVES AND TERMINAL REVENUE REFUNDING BOND

SERIES 2021B (AMT)

INTEREST RATE: 

MATURE DATE: February 1, 2026

ISSUANCE DATE: August 26, 2021

REGISTERED OWNER:

PRINCIPAL AMOUNT: 

THE CITY OF GALVESTON, TEXAS, a municipal corporation duly incorporated under the laws of the State of Texas (herein the “City”) for value received, promises to pay, but solely from certain Net Revenues as hereinafter provided, to the registered owner identified above or registered assigns, on the Maturity Date specified above, upon presentation and surrender of this bond at the payment office of THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee, in Dallas, Texas, or its successor in such capacity (the “Trustee”), the principal amount identified above, in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due the United States of America, and to pay, solely from such Net Revenues, interest thereon at the rate shown above, calculated on the basis of a 360 day year of twelve 30 day months, from the later of the Issuance Date set forth above, or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Bond is payable by check payable on the first (1st) day of each month, beginning on October 1, 2021, mailed to the registered owner as shown on the books of registration kept by the Trustee as of the fifteenth (15th) calendar day of the month next preceding each interest payment date, or by such other method, acceptable to the Trustee, requested by and at the risk and expense of the registered owner.

**R-**

A-2-1
THIS BOND IS ONE OF A SERIES OF BONDS being the $_________ City of Galveston Wharves and Terminal Revenue Refunding Bonds, Series 2021B (AMT) (the “Series 2021B (AMT) Bonds”), issued to current refund the City of Galveston, Texas Subordinate Lien Wharves and Terminal Revenue Refunding Notes, Series 2014 (AMT) and to pay the cost of issuance as authorized by an ordinance adopted by the City Council of the City and a sixth supplemental trust indenture between the City and the Trustee dated August 1, 2021 (the “Supplemental Indenture”).

THIS BOND AND THE SERIES OF WHICH IT IS A PART, are special obligations of the City that are payable from and are equally and ratably secured by a first lien on and pledge of the revenues of the City’s port and harbor facilities remaining after deduction of operation and maintenance expenses and an annual payment required by the City Charter (the “Net Revenues”), as defined and provided in the Indenture, which Net Revenues are required to be set aside and pledged to the payment of the Series 2021B (AMT) Bonds and all additional obligations issued on a parity therewith in the Interest and Sinking Fund maintained for the payment of all such parity obligations, all as more fully described and provided for in the Indenture. This bond and the series of which it is a part, and together with the interest thereon, are payable solely from such Net Revenues and do not constitute an indebtedness or general obligation of the City. The owner hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

THE CITY HAS RESERVED THE OPTION to redeem the Series 2021B (AMT) Bonds at any time (either (i) in whole or (ii) in part on a proportionate basis among all Series 2021B (AMT) Bonds) at the option of the City, at the direction of the Board, at such times, in such amounts, in such manner and at such redemption prices as may be designated and provided for in the Supplemental Indenture. If less than all of the Series 2021B (AMT) Bonds are being redeemed pursuant to Section 302, the City shall determine the principal amount being redeemed on all of the Series 2021B (AMT) Bonds on a proportionate basis and shall direct the Trustee to call such Series 2021B (AMT) Bonds for redemption accordingly. In the case of partial redemption, all Series 2021B (AMT) Bonds shall be partially redeemed in denominations of $5,000.

NOTICE OF ANY REDEMPTION identifying the Series 2021B (AMT) Bonds to be redeemed in whole or in part shall be given by the Trustee at least 30 days prior to the date fixed for redemption by sending written notice by United States mail, first class postage paid, to the registered owner of each Series 2021B (AMT) Bond to be redeemed in whole or in part at the address shown on the Register. The notice shall also be given by the Trustee at least 30 days prior to the date fixed for redemption by United States certified mail, return receipt requested, to each registered securities depository. Such notice shall identify the Series 2021B (AMT) Bonds or portions thereof to be redeemed by stating the certificate number, date of issuance, interest rate and maturity date of such Series 2021B (AMT) Bonds or portions thereof to be redeemed, and shall state the redemption date, the redemption price, the amount of accrued interest payable on the redemption date, and the place at which Series 2021B (AMT) Bonds are to be surrendered for payment Any notice given as provided in this paragraph shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. By the date fixed for redemption, due provision shall be made with the Trustee for the payment of the redemption price of the Series 2021B (AMT) Bonds to be redeemed, plus accrued interest to the

A-2-2
date fixed for redemption. When the Series 2021B (AMT) Bonds have been called for redemption in whole or in part due provision has been made to redeem same as herein provided, the Series 2021B (AMT) Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the owners to collect interest which would otherwise accrue after the redemption date on any Series 2021B (AMT) Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

THE CITY RESERVES THE RIGHT, in the case of an optional redemption, to give notice of its election or direction to redeem Series 2021B (AMT) Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Trustee, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Trustee instructing the Trustee to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Trustee shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Series 2021B (AMT) Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the City in the notice, the Series 2021B (AMT) Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Series 2021B (AMT) Bond or portion thereof has not been surrendered for payment, interest on such Series 2021B (AMT) Bonds or portions thereof shall cease to accrue.

