

Work Session Room at City Hall  
Monday, April 1, 2024  
6 p.m.



William E. Dollar Municipal Building  
200 N. Fifth St.  
Garland, Texas

# GARLAND

## CITY OF GARLAND WORK SESSION OF THE CITY COUNCIL

The Garland City Council extends to all visitors a sincere welcome. We value your interest in our community and your participation in the meetings of this governing body. Visit [GarlandTX.gov/Council](http://GarlandTX.gov/Council) for a full list of meeting dates.

The Work Session Room at Garland City Hall is wheelchair accessible, and ADA parking is available on the street as well as in the public parking garage. Persons with disabilities who may need auxiliary aids or services must contact the City Secretary's Office at 972-205-2404 at least two working days prior to the meeting so that appropriate arrangements can be made. Braille is not available.

**NOTICE:** Pursuant to Section 551.127 of the Texas Government Code, one or more members of the City Council may attend this meeting by internet/video remote means. A quorum of the City Council, as well as the presiding officer, will be physically present at the above identified location. Members of the public that desire to make a public comment must attend the meeting in person.

### PUBLIC COMMENTS ON WORK SESSION ITEMS

Members of the audience may address the City Council on any Work Session item at the beginning of the meeting. Speakers are allowed three minutes each, grouped by agenda item and called in the order of the agenda. Anyone wishing to speak must fill out a speaker card (located at the entrance to the Council Chambers and on the visitor's side of the Work Session Room) and give it to the City Secretary before the Mayor calls the meeting to order. Speakers are limited to addressing items on the Work Session agenda only. Items on a Regular Meeting agenda should be addressed at the respective Regular Meeting. Items not currently on an agenda may be addressed during the citizen comments portion of any Regular Meeting.

### CONSIDER THE CONSENT AGENDA

Council may ask for discussion or further information on any item posted in the consent agenda of the next Regular Meeting. Council may also ask that an item on the consent agenda be pulled and considered for a vote separate from the consent agenda at the next Regular Meeting. All discussions or deliberations are limited to posted agenda items and may not include new or unposted subject matter.

### WRITTEN BRIEFINGS

Council may ask for discussion, further information, or give direction to staff on an item posted as a written briefing.

#### 1. Youth Programs Standards of Care

*Written staff presentation regarding youth programs Standards of Care. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the April 16, 2024 Regular Meeting.*

#### 2. Issuance of General Obligation Refunding and Improvement Bonds

*Council is asked to consider the issuance of General Obligation Bonds to fund the 2004 and 2019 Bond Programs.*

#### 3. Water and Sewer System Refunding Bonds

*Council is asked to consider refunding approximately \$45 million of Water and Sewer System Commercial*

*Paper Notes, Series 2015 and approximately \$10.5 million Water and Sewer System Revenue Bonds, Series 2012 with Water and Sewer System Revenue Refunding Bonds, Series 2022.*

**4. First Amendment to the Project Specific Agreement with Dallas County for Rowlett Road Cycle Track from Greenbelt Parkway to Lake Ray Hubbard**

*Council is asked to consider approving a resolution authorizing the City Manager to execute the First Amendment to the Project Specific Agreement with Dallas County.*

## **VERBAL BRIEFINGS**

Council may ask for discussion, further information, or give direction to staff on an item posted as a verbal briefing.

**5. Introduction of Niels Brown, Real Estate Director**

*Phil Urrutia, Assistant City Manager, will introduce Niels Brown, Real Estate Director. Mr. Brown will lead the newly created Real Estate Office to manage acquisitions, dispositions, leasing, and licensing of real property in support of city projects.*

**6. Audit Committee Meeting Report**

*Deputy Mayor Pro Tem Ed Moore, Chair of the Audit Committee, with the assistance of staff, will present the Council with a verbal report regarding recent audits.*

## **ANNOUNCE FUTURE AGENDA ITEMS**

A Council member, with a second by another member or the Mayor alone, may ask that an item be placed on a future agenda of the City Council or of a committee of the City Council. No substantive discussion of that item will take place at this time.

## **EXECUTIVE SESSION**

Council will adjourn into executive session pursuant to the following Sections of the Texas Government Code.

**The City Council will adjourn into executive session pursuant to Sections 551.087, 551.086, 551.089, and 551.071 of the Texas Government Code to deliberate or discuss**

1. Economic development matters related to commercial or financial information that the City has received from one or more business prospects that the City seeks to have locate, stay, or expand in or near the territory of the City and with which the City is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect to relocate a proposed development in the vicinity of State Hwy 190 (551.087); and attorney/client matters concerning privileged and unprivileged client information related to the same (551.071).
2. Security assessments or audits relating to information resources technology (551.089) and attorney/client matters concerning privileged and unprivileged client information related to the same (551.071).
3. Competitive matters of a public power utility related to risk management information and strategies (551.086) and attorney/client matters concerning privileged and unprivileged client information related to the same (551.071).
4. Potential and contemplated claims or litigation related to contractor performance and obligations under city construction contract, consultation with the City Attorney regarding a matter in which the duty of the City Attorney under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Local Government Code, and attorney/client matters concerning privileged and unprivileged client information related to same (551.071).

## **ADJOURN**

All Work Sessions of the Garland City Council are broadcast live on CGTV, Time Warner Cable Channel 16 and Frontier FIOS TV 44. Meetings are rebroadcast at 9 a.m. and 7 p.m. Tuesdays - Sundays. Live streaming and on-

demand videos of the meetings are also available online at GarlandTX.tv. Copies of the meetings can be purchased through the City Secretary's Office (audio CDs are \$1 each and DVDs are \$3 each).

**NOTICE:** The City Council may recess from the open session and convene in a closed executive session if the discussion of any of the listed agenda items concerns one or more of the following matters:

1. Pending/contemplated litigation, settlement offer(s), and matters concerning privileged and unprivileged client information deemed confidential by Rule 1.05 of the Texas Disciplinary Rules of Professional Conduct. Sec. 551.071, Tex. Gov't Code.
2. The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.072, Tex. Gov't Code.
3. A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.073, Tex. Gov't Code.
4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Sec. 551.074, Tex. Gov't Code.
5. The deployment, or specific occasions for implementation of security personnel or devices. Sec. 551.076, Tex. Gov't Code.
6. Discussions or deliberations regarding commercial or financial information that the City has received from a business prospect that the City seeks to have to locate, stay, or expand in or near the territory of the City and with which the City is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect of the sort described in this provision. Sec. 551.087, Tex. Gov't Code.
7. Discussions, deliberations, votes, or other final action on matters related to the City's competitive activity, including information that would, if disclosed, give advantage to competitors or prospective competitors and is reasonably related to one or more of the following categories of information:
  - generation unit specific and portfolio fixed and variable costs, including forecasts of those costs, capital improvement plans for generation units, and generation unit operating characteristics and outage scheduling;
  - bidding and pricing information for purchased power, generation, and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies;
  - effective fuel and purchased power agreements and fuel transportation arrangements and contracts;
  - risk management information, contracts, and strategies, including fuel hedging and storage;
  - plans, studies, proposals, and analyses for system improvements, additions, or sales, other than transmission and distribution system improvements inside the service area for which the public power utility is the sole certificated retail provider; and
  - customer billing, contract, and usage information, electric power pricing information, system load characteristics, and electric power marketing analyses and strategies. Sec. 551.086; Tex. Gov't Code; Sec. 552.133, Tex. Gov't Code]



Each year, the City Council reviews and updates its goals for the Garland community and City operations. City management uses these goals to guide operational priorities, decision-making and resource allocation.



**GARLAND**  
**CITY COUNCIL STAFF REPORT**

**City Council Work Session**

1.

**Meeting Date:** 04/01/2024  
**Title:** Youth Programs Standards of Care  
**Submitted By:** D'Lee Williams, Recreation Director  
**Strategic Focus Area:** Customer-Focused City Services

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**Issue/Summary**

Council is requested to adopt an ordinance after public comments for the Youth Programs Standards of Care to meet the requirements of Texas Human Resources Code 42.041,

**Background**

On April 16, 2024, the City Council will be asked to adopt an ordinance with public comments for the youth programs Standards of Care.

Texas Human Resources Code, Section 42.041(b)(14) establishes requirements to exempt recreational programs for children operated by municipalities from state child care licensing. In order to receive exempt status for elementary age (ages 5-13) and teen recreation programs, a municipality must adopt a youth programs standards of care ordinance after a public hearing, then submit a copy of the standards, a notice of the public hearing and a copy of the program and ordinance adopting the standards to the state.

Parks and Recreation Department staff have formulated standards of care for youth programs that include staffing ratios, minimum staff qualifications, minimum facilities, health and safety standards, and a mechanism for monitoring and enforcing the local standards; and further provides for notifying parents that the program is not licensed by the state and that the program may not be advertised as a daycare facility.

**Consideration / Recommendation**

Staff recommends the City Council adopt an ordinance approving the youth programs Standards of Care.

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**Attachments**

Youth Programs Standards of Care

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# City of Garland

## Youth Program Standards of Care

The following Youth Program Standards of Care (“Standards of Care”) allow for exemption from state licensing by the City of Garland, Texas pursuant to Texas Human Resources Code §42.041(b)(14). The Standards of Care are intended to be minimum standards by which the City of Garland Parks and Recreation Department will operate the City's Youth Programs (“Programs”). The Programs operated by the city are recreational in nature and are not day care programs.

### GENERAL ADMINISTRATION

#### 1) Organization

- A. The governing body of the Programs is the City Council.
- B. Implementation of the Standards of Care is the responsibility of the Director and Department employees.
- C. These Standards of Care apply to all Programs.
- D. Each Garland recreation center will have available for public review a current copy of the Standards of Care.
- E. Parents will be provided a current copy of the Standards of Care, and a copy will be posted at the center.
- F. Criminal background checks will be conducted on prospective Program employees ages 18 and older. If results of that criminal check indicate that an applicant has been convicted of any of the following offenses, he or she will not be considered for employment:
  - (1) a felony or a misdemeanor classified as an offense against a person or family.
  - (2) a felony or misdemeanor classified as public indecency.
  - (3) a felony or misdemeanor violation of any law intended to control the possession or distribution of any controlled substance.
  - (4) any offense involving moral turpitude; or
  - (5) any offense that would potentially put youth participants or the city at risk.

#### 2) Definitions

As used in these Standards of Care, the following words and phrases shall have the following meanings unless the context clearly indicates a different meaning:

- A. *City*: City of Garland, a Texas home rule municipality located in Dallas County, Texas.
- B. *City Council*: City Council of the City of Garland.
- C. *Department*: City's Parks and Recreation
- D. *Director*: The Recreation Director of the Department or their designee.
- E. *Employee(s)*: Term used to describe people who have been hired to work for the City and have

been assigned responsibility for managing, administering, or implementing some portions of the Programs.

F. *Parent(s)*: This term will be used to represent one or both parent(s) or adults who have legal custody and authority to enroll their child(ren) in Programs.

G. *Participant*: A youth whose parent(s) have completed all required registration procedures and determined to be eligible for a Program.

H. *Program* or *Youth Program*: City recreation programs consisting of the Standing Tall and Reaching for Success (STARS) Camp, the Duck Creek Adventure Camp, Fields Summer Camp, Granger Summer Camp, Hollabaugh Summer Camp and such other recreation programs operated from time to time by the Department where the participants are Youth.

I. *Program Leader* or *Leader*: A Department part-time employee who has been assigned responsibility to implement the Programs.

J. *Program Manual*: Notebook of policies, procedures, required forms, and organizational and programming information relevant to Programs.

K. *Program Site*: The recreation center where program is located.

L. *Program Supervisor* or *Supervisor*: The Department's full-time Recreation Specialist who has been assigned administrative responsibility for one or more of the Programs.

M. *Recreation Center*: One of six facilities operated by the City of Garland.

N. *Youth*: A child who is at least five (5) years of age but not older than thirteen (13) years of age.

O. *Recreation Manager*: The Recreation Manager of the Department or their designee.

### **3) Inspections/Monitoring/Enforcement**

A. The Director or Recreation Manager will make visual inspections of the Program based on the following schedule:

- (1) Program will be inspected twice during the summer 8-week session.
- (2) Programs scheduled during winter break and spring break will be inspected once.
- (3) The inspection schedule of other Programs shall be determined when established and will be based on the duration of the Program.

B. Complaints regarding enforcement of the Standards of Care will be directed to the Supervisor. The Supervisor will be responsible to take the necessary steps to resolve the problems.

Complaints regarding enforcement of the Standards of Care and their resolution will be recorded by the Supervisor. Serious complaints regarding enforcement of the Standards of Care will be addressed by the Director and the complaint and the resolution will be noted.

### **4) Participation**

A. Before a Youth can participate, a Parent must sign registration forms that contain:

- (1) The name, address, phone number of the Youth.
- (2) The name, address, and phone number of the Youth's Parent or Guardian.
- (3) The names and phone numbers of people to whom the Youth can be released.
- (4) A statement/description of the Youth's special problems or needs.
- (5) Emergency medical authorization.
- (6) Proof of residency when appropriate; and
- (7) A liability waiver.
- (8) Disciplinary action forms

## **5) Suspected Abuse**

Program employees will report suspected child abuse or neglect in accordance with the Texas Family Code. In the case where a city employee is involved in an incident with a Youth that could be construed as child abuse, the incident must be reported immediately to the Recreation Manager or the Director. The Recreation Manager or Director will immediately notify the Police Department and any other agency as may be appropriate. Texas state law requires the staff of the Programs to report any suspected abuse or neglect of a child to the Texas Department of Protective and Regulatory Services or a law enforcement agency. Failure to report suspected abuse is punishable by fines up to \$1,000 and/or confinement up to 180 days. Confidential reports may be made by calling 1-800-252-5400.

## **STAFFING - RESPONSIBILITIES AND TRAINING**

### **6) Youth Program Supervisor Qualifications**

A. Supervisors will be full-time, professional employees of the city assigned to the Department and will be required to have all Program Leaders qualifications as outlined in Section 8 of these Standards of Care.

B. Supervisors must be at least 21 years old

C. Supervisors must have a bachelor's degree from an accredited college or university or equivalent work experience.

Acceptable degrees include:

(1) Recreation Administration or General Recreation.

(2) Physical Education; or

(3) Any other comparable degree plan that would lend itself to working in a public recreation environment.

D. Supervisors must have one years' experience planning and implementing recreational activities or 2 years without a degree.

E. Supervisors are required to undergo a background investigation.

F. Supervisors must have successfully completed a course in first aid, Cardiopulmonary Resuscitation (CPR), and AED based on either American Heart Association or American Red Cross standards.

### **7) Supervisor's Responsibilities:**

A. Supervisors are responsible to administer the Programs' daily operations in compliance with the adopted Standards of Care.

B. Supervisors are responsible to recommend for hire, supervise, and evaluate Leaders.

C. Supervisors are responsible to plan, implement, and evaluate programs.

### **8) Youth Program Leader Qualifications:**

A. Leaders will be part-time or temporary employees of the city assigned to the Department.

B. Leaders working with Youth must be age 18 or older.

C. Leaders should be able to consistently exhibit competency, good judgment, and self-control when working with Youth.

D. Leaders must relate to Youth with courtesy, respect, tolerance, and patience.

E. Leaders must have successfully completed a course in first aid, CPR, and AED based on either American Heart Association or American Red Cross standards.

F. Leaders must pass a background investigation.

### **9) Leader Responsibilities:**

- A. Leaders will be responsible for providing Participants with an environment in which they can feel safe, can enjoy wholesome recreation activities, and can participate in appropriate social opportunities with their peers.
- B. Leaders will be responsible to know and follow all City, Departmental, and Program standards, policies, and procedures that apply to the Youth Programs.
- C. Leaders must ensure that Participants are released only to a Parent or an adult designated in writing by the Parent. A copy of the Department-approved plan to verify the identity of a person authorized to pick up a Participant if that person is not known to the Leader will be on file at the Recreation Center.
- D. Leaders are not allowed to post pictures or videos of campers on any personal social media platforms.

### **10) Training/Orientation:**

- A. The Department is responsible for providing training and orientation to Program employees working with children and for specific job responsibilities. Supervisors will provide each Leader with a Program manual specific to Youth Programs.
- B. Program employees must be familiar with the Standards of Care as adopted by the City Council.
- C. Program employees must be familiar with the Program's policies including discipline, guidance, and release of participants as outlined in the Program Manual.
- D. Program employees will be trained in appropriate procedures to handle emergencies.
- E. Program employees will be trained in areas including City, Departmental, and Program policies and procedures, provision of recreation activities, safety issues, child psychology, and organization.
- F. Program employees will be required to sign an acknowledgement that they received the required training.

## **OPERATIONS**

### **11) Staff-Participant Ratio**

- A. The standard ratio of Participants to Leaders in the Programs will be 15 to 1. In the event a Leader is unable to report to work, a replacement will be assigned.
- B. Each Participant shall have a Program employee who is responsible for the Participant and who is aware of the Participant's habits, interests, and any special problems as identified by the Participant's Parent(s) during the registration process.

### **12) Discipline**

- A. Program employees will implement discipline and guidance in a consistent manner based on the best interests of Program participants.
- B. There must be no cruel or harsh punishment or treatment.
- C. Program employees may use brief, supervised separation from the group if necessary.
- D. As necessary, Program employees will initiate discipline reports to the Parent(s) of Participants. Parents will be asked to sign discipline reports to indicate they have been advised about specific problems or incidents.
- E. A sufficient number and/or severe nature of discipline reports as detailed in the Program Manual may result in a Participant being suspended from the Program.
- F. In instances where there is a danger to Participants or Program staff, offending Participants will be removed from the Program Site as soon as possible.

### **13) Programming**

A. Program employees will attempt to provide activities for each group according to the Participants' ages, interests, and abilities. The activities must be appropriate to Participants' health, safety, and well-being. The activities also must be flexible and promote the Participants' emotional, social, and mental growth.

B. Program employees will attempt to provide time periods that include:

- (1) Alternating active and passive activities.
- (2) Opportunity for individual and group activities.
- (3) Outdoor time each day as weather permits.

C. Program employees will be attentive and considerate of the participants' safety on field trips and during any transportation provided by the Program.

(1) During trips, Program employees supervising Participants must have immediate access to emergency medical forms and emergency contact information for each Participant.

(2) Program employees must have a written list of the Participants in the group and must check the roll frequently.

(3) Program employees must have first aid supplies and a guide to first aid and emergency care available on field trips.

### **14) Communication**

A. Each age group will have communication availability to allow the age group to be contacted by Recreation Center personnel.

B. The Supervisor will make available the following phone numbers adjacent to a phone accessible to all Program employees at the Recreation Center:

- (1) Garland ambulance or emergency medical services
- (2) Garland Police Department
- (3) Garland Fire Department
- (4) Recreation Center
- (5) Numbers at which Parents may be reached
- (6) The phone number for the Program Site itself

### **15) Transportation**

A. Before a Participant may be transported to and from the Program Site or other location by means of transportation provided by the city, a transportation form, completed by the Parent, must be filed with the Supervisor.

B. First aid supplies and a first aid and emergency care guide will be available in all Program vehicles that transport Participants.

## **FACILITY STANDARDS**

### **16) Safety**

A. Program employees will inspect Program areas daily to detect sanitation and safety concerns that might affect the health and safety of the Participants.

B. Buildings, grounds, and equipment on the Program site will be inspected, cleaned, repaired, and maintained to protect the health of the Participants.

C. Program equipment and supplies must be safe for the Participants' use.

- D. Program employees must have first aid supplies readily available in a designated location at each Program Site, during transportation to an off-site activity, and for the duration of any off-site activity. Program employees must have an immediately accessible guide to first aid and emergency care.
- E. Air conditioners, electric fans, and heaters at the Program Site must be mounted out of Participants' reach or have safeguards that keep Participants from being injured.

## **17) Fire**

- A. In case of fire, danger of fire, explosion, or other emergency, Program employees' priority is to evacuate the Participants to a designated safe area.
- B. The Program Site will have an annual fire inspection and the resulting report will detail any safety concerns observed. The report will be forwarded to the Recreation Manager who will review and establish deadlines and criteria for compliance.
- C. All Program employees will be trained in the proper use of fire extinguishers as well as locations of fire extinguishers throughout the Recreation Center.
- D. Fire drills will be initiated at the Recreation Center based on the following schedule:
- (1) Summer Camps: A fire drill twice during the summer sessions.
  - (2) Winter and spring break camps: A fire drill once during the winter and spring sessions.
  - (3) Other Programs: The time and frequency will be determined at the time the Program is established and will be based on the duration of the Program.

## **18) Health**

### ***A. Illness or Injury***

- (1) A Participant who is considered to be a health or safety concern to other Participants or Program employees will not be admitted to the Program.
- (2) Illnesses and injuries will be handled in a manner to protect the health of all Participants and Program employees.
- (3) Program employees will follow plans to provide emergency care for injured Participants with symptoms of an acute illness as specified in the Program manual.
- (4) Program employees will follow the recommendation of the Texas Department of Health concerning the admission or readmission of any Participant after a communicable disease.

### ***B. Administration of Medication***

Program employees will administer medication to a Participant only if:

- (1) Parent(s) complete and sign a medication form that provides authorization for staff to dispense medication with details as to time and dosages.
- (2) Prescription medications are in the original containers labeled with the Participant's name, a date, directions, and the physician's name. Program employees will administer the medication only as stated on the label. Program employees will not administer medication after the expiration date.
- (3) Nonprescription medications are labeled with the Participant's name and the date the medication was brought to the Program. Nonprescription medication must be in the original container. Program employees will administer it only according to label direction.

(4) Medication dispensed will be limited to routine oral ingestion not requiring special knowledge or skills on the part of Program employees. No injections will be administered by the Program employees.

(5) Program employees must ensure medications are inaccessible to Participants or, if it is necessary to keep medications in the refrigerator (when available), medications will be kept separate from food.

### ***C. Toilet Facilities***

(1) The Program site will have inside toilets located and equipped so children can use them independently and Program staff can supervise as needed.

(2) There must be one flush toilet for every 30 children. Urinals may be counted in the ratio of toilets to children, but they must not exceed 50% of the total number of toilets.

(3) An appropriate and adequate number of lavatories will be provided.

### ***D. Sanitation***

(1) Each Program Site must have adequate light, ventilation, and heat.

(2) Each Program Site must have an adequate supply of water meeting the standards of the Texas Department of Health for drinking water and ensure that it will be supplied to the participants in a sanitary manner.

(3) Program employees must see that garbage is removed from buildings daily.



**GARLAND**  
**CITY COUNCIL STAFF REPORT**

**City Council Work Session**

2.

**Meeting Date:** 04/01/2024  
**Title:** Issuance of General Obligation Refunding and Improvement Bonds  
**Submitted By:** Matt Watson, Chief Financial Officer  
**Strategic Focus Area:** Sound Governance and Finances  
Future-Focused City Organization

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**Issue/Summary**

Consider an ordinance to issue up to \$112.5 million in General Obligation Refunding and Improvement bonds, Series 2024. In addition, the ordinance will authorize the appointment of a pricing officer and delegate to the pricing officer the authority to approve on behalf of the City terms of sale of these bonds, establishing parameters for the approval of such matters by the pricing officer, and authorizing the termination of the General Obligation Commercial Paper Program, Series 2021. The purpose of this transaction is to provide funding for 2004 and 2019 Bond Program projects identified in the Council approved 2024 CIP and establish a new funding strategy to save debt service issuance cost.

**Background**

Commercial Paper is a short-term debt instrument that is issued incrementally as funds are needed to finance the General Obligation Capital Improvement Program and has maturities ranging from 1 to 270 days. Interest is paid at each maturity date but principal is rolled to a new maturity date by issuing replacement commercial paper. This process continues until long-term debt is issued at a fixed rate to refinance the outstanding commercial paper. Due to current market conditions, staff and the City's Financial Advisor, Hilltop Securities, are recommending to refund approximately \$51 million of outstanding Commercial Paper into fixed rate long-term General Obligation debt. In addition, this Commercial Paper Program is set to expire on May 24, 2024 and staff (along with Hilltop Securities) is recommending the termination of this program due to changing market conditions and regulations placed on the Commercial Paper liquidity program which has made it costly to administer. If the Council concurs, the Financial Services Department will begin issuing tranches of long-term GO bonds periodically based on project schedules and cash flow needs for projects included in the 2004 and 2019 Bond Program that have been appropriated in the 2024 CIP. Based on current cash flow projections, staff is recommending the issuance of approximately \$51 million of tax-exempt General Obligation Improvement Bonds and an additional \$10.5 million of taxable General Obligation Improvement Bonds to fund a portion of the bond program projects approved in the 2024 Capital Improvement Program.