THIS BOND IS SUBJECT TO MANDATORY SINKING FUND REDEMPTION prior to its scheduled maturity and will be redeemed at a redemption price equal to the principal amount set forth in the mandatory sinking fund schedule, without premium, plus interest accrued thereon to the redemption date. So long as a single owner owns this Bond, mandatory sinking fund redemption payments made prior to final maturity will be noted by the Paying Agent/Registrar in their official records but will not require the presentation and surrender of this Bond. Further, for so long as an Initial Purchaser owns this Bond, no notice of redemption shall be required in connection with the outstanding sinking fund redemptions in accordance with the mandatory sinking fund redemption schedule herein.

THIS BOND shall be payable at maturity, subject to mandatory sinking fund redemption (at a redemption price equal to the principal amount thereof set forth on the schedule below, without premium, plus interest accrued thereon to the redemption date), in accordance with the following mandatory sinking fund redemption schedule:
Mandatory Sinking
Fund Redemption Date
(1\textsuperscript{st} day of each month)  Principal Amount

*  

*Maturity

The Initial Purchaser of this Bond is not required to present this Series 2021R (AMT) Bond to the Trustee in order to receive payment in accordance with the mandatory sinking fund redemption schedule above (except at maturity).

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the principal payment office of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Indenture.

THIS BOND IS EXCHANGEABLE at the principal payment office of the Trustee for bonds in the principal amount of $100,000 or any integral multiple of $5,000 in excess thereof, subject to the terms and conditions of the Indenture.

THE CITY HAS RESERVED THE RIGHT to issue additional parity revenue obligations, subject to the restrictions contained in the Indenture, which may be equally and ratably payable from, and secured by a first lien on and pledge of, the Net Revenues in the same manner and to the same extent as this bond and the other Series 2021B (AMT) Bonds.

IT IS HEREBY DECLARED AND REPRESENTED that this bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this bond have been performed, existed, and been done in accordance with law; that the Series 2021B (AMT) Bonds do not exceed any statutory limitation; and that provision has been made for the payment of the principal of and interest on this bond and all of the Series 2021B (AMT) Bonds by the creation of the aforesaid lien on and pledge of the Net Revenues.
To be printed on or affixed to bonds.

FORM OF TRUSTEE'S AUTHENTICATION CERTIFICATE

AUTHENTICATION CERTIFICATE

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

_________________________, as Trustee

By: _______________________
Name: _______________________

Authorized Signatory

Date of Authentication ________________
FORM OF ASSIGNMENT

ASSIGNMENT

A. For value received, the undersigned hereby sells, assigns, and transfers unto

(Please print or type name, address, and zip code of Transferee)

(Please insert Social Security or Taxpayer Identification Number of Transferee)
within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer said bond on the books kept for registration thereof, with full power of
substitution in the premises.

DATED: ______________________________

Signature Guaranteed: ______________________________

Registered Owner

NOTICE: The signature above must
correspond to the name of the registered
owner as shown on the face of this bond in
every particular, without any alteration,
enlargement or change whatsoever.

NOTICE: Signature(s) must be guaranteed by
an institution which is a participant in the
Securities Transfer Agent Medallion Program
("STAMP") or similar program.
FORM OF REGISTRATION CERTIFICATE

COMPTROLLER’S REGISTRATION CERTIFICATE: REGISTRATION NO. _______

I hereby certify that this bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL this ________________________

__________________________________________
Comptroller of Public Accounts
of the State of Texas

(SEAL)
EXHIBIT B

FORM OF PURCHASE AGREEMENT

[Attached]
PURCHASE LETTER

August 12, 2021

City of Galveston, Texas
823 Rosenberg
Galveston, Texas 77553

Re: $___________ City of Galveston, Texas Wharves and Terminal Revenue Refunding Bonds, Series 2021A, and
$___________ City of Galveston, Texas Wharves and Terminal Revenue Refunding Bonds, Series 2021B (AMT)

Ladies and Gentlemen:

PNC Bank, National Association (the “Purchaser”) hereby offers to purchase from City of Galveston, Texas (the “City”) the captioned bonds (the “Bonds”) and, upon acceptance of this offer by the City, such offer will become a binding agreement between the Purchaser and the City. This offer must be accepted by 10:00 p.m., Galveston, Texas time, August 12, 2021, and if not so accepted will be subject to withdrawal.