**Consideration / Recommendation**

The Refunding and Improvement Bonds will be fixed rate debt with a 20-year amortization period. The bonds' projected annual debt service payments will not require a tax rate increase and are in alignment with the City's long-term debt model. The exact amount of annual debt service and the interest rate is subject to market conditions between now and the final pricing date.

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**Attachments**

Ordinance

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**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE CONSIDERING ALL MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE AND DELIVERY OF UP TO \$112,500,000 IN PRINCIPAL AMOUNT OF "CITY OF GARLAND, TEXAS GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2024"; AUTHORIZING THE ISSUANCE OF THE BONDS; DELEGATING THE AUTHORITY TO CERTAIN CITY OFFICIALS TO EXECUTE CERTAIN DOCUMENTS RELATING TO THE SALE OF THE BONDS; APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING TO SAID BONDS; ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT; REPEALING ORDINANCE NO. 7215; AND PROVIDING AN EFFECTIVE DATE**

<b>THE STATE OF TEXAS</b>	<b>§</b>	
<b>COUNTIES OF DALLAS, COLLIN AND ROCKWALL</b>	<b>§</b>	
<b>CITY OF GARLAND</b>	<b>§</b>	

WHEREAS, by virtue of elections held within the City of Garland (the "City" or the "Issuer") on May 4, 1991, May 31, 1997, May 15, 2004, and May 4, 2019, this City Council became authorized to issue, sell and deliver the general obligation bonds of the Issuer, of which there have been issued heretofore, are authorized to be issued by this Ordinance, and will remain authorized but unissued hereafter, as described in Schedule I attached hereto and incorporated herein.

WHEREAS, the City Council (the "City Council") of the Issuer, in accordance with the provisions of Texas Government Code, Chapter 1371 ("Chapter 1371"), has heretofore authorized by ordinance and provided for the issuance of "City of Garland, Texas General Obligation Commercial Paper Notes, Series 2021" (the "Commercial Paper Notes") in an aggregate principal amount not to exceed \$50,000,000 for the purpose of financing the construction of various projects for which there exists authorized but unissued obligations approved by a majority of the voters of the City at the elections held on May 3, 1997, May 15, 2004 and May 4, 2019, respectively, for the purpose of authorizing the issuance of such obligations, as well as any projects approved at future elections;

WHEREAS, as shown in the table below, there is currently outstanding \$50,000,000 in aggregate principal amount of Commercial Paper Notes (the "Eligible Refunded Notes"), and those Eligible Refunded Notes designated by the Pricing Officer in a Pricing Certificate, each as defined below, to be refunded (the "Refunded CP Notes"), which have been issued for the authorized purposes as shown in Schedule I.

WHEREAS, the City of Garland, Texas (the "Issuer") is an "issuer" under Section 1371.001(4)(A), Texas Government Code, being (i) a home-rule municipality that: (A) adopted its charter under Section 5, Article XI, Texas Constitution; (B) has a population of 50,000 or more; and (C) has outstanding long-term indebtedness that is rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for a long-term obligation;

WHEREAS, Chapter 1371 and Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), authorize the City to issue refunding bonds to refund all or a portion of its outstanding obligations to refund obligations issued in connection with an Eligible Project (as defined in Section 1371.001(2), Texas Government Code) of the Issuer, including capital assets and facilities incident and related to the operation, maintenance and administration thereof;

WHEREAS, the City Council has determined that it is in the best interest of the Issuer to issue the bonds hereinafter authorized (the "Bonds") for the purposes, among other things, of refunding all of the

outstanding Refunded CP Notes to restructure a portion of the Issuer's debt service requirements by extending the debt to mature over a term that is generally commensurate with the expected life of the various projects;

WHEREAS, Chapter 1207 authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof, together with any other available funds or resources, directly with a paying agent for the Refunded CP Notes or a trust company or commercial bank that does not act as a depository for the Issuer and is named in these proceedings;

WHEREAS, the City Council hereby finds and determines that the manner in which the refunding of the Commercial Paper Notes is being executed does not make it practicable to make the determination required by Texas Government Code, Section 1207.008(a)(2) in connection with the refunding and refinancing of the Commercial Paper Notes into long-term obligations;

WHEREAS, Chapter 1207 further authorizes the Issuer to enter into an escrow or similar agreement with such paying agent for the Refunded CP Notes or a trust company or commercial bank with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such paying agent or trust company or commercial bank may agree;

WHEREAS, the City Council hereby finds and declares a public purpose and it is in the best interests of the Issuer to refund the Refunded CP Notes; in order to restructure debt service and with such terms to be included in a pricing certificate (the "Pricing Certificate") to be executed by the Pricing Officer (hereinafter designated) in connection with the initial issuance of each Series of Bonds, all in accordance with the provisions of Section 1207.007, Texas Government Code. The term Pricing Certificate shall mean, collectively, the pricing certificate or pricing certificates for one or more series of Bonds;

WHEREAS, all the Refunded CP Notes mature or are subject to redemption prior to maturity within 20 years of the date of the Bonds hereinafter authorized;

WHEREAS, the Bonds hereinafter authorized to be issued and are to be issued, sold and delivered pursuant to the general laws of the State of Texas, including Chapter 1207, Chapter 1331 and Chapter 1371; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Ordinance has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Ordinance, was given, all as required by the applicable provisions of Texas Government Code Chapter 551; NOW, THEREFORE,

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

SECTION 1. RECITALS, AMOUNT, PURPOSE AND DESIGNATION OF THE BONDS.

(a) The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section.

(b) The term "Bonds" as used in this Ordinance shall mean and include collectively all bonds initially issued and delivered pursuant to this Ordinance (the "Initial Bonds") and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds. "Series" or "Series of Bonds" means any designated series of Bonds issued pursuant to this Ordinance.

The term "Tax-Exempt Bonds" shall mean any Bond, the interest on which is excludable from gross income for federal income tax purposes.

The term "Taxable Bonds" shall mean any Bond, the interest on which is includable in gross income for federal income tax purposes.

(c) The Bonds of the City of Garland, Texas (the "Issuer") are hereby authorized to be issued and delivered in one or more Series in the maximum aggregate principal amount of \$112,500,000 (i) \$51,000,000 for the public purpose of refunding the Refunded CP Notes, (ii) \$51,000,000 for the purpose of the acquisition of property and making improvements for public purposes in the Issuer, to wit: (A) \$19,017,000 for parks and recreation facilities and improvements, (B) \$14,645,000 for street improvements, (C) \$4,143,000 for drainage improvements, (D) \$6,382,000 for public safety facilities and improvements, and (E) \$6,813,000 for library improvements (the "Improvement Projects"), (iii) \$10,500,000 for the purpose of funding projects to promote economic development throughout the Issuer, through planning, designing, constructing, improving, extending and expanding public street, utility, and other infrastructure facilities, including the acquisition of land therefor and through the Issuer's programs for economic development, including the acquisition of improved and unimproved properties, the demolition of existing structures, making grants of bond proceeds and otherwise providing assistance for private commercial, industrial, retail, residential and mixed-property use development, neighborhood revitalization projects, and mixed income development, and (iv) to pay the costs associated with the issuance of the Bonds (collectively, the "Projects").

(d) Each bond issued pursuant to this Ordinance shall be designated: "CITY OF GARLAND, TEXAS GENERAL OBLIGATION [REFUNDING AND IMPROVEMENT] BOND, [TAXABLE] SERIES 2024," with each Series of Bonds having a letter designation following the year, starting with "A", and with such changes as designated by the Pricing Officer pursuant to Section 2. Initially there shall be issued, sold, and delivered hereunder fully registered bonds, without interest coupons, payable to the respective registered owners thereof (with the Initial Bond being made payable to the Purchaser as described in Section 11 hereof), or to the registered assignee or assignees of said Bonds or any portion or portions thereof (in each case, the "Registered Owner"). The Bonds shall be in the respective principal amounts, shall be numbered, shall mature and be payable on the date or dates in each of the years and in the principal amounts, and shall bear interest to their respective dates of maturity or redemption prior to maturity at the rates per annum, as set forth in the Pricing Certificate.

## SECTION 2. DELEGATION TO PRICING OFFICER.

(a) As authorized by Sections 1207.007 and 1371.053, Texas Government Code, as amended, the City Manager or Finance Director (the "Pricing Officer") is hereby authorized to act on behalf of the Issuer in selling and delivering each Series of the Bonds, determining which Eligible Refunded Notes shall be refunded and carrying out the other procedures specified in this Ordinance, including, determining the date of sale of the Bonds, the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, the interest payment and record dates, the price and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Issuer, as well as any mandatory sinking fund redemption provisions, whether any series of Bonds will be issued as Tax-Exempt Bonds or Taxable Bonds and all other matters relating to the issuance, sale, and delivery of the Bonds and the refunding of the Refunded CP Notes, including without limitation establishing the redemption date for and effecting the redemption of the Refunded CP Notes and obtaining municipal bond insurance for all or any portion of the Bonds (including in connection therewith the execution of any commitment agreements, membership agreements in mutual

insurance companies, and other similar agreements) and providing for the terms and provisions thereof applicable to the Bonds, all of which shall be specified in the Pricing Certificate; provided that:

- (i) the aggregate original principal amount of the Bonds shall not exceed \$112,500,000 with up to \$51,000,000 of such amount issued for the purposes described in Section 1(c)(i) and (iv) hereof, \$19,017,000 of such amount issued for the purposes described in Section 1(c)(ii)(A) and (iv) hereof, \$14,645,000 of such amount issued for the purposes described in Section 1(c)(ii)(B) and (iv) hereof, \$4,143,000 of such amount issued for the purposes described in Section 1(c)(ii)(C) and (iv) hereof, \$6,382,000 of such amount issued for the purposes described in Section 1(c)(ii)(D) and (iv) hereof, \$6,813,000 of such amount issued for the purposes described in Section 1(c)(ii)(E) and (iv) hereof, and \$10,500,000 of such amount to be issued for the purposes described in Section 1(c)(iii) and (iv) hereof;
- (ii) the maximum stated maturity for a series of Bonds shall not exceed beyond February 15, 2044;
- (iii) no Bonds shall bear interest at a rate that exceeds the maximum rate provided by State law;
- (iv) the delegation made hereby shall expire if not exercised by the Pricing Officer through execution of the Pricing Certificate on or prior to the date that is six months after the adoption of this Ordinance by the City Council; and
- (v) on or prior to delivery, the Bonds shall be rated by a nationally recognized rating agency for municipal securities in one of the four highest categories for long-term obligations.

(b) In establishing the aggregate principal amount of a Series of Bonds, the Pricing Officer shall establish an amount not exceeding, in aggregate with any other Series of Bonds, the amount authorized in Subsection (a) hereof, which shall be sufficient in amount to provide for the purposes for which the Series of Bonds are authorized and to pay costs of issuing the Bonds. Each Series of Bonds shall be sold with and subject to such terms as set forth in the Pricing Certificate for such Series.

### SECTION 3. CHARACTERISTICS OF THE BONDS.

(a) Registration, Transfer, Conversion and Exchange; Authentication. The Issuer shall keep or cause to be kept at the corporate trust office of Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided within three days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner

provided and with the effect stated in the FORM OF BOND set forth in this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in Section 3(c) of this Ordinance, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, as amended, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Bond, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds that initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General of the State of Texas (the "Attorney General") and registered by the Comptroller of Public Accounts of the State of Texas (the "Comptroller").

(b) Payment of Bonds and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the past due interest shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Registered Owners thereof, (ii) may or shall be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar by the Issuer at least 45 days prior to any such redemption date), (iii) may be converted and exchanged for other Bonds, (iv) may be transferred and assigned, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bonds shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Ordinance (as modified in the Pricing Certificate). The Initial Bonds are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Ordinance the Paying Agent/Registrar shall execute the Paying Agent/Registrar's Authentication Certificate, in the form set forth in the FORM OF BOND.

(d) Paying Agent/Registrar for the Bonds. The Issuer covenants with the Registered Owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be a single entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 60 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any

time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(e) Authentication. Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Paying Agent/Registrar's Authentication Certificate substantially in the form provided in this Ordinance, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Paying Agent/Registrar's Authentication Certificate on all of the Bonds. In lieu of the executed Paying Agent/Registrar's Authentication Certificate described above, an Initial Bond delivered on the closing date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Ordinance, manually executed by the Comptroller or by her duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General and that it is a valid and binding obligation of the Issuer, and has been registered by the Comptroller.

(f) Book-Entry-Only System. The Bonds issued in exchange for an Initial Bond shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and except as provided in subsection (g) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner of Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the Registered Owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Bonds to the

extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the Issuer to make payments of principal and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the Registered Owner at the close of business on the Record Date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

The previous execution and delivery of the Blanket Issuer Letter of Representations with respect to obligations of the Issuer is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Bonds.

(g) Successor Securities Depository; Transfers Outside Book-Entry-Only System. In the event that the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the Blanket Issuer Letter of Representations to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate certificated Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Registered Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

(h) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Blanket Issuer Letter of Representations to DTC.

(i) Cancellation of Initial Bonds. On the closing date, one Initial Bond, representing the entire principal amount of a Series of the Bonds, payable in stated installments to the purchaser designated in Section 11 or its designee, executed by manual or facsimile signature of the Mayor or Mayor Pro-Tem and City Secretary of the Issuer, approved by the Attorney General, and registered and manually signed by the Comptroller, will be delivered to such purchaser or its designee. Upon payment for such Initial Bond, the Paying Agent/Registrar shall cancel such Initial Bond and deliver to DTC on behalf of such purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all of the Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC. To the extent that the Paying Agent/Registrar is eligible to participate in DTC's FAST System, pursuant to an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

(j) Conditional Notice of Redemption. With respect to any optional redemption of the Bonds, unless the prerequisites to such redemption required by this Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the Issuer, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such

notice shall be of no force and effect, the Issuer shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

SECTION 4. FORM OF BONDS. The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Comptroller's Registration Certificate to be attached to the Bonds initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance, and with the Form of Bond to be modified pursuant to, and completed with information set forth in, the Pricing Certificate.

(a) [Form of Bond]

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS CITY OF GARLAND, TEXAS GENERAL OBLIGATION [REFUNDING AND IMPROVEMENT] BOND [TAXABLE] SERIES 2024	PRINCIPAL AMOUNT \$ _____
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Interest Rate	Dated Date	Maturity Date	CUSIP No.
	_____, 20__	February 15, ____	

REGISTERED OWNER:

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

ON THE MATURITY DATE specified above, the City of Garland, Texas, in Dallas, Collin and Rockwall Counties, Texas (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above. The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date at the Interest Rate per annum specified above. Interest is payable on \_\_\_\_\_, 20\_\_ and semiannually on each \_\_\_\_\_ and \_\_\_\_\_ thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except, if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity, or upon the date fixed

for its redemption prior to maturity, at the principal corporate trust office of Zions Bancorporation, National Association, Amegy Bank Division, in Houston, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Bond (the "Bond Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the Registered Owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not such a Saturday, Sunday, legal holiday or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of a series of Bonds dated \_\_\_\_\_, 20\_\_, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$112,500,000 (i) \$51,000,000 for the public purpose of refunding the Refunded CP Notes, (ii) \$51,000,000 for the purpose of the acquisition of property and making improvements for public purposes in the Issuer, to wit: (A) \$19,017,000 for parks and recreation facilities and improvements, (B) \$14,645,000 for street improvements, (C) \$4,143,000 for drainage improvements, (D) \$6,382,000 for public safety facilities and improvements, and (E) \$6,813,000 for library improvements, (iii) \$10,500,000 for the purpose of funding projects to promote economic development throughout the Issuer, through planning, designing, constructing, improving, extending and expanding public street, utility, and other infrastructure facilities, including the acquisition of land therefor and through the Issuer's programs for economic development, including the acquisition of improved and unimproved properties, the demolition of existing structures, making grants of bond proceeds and otherwise providing assistance for private commercial, industrial, retail, residential and mixed-property use development, neighborhood revitalization projects, and mixed income development, and (iv) to pay the costs associated with the issuance of the Bonds.

ON \_\_\_\_\_, 20\_\_, or on any date thereafter, the Bonds of this series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

[THE BONDS scheduled to mature on \_\_\_\_\_ in the years \_\_\_\_ and \_\_\_\_ ( the "Term Bonds") are subject to scheduled mandatory redemption by the Paying Agent/Registrar by lot, or by any other customary method that results in a random selection, at a price equal to the principal amount thereof, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and sinking fund for the Bonds, on the dates and in the respective principal amounts, set forth in the following schedule:

Term Bond Maturity: February 15, 20__		Term Bond Maturity: February 15, 20__	
Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount
February 15, 20__	\$ _____	February 15, 20__	\$ _____
February 15, 20__	_____	February 15, 20__	_____
February 15, 20__	_____	February 15, 20__	_____
February 15, 20__ (maturity)	_____	February 15, 20__ (maturity)	_____

The principal amount of Term Bonds of a stated maturity required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of any Term Bonds of the same maturity which, at least 50 days prior to a mandatory redemption date (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.]

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the Registered Owner of each Bond to be redeemed at its address as it appeared on the 45th day prior to such redemption date; provided, however, that the failure of the Registered Owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof that are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Bonds or portions thereof that are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same

rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Ordinance.

IF AT THE TIME OF MAILING of notice of optional redemption there shall not have either been deposited with the Paying Agent/Registrar or legally authorized escrow agent immediately available funds sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, and is subject to the deposit of the redemption moneys with the Paying Agent/Registrar or legally authorized escrow agent at or prior to the redemption date or any prerequisite set forth in such notice of redemption. If such redemption is not effectuated, the Paying Agent/Registrar shall, within five days thereafter, give notice in the manner in which the notice of redemption was given that such moneys were not so received or such prerequisites were not met and shall rescind the redemption.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Ordinance, this Bond may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The Form of Assignment printed or endorsed on this Bond may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owners of the Bonds.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Bond have been performed, existed and been done in accordance with law; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such

principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been pledged for such payment, within the limit prescribed by law.

THE ISSUER HAS RESERVED THE RIGHT to amend the Bond Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the Registered Owners of a majority in aggregate principal amount of the outstanding Bonds.

BY BECOMING the Registered Owner of this Bond, the Registered Owner thereby acknowledges all of the terms and provisions of the Bond Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Bond Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Ordinance constitute a contract between each Registered Owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the Mayor of the Issuer (or in the Mayor's absence, of the Mayor Pro-Tem) and countersigned with the manual or facsimile signature of the City Secretary of said Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

\_\_\_\_\_  
(signature)  
City Secretary

\_\_\_\_\_  
(signature)  
Mayor

(SEAL)

[INSERT BOND INSURANCE LEGEND, IF ANY]

(b) [Form of Paying Agent/Registrar's Authentication Certificate]

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Bond is not accompanied by an executed Comptroller's Registration Certificate)

It is hereby certified that this Bond has been issued under the provisions of the Bond Ordinance described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a bond, bonds, or a portion of a bond or bonds of a series that originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

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

\_\_\_\_\_  
ZIONS BANKCORPORATION, NATIONAL  
ASSOCIATION, AMEGY BANK DIVISION  
Houston, Texas  
Paying Agent/Registrar

By: \_\_\_\_\_  
Authorized Representative

(c) [Form of Assignment]

ASSIGNMENT

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

Please insert Social Security or Taxpayer Identification Number of Transferee

\_\_\_\_\_  
(Please print or typewrite name and address, including zip code, of Transferee.)

\_\_\_\_\_  
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to register the transfer of the within 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 eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

\_\_\_\_\_  
NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

(d) [Form of Comptroller's Registration Certificate]

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER 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

(COMPTROLLER'S SEAL)

(e) [Initial Bond Insertions]

(i) The Initial Bonds shall be in the form set forth in paragraph (a) of this Section, except that:

A. immediately under the name of the Bond, the headings "Interest Rate" and "Maturity Date" shall both be completed with the words "As shown below" and "CUSIP No. \_\_\_\_\_" shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"THE CITY OF GARLAND, TEXAS, in Dallas, Collin and Rockwall Counties, Texas (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on February 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments (\$)</u>	<u>Interest Rates (%)</u>
--------------	------------------------------------	---------------------------

(Information from Pricing Certificate to be inserted)

The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date at the respective Interest Rate per annum specified above. Interest is payable on \_\_\_\_\_, 20\_\_\_\_, and semiannually on each \_\_\_\_\_ and \_\_\_\_\_ thereafter to the date of payment of the principal installment specified above, or the date of redemption prior to maturity; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

C. The Initial Bond shall be numbered "T-1."

#### SECTION 5. INTEREST AND SINKING FUND.

(a) A special Interest and Sinking Fund (the "Interest and Sinking Fund") is hereby created solely for the benefit of the Bonds, and the Interest and Sinking Fund shall be established and maintained by the Issuer at an official depository bank of the Issuer. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the Issuer, and shall be used only for paying the interest on and principal of the Bonds. All ad valorem taxes levied and collected for and on account of the Bonds, together with any accrued interest received upon sale of the Bonds, shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Bonds or interest thereon are outstanding and unpaid, the governing body of the Issuer shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on the Bonds as such interest becomes due, and to provide and maintain a sinking fund adequate to pay the principal of its Bonds as such principal matures or is scheduled for redemption (but never less than 2% of the original principal amount of the Bonds as a sinking fund each year). Said tax shall be based on the latest approved tax rolls of the Issuer, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the Issuer for each year while any of the Bonds or interest thereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due and such principal matures or is scheduled for redemption, are hereby pledged for such payment, within the limit prescribed by law. If lawfully available moneys of the Issuer are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes that otherwise would have been

required to be levied pursuant to this Section may be reduced to the extent and by the amount of the lawfully available funds then on deposit in the Interest and Sinking Fund.

(b) Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the taxes granted by the Issuer under this Section and Section 9, respectively, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the taxes granted by the Issuer under this Section is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the Registered Owners of the Bonds a security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing of a security interest in said pledge to occur.

#### SECTION 6. DEFEASANCE OF BONDS.

(a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Government Obligations that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Government Obligations. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in Subsection (a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the Registered Owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from such Government Obligations received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Government Obligations are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Government Obligations or the substitution of other Government Obligations upon the satisfaction of the requirements specified in Subsection (a)(i) or (ii) of this Section. All income from such Government Obligations received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) Unless modified in the Pricing Certificate, the term "Government Obligations" means any securities and obligations now or hereafter authorized by state law that are eligible to discharge obligations such as the Bonds, including (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

(d) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(e) In the event that the Issuer elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

#### SECTION 7. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

(a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new Bond of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen or destroyed Bonds shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft or destruction of a Bond, the Registered Owner applying for a replacement Bond shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft or destruction of a Bond, the Registered Owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Ordinance, in the event any such Bond shall have matured, and no default has occurred that is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement Bond, the Paying Agent/Registrar shall charge the Registered Owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen or destroyed Bond shall be found at any time, or be enforceable by

anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Bonds duly issued under this Ordinance.

(e) Authority for Issuing Replacement Bonds. In accordance with Section 1206.022, Texas Government Code, this Section 7 of this Ordinance shall constitute authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 3(a) of this Ordinance for Bonds issued in conversion and exchange for other Bonds.

#### SECTION 8. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED; ENGAGEMENT OF BOND COUNSEL.

(a) The Mayor of the Issuer is hereby authorized to have control of the Initial Bonds and all necessary records and proceedings pertaining to the Initial Bonds pending their delivery and their investigation, examination, and approval by the Attorney General, and their registration by the Comptroller. Upon registration of an Initial Bond said Comptroller (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to the Initial Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Initial Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Bonds issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Bonds. In addition, if bond insurance is obtained, the Bonds may bear an appropriate legend as provided by the insurer.

(b) The obligation of the Purchaser to accept delivery of the Bonds is subject to the Purchaser being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the Issuer, which opinion shall be dated as of and delivered on the date of initial delivery of the Bonds to the Purchaser. The engagement of such firm as bond counsel to the Issuer in connection with the issuance, sale and delivery of the Bonds is hereby approved and confirmed. The execution and delivery of an engagement letter between the Issuer and such firm, with respect to such services as bond counsel, is hereby authorized in such form as may be approved by the Mayor or Mayor Pro-Tem, and the Mayor or Mayor Pro-Tem is hereby authorized to execute such engagement letter.