1. **Purchase Price:** The purchase price for the Series 2021A Bonds will be $___________ and the purchase price for the Series 2021B Bonds will be $___________.

2. **Purchaser’s Fees:** The City shall pay the Purchaser’s Counsel fees in the amount of $10,000 out of the proceeds of the Bonds.

3. **Terms of Bonds:** The Bonds shall be issued in the principal amounts shown above and shall bear interest at such rates, mature on such dates and in such amounts, and have such other terms and conditions as are set forth in the in the ordinance and the Sixth Supplemental Trust Indenture (collectively, the “Ordinance”) adopted by the City Council of the City on the date hereof. Pursuant to and as more fully described in the Ordinance, the Bonds shall be secured by and payable from a direct and continuing pledge of Net Revenues (as defined in the Ordinance).

4. **Closing:** The City shall deliver the Bonds to, or for the account of, the Purchaser and the Purchaser shall purchase the Bonds at 10:00 a.m. Galveston time, on August 26, 2021, or at such other time as shall be mutually agreed upon (hereinafter referred to as the “Closing”). The Closing shall take place at the offices of Bracewell LLP, Houston, Texas, or such other location as may be mutually agreed upon.
5. **Conditions to Closing:** Neither the Purchaser nor the City shall have any obligation to consummate the purchase of the Bonds unless the following requirements have been satisfied prior to Closing:

a) The Purchaser shall have received a certified copy of the Ordinance.

b) The City shall have delivered a no-litigation certificate.

c) Bracewell LLP shall have received an executed Federal Tax Certificate and an executed Issue Price Certificate in such forms as are sufficient to support its opinion described in paragraph 5(d), below.

d) Bracewell LLP shall have issued its approving legal opinion as to the due authorization, issuance and delivery of the Bonds and as to the exemption of the interest thereon from federal income taxation.

e) The Bonds shall have been approved by the Attorney General of the State of Texas and shall have been registered by the Comptroller of Public Accounts of the State of Texas.

(f) Nothing shall have occurred prior to the Closing which in the reasonable opinion of the Purchaser has had or could reasonably be expected to have a materially adverse effect on the City's financial condition and operations as reflected in the most recent financial statements of the City.

6. **Acknowledgements and Representations of the Purchaser.**

a) The Purchaser is a “bank” as defined in Section 3(a)(2) of the Securities Act of 1933 (the “1933 Act”) or an “accredited investor” within the meaning of Section 2(a)(15) of the 1933 Act and/or a “qualified institutional buyer” as defined in Rule 144A under the 1933 Act, as amended.

b) The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations of a nature similar to the Bonds to be able to evaluate the risks and merits of purchase of the Bonds.

c) The Purchaser is acquiring the Bonds for its own account as evidence of a loan or for the account of a permitted transferee, and not with a view to, or for present sale in connection with, any distribution of the Bonds or any part thereof.

d) As a sophisticated investor, the Purchaser has made its own credit inquiry and analysis with respect to the City and the Bonds, and has made an independent credit decision based upon such inquiry and analysis. The City has furnished to the Purchaser all the information that the Purchaser, as a reasonable investor, has requested of the City as a result of the Purchaser having attached significance
thereto in making a purchase decision with respect to the Bonds, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the City and the Bonds. The Purchaser is able and willing to bear the economic risk of the purchase and ownership of the Bonds.

e) The Purchaser understands that the Bonds has not been registered with any federal or state securities agency or commission.

f) The Purchaser acknowledges that the Bonds is transferrable only by notation on the Register maintained by the Registrar and is freely transferrable provided that:

(i) the transferring holder thereof shall first have complied with any then applicable state and federal securities laws and regulations;

(ii) the transferring holder thereof can transfer the Bonds only to:

(A) a transferee who qualifies as a qualified institutional investor; or

(B) a transferee who qualifies as an “accredited investor” within the meaning of Section 2(a)(15) of the 1933 Act, including a transferee who qualifies as a national bank or banking institution organized under the laws of any state acting in its individual or fiduciary capacity; or

(C) a securitization Special Purpose Vehicle (“SPV”), the interests in which SPV are sold to institutional investors only; and

(iii) the transferring holder thereof will not prepare or furnish, or cause to be prepared or furnished, any disclosure regarding the City’s finances without the prior review and written consent of the City, in the City’s sole discretion. However, the transferring holder will be permitted to disclose any of the City’s publicly available financial information.