#### SECTION 9. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE TAX-EXEMPT BONDS.

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

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

of more than 10 percent of the debt service on the Tax-Exempt Bonds, in contravention of section 141(b)(2) of the Code;

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

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

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

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

(6) to refrain from using any portion of the proceeds of the Tax-Exempt Bonds, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Tax-Exempt Bonds, other than investment property acquired with:

(A) proceeds of the Tax-Exempt Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the rules and regulations of the United States Department of the Treasury ("Treasury Regulations"), and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Tax-Exempt Bonds;

(7) to otherwise restrict the use of the proceeds of the Tax-Exempt Bonds or amounts treated as proceeds of the Tax-Exempt Bonds, as may be necessary, so that the Tax-Exempt Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

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

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

(b) Rebate Fund. In order to facilitate compliance with the above covenant (a)(9), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the Bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Use of Proceeds. For purposes of the foregoing covenants (a)(1) and (a)(2), the Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of the Tax-Exempt Bonds, transferred proceeds (if any) and proceeds of the Refunded CP Notes expended prior to the date of issuance of the Tax-Exempt Bonds. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the United States Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Tax-Exempt Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Tax-Exempt Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Tax-Exempt Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Tax-Exempt Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the Mayor or Pricing Officer to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Tax-Exempt Bonds.

(d) Allocation of, and Limitation on, Expenditures for the Projects. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the construction and acquisition of the Improvement Projects on its books and records in accordance with the requirements of the Code. The Issuer recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Improvement Projects are completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Issuer recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Issuer agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Projects. The Issuer covenants that the property constituting the Improvement Projects and the projects refinanced by the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Tax-Exempt Bonds. For purposes of the foregoing, the Issuer may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Tax-Exempt Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Reimbursement. This Ordinance is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

#### SECTION 10. COVENANTS REGARDING TAXABLE BONDS.

(a) To the extent required by the Code, and the rules and regulations of the United States Department of the Treasury, it shall be the duty of the Paying Agent/Registrar to report to the owners of the Taxable Bonds and the Internal Revenue Service (i) the amount of "reportable payments," if any, subject to back up withholding during each year and the amount of tax withheld, if any, with respect to the payments on the Taxable Bonds and (ii) the amount of interest or amount treated as interest, such as original issue discount, on the Taxable Bonds required to be included in the gross income of the owners thereof for federal income tax purposes.

(b) It is the intention of the Issuer that the Taxable Bonds not be obligations described in section 103 of the Code interest on which is excludable from the gross income of the holders and in that regard the Issuer agrees not to file a form 8038 G, or any comparable information return relating to tax-exempt obligations, with the Internal Revenue Service.

#### SECTION 11. SALE OF BONDS AND APPROVAL OF OFFICIAL STATEMENT; FURTHER PROCEDURES.

(a) Each Series of Bonds shall be sold and delivered subject to the provisions of Section 1 and Section 2 hereof through a negotiated sale, competitive sale or private placement and pursuant to the terms and provisions of a purchase contract or a notice of sale and official bid form (in each case, a "Purchase Agreement"), the terms and provisions of which are to be determined by the Pricing Officer in accordance with Section 2 hereof, and in which the purchaser or purchasers of the Bonds (the "Purchaser") shall be designated. The Pricing Officer is hereby authorized to execute and deliver one or more Purchase Agreements for and on behalf of the Issuer. The Bonds shall initially be registered in the name of the Purchaser or its designee.

(b) The Pricing Officer is hereby authorized, in the name and on behalf of the City, to approve, distribute, and deliver a preliminary official statement and a final official statement relating to the Bonds to be used by the Purchaser in the marketing of the Bonds.

(c) The Pricing Officer is authorized, in connection with effecting the sale of the Bonds, to obtain from a municipal bond insurance company so designated in the Pricing Certificate (the "Insurer") a municipal bond insurance policy (the "Insurance Policy") in support of the Bonds. To that end, should the Pricing Officer exercise such authority and commit the Issuer to obtain a municipal bond insurance policy, for so long as the Insurance Policy is in effect, the requirements of the Insurer relating to the issuance of the Insurance Policy as set forth in the Pricing Certificate are incorporated by reference into this Ordinance and made a part hereof for all purposes, notwithstanding any other provision of this Ordinance to the contrary. The Pricing Officer shall have the authority to execute any documents to effect the issuance of the Insurance Policy by the Insurer, including commitment agreements, membership agreements in mutual insurance companies and other similar agreements.

(d) The Mayor and Mayor Pro Tem, City Manager, Finance Director and City Secretary and all other officers, employees and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and

provisions of this Ordinance, the Pricing Certificate, the Bonds, the sale of the Bonds, any Purchase Agreement and any official statement or other offering document. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 12. INTEREST EARNINGS ON BOND PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Bonds issued for the Improvement Projects shall be used along with other Bond proceeds for the Improvement Projects; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on Bond proceeds that are required to be rebated to the United States of America pursuant to Section 9 hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

#### SECTION 13. CONSTRUCTION FUND OR ACCOUNT; INVESTMENTS.

(a) The proceeds of sale of the Bonds, excluding any accrued interest received from the initial purchaser of the Bonds and any other amounts to be deposited into the Interest and Sinking Fund, any amounts to be deposited into the escrow fund under the escrow agreement approved in Section 17 of this Ordinance and amounts to pay costs of issuance of the Bonds, shall be deposited in one or more construction funds or accounts for use, along with any investment earnings thereon, by the Issuer for payment of all lawful costs associated with the acquisition and construction of the Improvement Projects as hereinbefore provided. Upon payment of all such costs, any moneys remaining on deposit in said funds or accounts, including investment earnings, shall be transferred to the Interest and Sinking fund. Amounts so deposited to the Interest and Sinking Fund shall be used in the manner described in Section 5 of this Ordinance.

(b) The Issuer may invest proceeds of the Bonds (including investment earnings thereon) issued for Improvement Projects and amounts deposited into the Interest and Sinking Fund in investments authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended; provided, however, that the Issuer hereby covenants that the proceeds of the sale of the Bonds will be used as soon as practicable for the purposes for which the Bonds are issued.

(c) All deposits authorized or required by this Ordinance shall be secured to the fullest extent required by law for the security of public funds.

#### SECTION 14. COMPLIANCE WITH RULE 15c2-12.

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

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

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

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

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

(b) Annual Reports.

(i) The Issuer shall provide annually to the MSRB, in the electronic format prescribed by the MSRB, financial information and operating data (the "Annual Operating Report") with respect to the Issuer of the general type included in the final official statement authorized by this Ordinance, being the information described in the Pricing Certificate. The Issuer will additionally provide financial statements of the Issuer (the "Financial Statements"), that will be (i) prepared in accordance with the accounting principles described in the Pricing Certificate or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in the final official statement and (ii) audited, if the Issuer commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The Issuer will update and provide the Annual Operating Report within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2024. The Issuer may provide the Financial Statements earlier, including at the time it provides its Annual Operating Report, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the Issuer shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(ii) If the Issuer changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

(c) Event Notices.

(i) The Issuer shall notify the MSRB in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

1. Non-payment related defaults;
2. Modifications to rights of holders of the Bonds;
3. Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
6. Appointment of a successor or additional trustee or the change of name of a trustee; and

7. Incurrence of a Financial Obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders.

(ii) The Issuer shall notify the MSRB in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Bonds, without regard to whether such event is considered material within the meaning of the federal securities laws:

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

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

(d) Limitations, Disclaimers, and Amendments.

(i) The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Issuer in any event will give notice of any deposit made in accordance with this Ordinance or applicable law that causes the Bonds no longer to be outstanding.

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

(iii) UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON,

IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under this Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

(v) Notwithstanding anything to the contrary in Section 15 hereof, the provisions of this Section may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Registered Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Registered Owners and beneficial owners of the Bonds. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided.

(e) Amendment of the Rule. The provisions of this Section shall be revised by the Pricing Officer to reflect the requirements of the Rule if the Rule is amended after the adoption of this Ordinance but prior to the delivery of the Bonds so as to permit an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule. The provision of this Section may also be revised by the Pricing Officer prior to the delivery of the Bonds if the Pricing Officer determine such revisions are necessary or desirable. Any such revisions shall be set forth in the Pricing Certificate and are incorporated by reference into this Ordinance and made a part hereof for all purposes, notwithstanding any other provision of this Ordinance to the contrary.

SECTION 15. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the holders, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or

corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be inconsistent with the provisions of this Ordinance and that shall not in the opinion of the Issuer's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the holders of Bonds aggregating in principal amount a majority of the aggregate principal amount of then outstanding Bonds that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of 100% of the holders in aggregate principal amount of the then outstanding Bonds that are the subject of a proposed amendment, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Bonds so as to:

- (1) Make any change in the maturity of any of the affected outstanding Bonds;
- (2) Reduce the rate of interest borne by any of the affected outstanding Bonds;
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on any affected outstanding Bonds;
- (4) Modify the terms of payment of principal or of interest or redemption premium on affected outstanding Bonds or impose any condition with respect to such payment; or
- (5) Change the minimum percentage of the principal amount of any series of Bonds necessary for consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Ordinance under this Section, the Issuer shall send by U.S. mail to each Registered Owner of the affected Bonds a copy of the proposed amendment. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the Issuer for inspection by all holders of such Bonds.

(d) Whenever at any time within one year from the date of mailing of such notice the Issuer shall receive an instrument or instruments executed by the holders of at least a majority in aggregate principal amount of all of the Bonds then outstanding that are required for the amendment, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be modified and amended in accordance with such amendatory Ordinance, and the respective rights, duties, and obligations of the Issuer and all holders of such affected Bonds shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the holder of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the mailing of the notice as provided for in this Section, and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six months from the date of the mailing of said notice by the holder who gave such consent, or by a successor in title, by filing notice with the Issuer, but such revocation shall not be effective if the holders of a majority in aggregate principal amount of the affected Bonds then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

For the purposes of establishing ownership of the Bonds, the Issuer shall rely solely upon the registration of the ownership of such Bonds on the Registration Books kept by the Paying Agent/Registrar.

#### SECTION 16. DEFAULT AND REMEDIES.

(a) Events of Default. Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the Issuer, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any Registered Owner to the Issuer.

(b) Remedies for Default.

(i) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the Issuer for the purpose of protecting and enforcing the rights of the Registered Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Bonds then outstanding.

(c) Remedies Not Exclusive.

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(iii) By accepting the delivery of a Bond authorized under this Ordinance, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or agents of the Issuer or the members of its governing body.

SECTION 17. APPROVAL OF ESCROW AGREEMENT AND TRANSFER OF FUNDS. In furtherance of authority granted by Section 1207.007(b), Texas Government Code, the Mayor or a Pricing Officer are further authorized to enter into and execute on behalf of the Issuer with the escrow agent named therein, an escrow or similar agreement, in the form and substance as shall be approved by the Pricing

Officer, which agreement will provide for the payment in full of the Refunded CP Notes, as applicable. In addition, the Mayor, Pricing Officer or other officer of the Issuer is authorized to purchase such securities, to execute such subscriptions for the purchase of the Escrowed Securities, (as defined in the agreement), if any, and to authorize such contributions to the escrow fund as provided in the agreement.

#### SECTION 18. REDEMPTION OF REFUNDED CP NOTES.

(a) Subject to the execution and delivery of a Purchase Agreement with the Purchaser, the Issuer hereby directs that the Refunded CP Notes be called for redemption or otherwise retired on the dates and at such prices as set forth in the Pricing Certificate.

(b) The paying agent/registrars for the Refunded CP Notes is hereby directed to provide the appropriate notice of redemption and defeasance as required by the Refunded CP Notes (if applicable) and is hereby directed to make appropriate arrangements so that the Refunded CP Notes may be redeemed or otherwise retired on the appropriate redemption or maturity date.

(c) The source of funds for payment of the principal of and interest on the Refunded CP Notes on their respective maturity or redemption dates shall be from the funds deposited with the paying agent for the Refunded CP Notes from amounts deposited with the paying agent/registrars for the Refunded CP Notes from proceeds of the Bonds or from the funds placed in escrow with the escrow agent, pursuant to an escrow agreement approved in Section 16 of this Ordinance.

SECTION 19. APPROPRIATION. To pay the debt service coming due on the Bonds, if any, prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount, which together with capitalized interest received from the sale of the Bonds, if any, will be sufficient to pay such debt service, and such amount shall be used for no other purpose.

SECTION 20. EFFECTIVE DATE. In accordance with the provisions of Texas Government Code Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council.

SECTION 21. SEVERABILITY. If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance, or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portion of this Ordinance, despite such invalidity, which remaining portions shall remain in full force and effect.

#### SECTION 22. REPEALER.

(a) Ordinance No. 7215 (the "Note Ordinance") adopted by the City Council on April 20, 2021, authorizing the issuance of the Commercial Paper Notes is hereby repealed, effective as of the earliest date both of the following have occurred: (i) no Commercial Paper Notes remain outstanding under the Note Ordinance, and (ii) the Letter of Credit dated May 27, 2021 issued by Barclays Bank PLC supporting the Commercial Paper Notes and the related Letter of Credit Reimbursement Agreement dated as of May 27, 2021 between the Issuer and Barclays Bank PLC have expired by their terms.

(b) The Mayor and Mayor Pro Tem, City Manager, Finance Director and City Secretary, and all other officers, employees, attorneys, and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the seal and on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order

to carry out the repeal of the Note Ordinance and the termination of the Commercial Paper Note program pursuant to this Section.

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**SCHEDULE I  
AUTHORIZED PURPOSES**

Authorized Purpose	Date Authorized	Amount Authorized	Commercial Paper Notes Heretofore Issued*	Total Obligations Heretofore Issued*	Amount Being Issued*	Authorization Remaining
Parks Improvements	5/4/1991	\$ 5,144,000	\$ -	\$ 5,118,660	\$ -	\$ 25,340
Street Improvements	5/4/1991	42,496,500		42,414,612		81,888
Public Safety Improvements	5/4/1991	7,226,086		7,199,376		26,710
Parks Improvements	5/31/1997	12,370,000		12,370,000		0
Various Street Improvements	5/31/1997	72,210,000		71,145,292		1,064,708
Drainage Improvements	5/31/1997	10,570,000		10,502,789		67,211
Library Improvements	5/31/1997	5,890,000		5,877,682		12,318
Public Safety Improvements	5/31/1997	19,890,000		19,770,561		119,439
Municipal Facility Improvements	5/31/1997	1,710,000		1,521,000		189,000
Park and Recreation Facilities and Improvements	5/15/2004	21,680,000	1,689,573	16,351,775	2,132,000	3,196,225
Street Improvements	5/15/2004	113,370,000	394,700	79,885,283	3,727,000	29,757,717
Drainage Improvements	5/15/2004	28,000,000	317,129	21,475,307	1,140,000	5,384,693
Library Facilities	5/15/2004	9,400,000		9,386,179		13,821
Public Safety Facilities	5/15/2004	12,950,000		12,887,297	20,000	42,703
Municipal Improvements	5/15/2004	11,180,000	812,717	8,047,965		3,132,035
Economic Development/Land Acquisition	5/15/2004	3,420,000		2,557,207		862,793
Street Improvements	5/4/2019	122,250,000	4,291,241	29,083,470	10,918,000	87,248,530
Public Safety Improvements	5/4/2019	51,350,000	8,038,103	28,804,182	6,362,000	16,183,818
Drainage Improvements	5/4/2019	47,350,000	701,672	3,931,098	3,003,000	40,415,902
Parks and Recreation Improvements	5/4/2019	117,750,000	27,595,514	72,127,016	16,885,000	28,737,984
Library Improvements	5/4/2019	21,000,000	5,694,561	7,988,177	6,813,000	6,198,823
Economic Development	5/4/2019	46,000,000		6,381,379	10,500,000	29,618,621
Municipal Facilities Improvements	5/4/2019	6,000,000	354,876	2,892,060		3,107,940
Animal Shelter	5/4/2019	12,000,000	109,914	11,926,487		73,513
Total		\$ 801,206,586	\$ 50,000,000	\$ 489,645,001	\$ 61,500,000	\$ 251,061,585

\* Includes principal and premium, if any.



**GARLAND**  
**CITY COUNCIL STAFF REPORT**

**City Council Work Session**

**3.**

**Meeting Date:** 04/01/2024  
**Title:** Water and Sewer System Revenue Refunding Bonds  
**Submitted By:** Matt Watson, Chief Financial Officer  
**Strategic Focus Area:** Sound Governance and Finances

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**Issue/Summary**

Consider refunding approximately \$55.5 million of Water and Sewer System Commercial Paper Notes, Series 2015 and Water and Sewer System Revenue Bonds, Series 2014 with Water and Sewer System Revenue Refunding Bonds, Series 2024. The purpose of this transaction is to refund a portion of variable rate commercial paper notes with fixed rate long-term debt and to generate debt service savings. In addition, the Council is requested to consider appointing a pricing officer and delegating to the pricing officer the authority to approve on behalf of the City the terms of sale of these bonds and establishing parameters for the approval of such matters by the pricing officer.

**Background**

The Water and Sewer System Commercial Paper Program finances various capital improvement projects for the Water and Sewer System. Funding capacity for this program is \$90 million. Due to current market conditions, the City of Garland has an opportunity to refund the \$45 million of variable rate commercial paper notes with fixed rate long-term Water and Sewer System Revenue Refunding Bonds. In addition, due to current market conditions, the City of Garland has an opportunity to refund approximately \$10.5 million Water and Sewer System Revenue Bonds, Series 2014.

**Consideration / Recommendation**

The Refunding Bonds will be fixed rate debt with a 20-year amortization period.

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**Attachments**

Ordinance

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**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF CITY OF GARLAND, TEXAS, WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2024; ESTABLISHING THE OBLIGATIONS TO BE REFUNDED WITH PROCEEDS OF SAID BONDS; PROVIDING FOR SAID BONDS TO BE ISSUED AS TAXABLE BONDS OR TAX-EXEMPT BONDS; APPOINTING A PRICING OFFICER AND DELEGATING TO THE PRICING OFFICER THE AUTHORITY TO APPROVE ON BEHALF OF THE CITY THE TERMS OF SALE OF SAID BONDS AND THE OFFERING DOCUMENTS FOR SAID BONDS; ESTABLISHING CERTAIN PARAMETERS FOR THE APPROVAL OF SUCH MATTERS BY THE PRICING OFFICER; PLEDGING THE NET REVENUES OF THE CITY'S WATER AND SEWER SYSTEM TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, PAYMENT, SECURITY, SALE AND DELIVERY OF SAID BONDS, INCLUDING THE APPROVAL AND EXECUTION OF ONE OR MORE A PAYING AGENT/REGISTRAR AGREEMENT, PURCHASE AGREEMENTS AND ESCROW AGREEMENTS, IF REQUIRED IN CONNECTION WITH THE REFUNDING OF THE REFUNDED OBLIGATIONS; AND PROVIDING AN EFFECTIVE DATE**

<b>THE STATE OF TEXAS</b>	<b>§</b>
<b>COUNTIES OF DALLAS, COLLIN AND ROCKWALL</b>	<b>§</b>
<b>CITY OF GARLAND</b>	<b>§</b>

WHEREAS, the City of Garland, Texas (the "City") is an "Issuer" under Section 1371.001(4)(A), Texas Government Code, being (i) a home-rule municipality that: (A) adopted its charter under Section 5, Article XI, Texas Constitution; (B) has a population of 50,000 or more; and (C) has outstanding long-term indebtedness that is rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for a long-term obligation; and

WHEREAS, the City has heretofore issued its Previously Issued Bonds (as such term is hereinafter defined); and

WHEREAS, in the ordinances authorizing the issuance of the Previously Issued Bonds, the City reserved the right to issue additional parity bonds secured by a lien on and pledge of the Net Revenues (hereinafter defined) of the City's Water and Sewer System (the "System") on a parity with the Previously Issued Bonds; and

WHEREAS, the City Council (the "Council") of the City, has heretofore issued, sold, and delivered, and there is currently outstanding, City of Garland, Texas, Water and Sewer System Revenue Refunding and Improvement Bonds, New Series 2014, dated June 1, 2014, scheduled to

mature on March 1 in each of the years 2025 through 2034, inclusive, and aggregating in the principal amount of \$10,335,000 (the "Refunded Bonds"); and

WHEREAS, the Council, in accordance with the provisions of Texas Government Code, Chapter 1371 ("Chapter 1371"), has heretofore authorized by ordinance and provided for the issuance of "City of Garland, Texas Water and Sewer System Commercial Paper Notes, Series 2015" (the "Commercial Paper Notes") in an aggregate principal amount not to exceed \$90,000,000 for the purpose of financing additions, improvements and extensions to the System; and

WHEREAS, Chapter 1371 and Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), authorizes the City to issue refunding bonds to refund all or a portion of its outstanding obligations to refund obligations issued in connection with an Eligible Project (as defined in Section 1371.001(2), Texas Government Code) of the System, including capital assets and facilities incident and related to the operation, maintenance and administration thereof; and

WHEREAS, the Council has determined that it is in the best interest of the City to issue the bonds hereinafter authorized (the "Bonds") secured by a first lien on and pledge of the Net Revenues on a parity with the Previously Issued Bonds for the purposes, among other things, of refunding all or a portion of the Refunded Bonds to achieve a net present value debt service savings as set forth herein and the Commercial Paper Notes (the "Refunded CP Notes" and, collectively with the Refunded Bonds, the "Refunded Obligations") to restructure a portion of the City's System debt service requirements by extending the debt to mature over a term that is generally commensurate with the expected life of the System facilities and/or to provide rate relief for System ratepayers; and

WHEREAS, Chapter 1207 further authorizes the City to enter into escrow or similar agreements with such paying agent for the Refunded Obligations or trust company or commercial bank with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the City and such paying agent or trust company or commercial bank may agree; and

WHEREAS, all of the Refunded Obligations mature or are subject to redemption prior to maturity within 20 years of the date of the Bonds hereinafter authorized; and

WHEREAS, the Council hereby finds and determines that the manner in which the refunding of the Commercial Paper Notes is being executed does not make it practicable to make the determination required by Texas Government Code, Section 1207.008(a)(2) in connection with the refunding and refinancing of the Commercial Paper Notes into long-term obligations; and

WHEREAS, the Bonds hereinafter authorized are to be issued and delivered pursuant to the laws of the State of Texas, including Texas Government Code Chapters 1207, 1502 and 1371, as amended; and

WHEREAS, pursuant to the provisions of Chapter 1207, the Council is authorized to issue refunding bonds and deposit the proceeds of sale directly with the place of payment for the

Refunded Obligations, as appropriate, or other authorized depository, and such deposits, when made in accordance with said statutes, and ordinances authorizing the issuance of the Refunded Obligations, shall constitute the making of firm banking and financial arrangements for the defeasance, discharge and payment of the Refunded Obligations at their maturity or redemption date; and

WHEREAS, the bonds to be issued pursuant to the terms and provisions of this Ordinance will be secured by a lien on and a pledge of the Net Revenues that is on a parity with the pledge of and lien on the Net Revenues that secures the payment of the Previously Issued Bonds; and

WHEREAS, the Council finds and determines that it is in the best interest of the City and its inhabitants to proceed with the issuance of bonds to provide funds for the purposes hereinafter specified, and specifically to refund the Refunded Obligations in the amounts specified by a Pricing Officer in the Pricing Certificate, each as defined below; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Ordinance has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Ordinance, was given, all as required by the applicable provisions of Tex. Gov't Code Ann. ch. 551; NOW, THEREFORE

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

SECTION 1. INCORPORATION OF RECITALS. The recitals set forth in the preambles hereof are incorporated herein and shall have the same force and effect as if set forth in this Section.

SECTION 2. PURPOSE OF THE BONDS. The Bonds are hereby authorized to be issued in one or more series and delivered in the aggregate principal amount of \$55,500,000, specified in one or more certificates executed pursuant to Section 4 of this Ordinance, which supplements and completes this Ordinance (each, a "Pricing Certificate"), for the public purpose of providing funds to refund a portion of the City's outstanding System indebtedness and to pay the costs incurred in connection with the issuance of the Bonds.

SECTION 3. DESIGNATION OF THE BONDS. Unless otherwise provided in the respective Pricing Certificate, each bond issued pursuant to this Ordinance shall be designated: "CITY OF GARLAND, TEXAS, WATER AND SEWER SYSTEM REVENUE REFUNDING BOND, [TAXABLE] SERIES 2024," and initially there shall be issued, sold, and delivered hereunder fully registered bonds, without interest coupons, payable to the respective Owners thereof (with the initial bonds being made payable to the initial purchaser identified in the respective Pricing Certificate, or to the registered assignee or assignees of said bonds or any portion or portions thereof. The Bonds shall be in the respective denominations and principal amounts, shall be numbered, shall mature and be payable on the date or dates in each of the years and in the principal amounts and shall bear interest to their respective dates of maturity or redemption prior to maturity at the rates per annum, as set forth in the Pricing Certificate.