Subject to the provisions and restrictions in this Section 6(f) hereof, the Purchaser may without limitation (i) at any time sell, assign, pledge or transfer the Bonds or the Purchaser’s rights and obligations under the Bonds to one or more assignees and/or participants which may include affiliates of the Purchaser; and (ii) at the Purchaser’s option, disclose information and share fees with such assignees and/or participants.

7. Most Favored Nations. In the event that the City shall agree or covenant to maintain financial covenants, financial covenant levels, financial covenant testing periods, events of default or remedies pursuant to any other agreement related to obligations secured by a pledge of Net Revenues, the City shall (simultaneously with the execution of such other agreement) notify the Purchaser of such covenants, covenant levels, covenant testing
periods, events of default or remedies. The Purchaser, in its sole discretion, by written notice to the City, may require that the City comply with the covenants contained in the new documentation for the benefit of the Purchaser, and the City and the Purchaser hereby agree that such covenants, together with the related definition of terms contained therein, are hereby incorporated by reference in the Ordinance or this Purchase Letter with the same effect as if each and every such covenant and definition were set forth herein in its entirety, and such more restrictive financial covenants, financial covenant levels or financial covenant testing periods shall replace and supersede the financial covenants, financial covenant levels or financial covenant testing periods contained herein.

8. **Waiver of Jury Trial:** EACH OF THE CITY AND THE PURCHASER IRREVOCABLY WAIVES ANY AND ALL RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS PURCHASE LETTER, THE BONDS, THE ORDINANCE, OR ANY DOCUMENTS EXECUTED IN CONNECTION WITH THE BONDS OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE CITY AND THE PURCHASER ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

9. **Survival and Severability:** For so long as the Bonds remain outstanding, the covenants made in paragraphs 6, 7 and 8, herein shall remain operative and in full force and effect, regardless of delivery of and payment for the Bonds hereunder.

10. **No Oral Agreements:** To the extent allowed by law, the parties hereto agree to be bound by the terms of the following notice: NOTICE: THIS PURCHASE LETTER, THE ORDINANCE, AND THE BONDS TOGETHER REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES REGARDING THIS TRANSACTION AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES RELATING TO THIS TRANSACTION.

11. **Compliance with Section 2270.002 of the Texas Government Code:** To the extent this Purchase Letter is a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, the Purchaser verifies that except to the extent otherwise required by applicable federal law, including, without limitation, 50 U.S.C. Section 4607, the Purchaser (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the Purchaser) does not boycott Israel and will not boycott Israel through the term of this Purchase Letter. For purposes of this verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit contractual relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.
12. **Compliance with Subchapter F of Chapter 2252 of the Texas Government Code.** As of the date hereof, the Purchaser represents that, to the extent this Purchase Letter constitutes a "governmental contract" within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the extent otherwise required or permitted by or under applicable federal law, neither the Purchaser nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Purchaser is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201 or 2252.153 of the Texas Government Code as noted on a list identified in the following link: [https://comptroller.texas.gov/purchasing/publications/divestment.php](https://comptroller.texas.gov/purchasing/publications/divestment.php).

13. **Municipal Advisor.** The City acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the City and the Purchaser and its affiliates, (ii) in connection with such transaction, the Purchaser and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the City, (iii) the Purchaser and its affiliates are relying on one or more exemptions in the Municipal Advisor Rules, (iv) the Purchaser and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Purchaser, or any affiliate of the Purchaser, has provided other services or advised, or is currently providing other services or advising the City on other matters), (v) the Purchaser and its affiliates have financial and other interests that differ from those of the City, and (vi) the City has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

[Execution Pages to Follow]
If this purchase agreement meets with your approval, please execute it in the place provided below.

PNC BANK, NATIONAL ASSOCIATION

By: ______________________________
Name: ___________________________
Title: ____________________________

Signature Page to Purchase Letter
ACCEPTED BY:

CITY OF GALVESTON, TEXAS:

By: ________________________________
Name: ______________________________
Title: ________________________________
EXHIBIT C

SCHEDULE OF REFUNDED OBLIGATIONS

City of Galveston, Texas Subordinate Lien Wharves and Terminal Revenue Notes, Series 2014 (ATM)
EXHIBIT C

SCHEDULE OF REFUNDED OBLIGATIONS

City of Galveston, Texas Subordinate Lien Wharves and Terminal Revenue Notes, Series 2014 (ATM)