#### SECTION 4. DELEGATION TO PRICING OFFICER.

(a) As authorized by Chapter 1207 and Section 1371.053, Texas Government Code, the City Manager and the City's Finance Director, are each hereby authorized to act on behalf of the City in selling and delivering the Bonds (of which officers, the officer executing a Pricing Certificate shall be hereinafter referred to as, and shall for all purposes be, the "Pricing Officer" with respect to such series) in one or more series, and, in addition to any other authorization provided in this Ordinance, each Pricing Officer is authorized to determine: (i) the amount of the Refunded Obligations that shall be refunded by a series of Bonds; (ii) the Bond Date of a series of Bonds and any additional or different designation or title by which a series of Bonds shall be known; (iii) the date that interest shall begin to accrue on a series of Bonds; (iv) the identity of the purchaser or purchasers of a series of Bonds and the terms under which a series of Bonds shall be sold including the price at which the Bonds will be sold; (v) the years in which the Bonds of a series will mature and the principal amount to mature in each of such years; (vi) the rate of interest to be borne by each such maturity; (vii) the interest payment and record dates, the price and terms, if any, upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the City, as well as any mandatory sinking fund redemption provisions; (viii) whether the Bonds of a series shall be issued on a tax-exempt basis or on a taxable basis and whether Bonds issued as tax-exempt obligations shall be designated as "qualified tax-exempt obligations" as defined in section 265(b)(3) of the Internal Revenue Code of 1986, as amended; (ix) whether the types of securities and obligations that may be used as Government Obligations for a series shall be limited; (x) whether to obtain a policy of bond insurance from a Bond Insurer if bond insurance is deemed beneficial to the City to achieve the objectives of the refunding; and (xi) all other matters relating to the issuance, sale, and delivery of the Bonds and the refunding of the Refunded Obligations, including without limitation establishing the redemption date for and effecting the redemption of the Refunded Obligations. All of the determinations specified above shall be set forth in a Pricing Certificate.

(b) Notwithstanding anything in this Section 4 to the contrary, the authority of each Pricing Officer shall be governed by the following requirements:

- (i) the aggregate original principal amount of all Bonds issued pursuant to this Ordinance shall not exceed \$55,500,000;
- (ii) no Bond shall bear interest at a rate that exceeds the maximum rate provided by State law;
- (iii) the refunding of the Refunded Bonds must produce present value debt service savings of at least 3.000%, net of any Issuer contribution;
- (iv) the maximum maturity for a series of Bonds shall not extend beyond March 1, 2044; and
- (v) the delegation made hereby shall expire if not exercised by the Pricing Officer through execution of the Pricing Certificate on or prior to the date that is six months after the adoption of this Ordinance by the City Council.

(c) In establishing the aggregate principal amount of a series of Bonds, the Pricing Officer shall establish an amount not exceeding the amount authorized in Subsection (b) hereof, which shall be sufficient in amount to provide for the purposes for which the Bonds are authorized and to pay costs of issuing the Bonds. The Bonds may be sold by public offering (either through a negotiated or competitive offering) or by private placement. If the Bonds are sold by private placement, the Pricing Certificate shall so state, and the Pricing Certificate may make changes to this Ordinance to effect such private placement, including the provisions hereof that pertain to the book-entry-only procedures (including eliminating the book-entry-only system of registrations, payment and transfers) and to the provisions of Section 36 hereof relating to the Rule 15c2-12 undertaking pertaining to the applicable series of Bonds (including eliminating or replacing such undertaking with an agreement to provide alternative disclosure information).

(d) In furtherance of authority granted by Section 1207.007(b), Texas Government Code, the Pricing Officer is further authorized to enter into and execute on behalf of the City with a financial institution that is authorized to serve as an escrow agent for all or part of the Refunded Obligations, an escrow agreement (the "Escrow Agreement"), if, in the judgment of the Pricing Officer such an agreement is required in connection with the refunding or all or part of the Refunded Obligations. The form of the Escrow Agreement shall be approved by the Pricing Officer to provide for the payment of the applicable Refunded Obligations. In addition, the Pricing Officer is authorized to purchase such securities with proceeds of the Bonds, to execute such subscriptions for the purchase of the United States Treasury Securities, State and Local Government Series or to purchase other securities authorized by State law in the open market, and to transfer and deposit such cash from available funds, as may be necessary or appropriate for the escrow fund described in the Escrow Agreement.

(e) In satisfaction of Section 1201.022(a)(3)(B), Texas Government Code, the Council hereby determines that the delegation of the authority to the Pricing Officer to approve the final terms of the Bonds set forth in this Ordinance is, and the decisions made by the Pricing Officer pursuant to such delegated authority and incorporated into the Pricing Certificate will be, in the City's best interests, and the Pricing Officer is hereby authorized to make and include in the Pricing Certificate a finding to that effect.

## SECTION 5. CHARACTERISTICS OF THE BONDS.

(a) Registration. The City shall keep or cause to be kept at the corporate trust office of Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar"), books or records for the registration of the transfer, conversion and exchange of the Bonds of a series (the "Registration Books"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided within three days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each Owner to notify the

Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The City shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The City shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

(b) Transfer, Conversion and Exchange. Except as provided in Section 7(a) of this Ordinance, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein. Pursuant to Chapter 1201, Government Code, as amended, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Bond, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds that initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General and registered by the Comptroller of Public Accounts.

(c) Payment of Bonds and Interest. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the applicable series of Bonds, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(d) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Owners thereof, (ii) shall be in the denominations, (iii) may be converted and exchanged for other Bonds, (iv) may be transferred and assigned, (v) shall have the characteristics, (vi) shall be signed, sealed, (duly

impressed, or placed in facsimile), executed (by manual or facsimile signature of the Mayor and City Secretary of the City (or in the Mayor's absence, of the Mayor Pro Tem)) and authenticated, (vii) shall be payable, (viii) may and shall be redeemed prior to their scheduled maturities, and (ix) shall be administered and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Ordinance (as modified in a Pricing Certificate). The Bond initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

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

SECTION 6. CITY TO MAINTAIN A PAYING AGENT/REGISTRAR FOR THE BONDS. The City covenants with the Owners of the Bonds that at all times while the Bonds are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 50 days written notice to the Paying Agent/Registrar, to be effective not later than 45 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

## SECTION 7. AUTHENTICATION OF BONDS; INITIAL BOND.

(a) Authentication. Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Ordinance, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered on the closing date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Ordinance, manually executed by the Comptroller of Public Accounts of the State or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State and that it is a valid and binding obligation of the City, and has been registered by the Comptroller.

(b) Cancellation of Initial Bond. On the closing date, one initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the purchaser designated in the Pricing Certificate or its designee, executed by manual or facsimile signature of the Mayor (or in the Mayor's absence, of the Mayor Pro Tem) and City Secretary of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State, will be delivered to such purchaser or its designee. Upon payment for the initial Bond, the Paying Agent/Registrar shall cancel the initial Bond and deliver to the Depository Trust Company on behalf of such purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all of the Bonds for such maturity. To the extent that the Paying Agent/Registrar is eligible to participate in DTC's FAST System, pursuant to an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

## SECTION 8. BOOK-ENTRY ONLY SYSTEM.

(a) Depository Trust Company. The Bonds issued in exchange for the Bond initially issued to the initial purchaser specified herein shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and except as provided in subsection (b) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC

Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner of Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than an Owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the Owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the City to make payments of principal and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the Owner at the close of business on the Record date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

The previous execution and delivery of the Blanket Letter of Representations with respect to obligations of the City is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Bonds.

(b) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the representations letter of the City to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate certificated Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

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

SECTION 9. FORM OF BONDS. The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State to be attached to the Bonds initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance, and with the Bonds to be completed with information set forth in the Pricing Certificate. The Form of Bond shall be completed with information set forth in the Pricing Certificate and shall be attached to the Pricing Certificate as an exhibit thereto.

(a) [Form of Bond]

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS CITY OF GARLAND, TEXAS WATER AND SEWER SYSTEM REVENUE REFUNDING BOND [TAXABLE] SERIES 2024	PRINCIPAL AMOUNT \$
INTEREST RATE	INITIAL DELIVERY DATE OF BONDS	MATURITY DATE
_____	_____, 2024	March 1, _____
		CUSIP NO. _____

OWNER:

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

ON THE MATURITY DATE specified above, the City of Garland, in Dallas, Collin and Rockwall Counties, Texas (the "City"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Owner specified above, or registered assigns (hereinafter called the "Owner"), on the Maturity Date specified above, the Principal Amount specified above. The City promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Initial Delivery Date of Bonds set forth above at the Interest Rate per annum specified above. Interest is payable on \_\_\_\_\_ and semiannually on each \_\_\_\_\_ and \_\_\_\_\_ thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except, if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Owner hereof upon presentation and surrender of this Bond at maturity, or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of Zions Bancorporation, National Association, Amegy Bank Division, in Houston, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the ordinance authorizing the issuance of this Bond (the "Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Owner hereof, at its address as it appeared on the fifteenth day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the Owner upon presentation and surrender of this Bond for payment or redemption at the principal corporate trust office of the Paying Agent/Registrar. The City covenants with the Owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Bond Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for any payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not such a Saturday, Sunday, legal holiday or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of a series of Bonds dated \_\_\_\_\_ (the "Bond Date") of like designation and tenor, except as to number, interest rate, denomination, and maturity issued pursuant to the ordinance adopted by the governing body of the City (herein referred to as the

"Ordinance") in the original aggregate principal amount of \$55,500,000 for the purpose of refunding certain outstanding obligations payable from revenues of the City's Water and Sewer System and paying costs of issuance, all under and in strict conformity with the Constitution and laws of the State of Texas, including Texas Government Code, Chapters 1207 and 1371, as amended, and the Ordinance.

[THE BONDS OF THIS SERIES maturing on \_\_\_\_\_ in the years \_\_\_\_\_ are subject to mandatory redemption prior to maturity in part at random, by lot or other customary method selected by the Paying Agent/Registrar, at par plus accrued interest to the redemption date, and without premium, with funds on deposit in the Interest and Sinking Fund. Such Bonds shall be redeemed by the Paying Agent/Registrar on \_\_\_\_\_ in each of the years and in the principal amounts, respectively, as are set forth in the following schedule:

Bonds Maturing		Bonds Maturing		Bonds Maturing	
_____,		_____,		_____,	
Year	Principal Amount	Year	Principal Amount	Year	Principal Amount

<sup>(1)</sup> Final maturity of Bond.

The principal amount of the Bonds required to be redeemed pursuant to the operation of such mandatory sinking fund shall be reduced by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been purchased by the City and delivered to the Paying Agent/Registrar for cancellation or (ii) redeemed pursuant to the optional redemption provision described below and not theretofore credited against a mandatory sinking fund requirement.]

[IN ADDITION TO THE FOREGOING MANDATORY REDEMPTION, the Bonds of this series maturing on and after \_\_\_\_\_ may be redeemed prior to their scheduled maturities on any date on or after \_\_\_\_\_, at the option of the City, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the City (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.]

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption, to the Owner of each Bond to be redeemed at its address as it appeared on the 45th day prior to such redemption date; provided, however, that the failure of the Owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity

or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof that are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Bonds or portions thereof that are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Owner upon the surrender thereof for cancellation, at the expense of the City, all as provided in the Ordinance.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Ordinance, this Bond may, at the request of the Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the City. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the City, resigns, or otherwise ceases to act as such, the City has covenanted in the Ordinance that it promptly will

appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Owners of the Bonds.

THE BONDS CONSTITUTE SPECIAL OBLIGATIONS of the City and, together with currently outstanding Bonds Similarly Secured (as defined in the Ordinance) and any Additional Bonds (as defined in the Ordinance), if issued, are payable solely from and equally secured by a first lien on and pledge of the Net Revenues of the System. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the System, except with respect to the Net Revenues.

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 EXPRESSLY RESERVES THE RIGHT to issue Additional Bonds in all things on a parity with the Bonds, payable solely from and equally secured by the same lien on and pledge of the Net Revenues of the System as the Bonds; provided, however, that any and all such Additional Bonds may be so issued only in accordance with and subject to the covenants, conditions, limitations and restrictions relating thereto which are set out and contained in the Ordinance, to which reference is hereby made for more complete and full particulars.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of the Bonds to render the same lawful and valid have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas and the Ordinance; that the Bonds do not exceed any constitutional or statutory limitation; and that provision has been made for the payment of the principal of and interest on the Bonds by irrevocably pledging the Net Revenues of the System, as herein above recited.

REFERENCE IS HEREBY MADE TO THE ORDINANCE, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Owner of this Bond by the acceptance hereof hereby assents, for (1) definitions of terms; (2) the description of and the nature and extent of the security for the payment of the Bonds; (3) the properties constituting the System; (4) the Net Revenues pledged to the payment of the principal of and interest on the Bonds; (5) the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; (6) the terms and conditions for the issuance of additional revenue obligations; (7) the terms and conditions relating to the transfer or exchange of this Bond; (8) the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Owners; (9) the rights, duties, and obligations of the City and the Paying Agent/Registrar; (10) the terms and provisions upon which the liens, pledges, charges, and covenants made therein may be discharged at or prior to the maturity of this Bond, and this Bond deemed to be no longer Outstanding thereunder; and (11) for the other terms and provisions contained therein. Capitalized terms used herein have the same meanings assigned in the Ordinance.

THIS BOND, subject to certain limitations contained in the Ordinance, may be transferred on the Registration Books only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the Owner hereof, or his duly authorized agent. When a transfer on the Registration Books occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

THE CITY AND THE PAYING AGENT/REGISTRAR, and any agent of either, shall treat the Owner whose name appears on the Registration Books (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal hereof at its Stated Maturity, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary.

IN CASE ANY PROVISION IN THIS BOND or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. This Bond shall be construed in accordance with and shall be governed by the laws of the State of Texas.

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

\_\_\_\_\_  
(signature)  
City Secretary

\_\_\_\_\_  
(signature)  
Mayor

(SEAL)

(b) [Form of Paying Agent/Registrar's Authentication Certificate]

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE  
(To be executed if this Bond is not accompanied by an executed Registration  
Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Ordinance described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a Bond, Bonds, or a portion of a Bond or Bonds of a series that originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

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

ZIONS BANCORPORATION, NATIONAL  
ASSOCIATION, Houston, Texas  
Paying Agent/Registrar

By: \_\_\_\_\_  
Authorized Representative

(c) [Form of Assignment]

### ASSIGNMENT

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

\_\_\_\_\_  
Please insert Social Security or Taxpayer Identification Number of Transferee:

\_\_\_\_\_  
Please print or typewrite name and address, including zip code of Transferee:

\_\_\_\_\_  
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to register the transfer of the within 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 eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

\_\_\_\_\_  
NOTICE: The signature above must correspond with the name of the Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

(d) [Form of Registration Certificate of the Comptroller of Public Accounts]

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER 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

(COMPTROLLER'S SEAL)

(e) [Initial Bond Insertions]

(i) The initial Bond shall be in the form set forth in paragraph (a) of this Section, except that:

A. immediately under the name of the Bond, the headings "Interest Rate" and "Maturity Date" shall both be completed with the words "As shown below" and "CUSIP No. \_\_\_\_\_" shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"THE CITY OF GARLAND, TEXAS, in Dallas, Collin and Rockwall Counties, Texas (the "City"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Owner specified above, or registered assigns (hereinafter called the "Owner"), on \_\_\_\_\_ in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments (\$)</u>	<u>Interest Rates (%)</u>
--------------	------------------------------------	---------------------------

(Information from Pricing Certificate to be inserted)

The City promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Date of Initial Delivery shown above, at the respective Interest Rate per annum specified above. Interest is payable on \_\_\_\_\_, and on each \_\_\_\_\_ and \_\_\_\_\_ thereafter to the date of payment of the principal installment specified above, or the date of redemption prior to maturity; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

C. The Initial Bond shall be numbered "T-1."

SECTION 10. DEFINITIONS. In addition to such other terms defined elsewhere in this Ordinance, for all purposes of this Ordinance and in particular for clarity with respect to the issuance of the Bonds and the pledge and appropriation of revenues therefor, the following definitions are provided:

(a) The term "Additional Bonds" shall mean the additional parity revenue obligations

authorized to be issued in accordance with the terms and conditions prescribed in Section 20 hereof.

(b) The term "Annual Debt Service Requirements" shall mean, for any Fiscal Year, the principal of and interest on all Bonds Similarly Secured coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default by the City on such Debt, or be payable in respect of any required purchase of such Debt by the City) in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the City:

(i) Committed Take Out. If the City has entered into a Credit Agreement constituting a binding commitment within normal commercial practice to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made) or to purchase any of its Funded Debt at any date on which such Debt is subject to required purchase, all under arrangements whereby the City's obligation to repay the amounts advanced for such discharge or purchase constitutes Funded Debt, then the portion of the Funded Debt committed to be discharged or purchased shall be excluded from such calculation and the principal of and interest on the Funded Debt incurred for such discharging or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added;

(ii) Balloon Debt. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the City) in any Fiscal Year either is equal to at least 25% of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein as "Balloon Debt"), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;

(iii) Consent Sinking Fund. In the case of Balloon Debt (as defined in clause (ii) above), if the City Manager or the Finance Director or a designee of either shall deliver to the City a certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of

retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (iii) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule; and provided further that this clause (iii) shall not apply where the City has elected to apply the rule set forth in clause (ii) above;

(iv) Prepaid Debt. Principal of and interest on Bonds Similarly Secured, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Debt;

(v) Variable Rate.

(1) Except as hereinafter provided in this subparagraph, the rate of interest on Variable Rate Obligations then proposed to be issued shall be deemed to be the average for the then immediately preceding five (5) years of the SIFMA Index, plus twenty (20) basis points; provided, however, that (i) if, after the issuance of the Variable Rate Obligations then proposed to be issued, more than 20% of the aggregate of the Bonds Similarly Secured Outstanding will bear interest at a variable rate and (ii) any Bond Similarly Secured is then insured by a Bond Insurer, the rate of interest on Variable Rate Obligations then proposed to be issued shall be deemed to be the greater of (x) the most recently announced thirty (30) year Revenue Bond Index published by The Bond Buyer, a financial journal published, as of the date the Ordinance was adopted, in the City of New York, New York, (y) the rate of interest then borne by any Variable Rate Obligations then Outstanding, or (z) 1.25 times the average variable rate borne by any Variable Rate Obligations then Outstanding during the then immediately preceding twelve month period; and

(2) Except as hereinafter provided in this subparagraph, the rate of interest on Variable Rate Obligations outstanding at the time of such calculation shall be deemed to be the lesser of (i) the then current per annum rate of interest borne by such Variable Rate Obligations or (ii) the average per annum rate of interest borne by such Variable Rate Obligations during the then immediately preceding twelve-month period; provided, however, that for any period during which (a) more than 20% of the aggregate of the Bonds Similarly Secured then Outstanding bear interest at a variable rate and (b) any Bond Similarly Secured is then insured by a Bond Insurer, the rate of interest on such Variable Rate Obligations shall be the greater of (x)

the most recently announced 30-year Revenue Bond Index published by The Bond Buyer, a financial journal published, as of the date the Ordinance was adopted, in the City of New York, New York, (y) the rate of interest then in effect with respect to such Variable Rate Obligations in accordance with their terms, or (z) 1.25 times the average variable rate borne by such Variable Rate Obligations during the then immediately preceding twelve month period;

(vi) Guarantee. In the case of any guarantee, as described in clause (ii) of the definition of Debt, no obligation will be counted if the City does not anticipate in its annual budget that it will make any payments on the guarantee. If however, the City is making payments on a guarantee or anticipates doing so in its annual budget, such obligation shall be treated as Bonds Similarly Secured and calculations of Annual Debt Service Requirements with respect to such guarantee shall be made assuming that the City will make all additional payments due under the guaranteed obligation. If the entity whose obligation is guaranteed cures all defaults and the City no longer anticipates making payments under the guarantee, the guaranteed obligations shall not be included in the calculation of Annual Debt Service Requirements;

(vii) Commercial Paper. With respect to any Bonds Similarly Secured issued in the form of commercial paper with maturities not exceeding 270 days, the interest on such Bonds Similarly Secured shall be calculated in the manner provided in clause (v) of this definition and the maturity schedule shall be calculated in the manner provided in clause (ii) of this definition; and

(viii) Credit Agreement Payments. If the City has entered into a Credit Agreement in connection with an issue of Debt, payments due under the Credit Agreement (other than payments made by the City in connection with the termination or unwinding of a Credit Agreement), from either the City or the Credit Provider, shall be included in such calculation except to the extent that the payments are already taken into account under (i) through (vii) above and any payments otherwise included above under (i) through (vii) which are to be replaced by payments under a Credit Agreement, from either the City or the Credit Provider, shall be excluded from such calculation.

(c) The term "Bond Date" shall mean the dated ate for a series of Bonds as set forth in a Pricing Certificate.

(d) The term "Bond Insurer" shall mean a company licensed to issue policies of municipal bond insurance in the State.

(e) The term "Bonds" shall mean, collectively, the bonds of all series of Bonds authorized, issued and delivered pursuant to this Ordinance.

(f) The term "Bonds Similarly Secured" shall mean, collectively, the Bonds, the Previously Issued Bonds and any Additional Bonds.

(g) The term "City" shall mean the City of Garland, Texas.

(h) The term "Consultant" shall mean an independent firm, person or corporation recognized as having expertise and with a favorable reputation for special skill and knowledge in the operations and financing of municipal water and sewer facilities and systems similar in size to the System.

(i) The term "Credit Agreement" shall mean, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Bonds Similarly Secured, purchase or sale agreements, interest rate swap agreements, currency exchange agreements, interest rate floor or cap agreements, or commitments or other contracts or agreements authorized, recognized and approved by the City as a Credit Agreement in connection with the authorization, issuance, security, or payment of Bonds Similarly Secured and on a parity therewith.

(j) The term "Credit Facility" shall mean (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that a Rating Agency having an outstanding rating on Bonds Similarly Secured would rate the Bonds Similarly Secured fully insured by a standard policy issued by the issuer in its two highest generic rating categories for such obligations; and (ii) a letter or line of credit issued by any financial institution, provided that a Rating Agency having an outstanding rating on the Bonds Similarly Secured would rate the Bonds Similarly Secured in its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the Bonds Similarly Secured and the interest thereon; and, in any case, no lower than the rating assigned by a Rating Agency to the Bonds Similarly Secured.

(k) The term "Credit Provider" shall mean any bank, financial institution, insurance company, surety bond provider, or other entity which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.

(l) The term "Debt" shall mean, with respect to the System, all:

(i) indebtedness incurred or assumed by the City for borrowed money (including indebtedness arising under Credit Agreements) and all other financing obligations of the City that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet;

(ii) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the City, or that is in effect guaranteed, directly or indirectly, by the City through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose

of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

(iii) all indebtedness secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by the City whether or not the City has assumed or become liable for the payment thereof.

For the purpose of determining the "Debt" of the City, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements prepared by or for the benefit of the City in prior Fiscal Years.

(m) The term "Fiscal Year" shall mean the 12 month period ending September 30th of each year; provided, however, the City may. change the Fiscal Year to another period of not less than 12 calendar months, but in no event may the Fiscal Year be changed more than one time in any three calendar year period.

(n) The term "Funded Debt" shall mean all Bonds Similarly Secured created or assumed by the City that mature by their terms (in the absence of the exercise of any earlier right of demand), or that are renewable at the option of the City to a date, more than one year after the original creation or assumption of such Debt by the City.

(o) The term "Government Obligations", as used herein, shall mean any then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State of Texas.

(p) The term "Maturity" shall mean, when used with respect to any Debt, the date on which the principal of such Debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption, or otherwise.

(q) The term "Net Revenues" shall mean the gross revenues of the System less the expenses of operation and maintenance, including all salaries, labor, materials, repairs and extensions necessary to render efficient service, provided, however, that only such repairs and extensions as in the judgment of the Council, reasonably and fairly exercised are necessary to keep the System in operation and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair the security of any obligations payable from and secured by a lien on the net revenues of the System shall be deducted in determining "Net Revenues." Depreciation shall not be considered an

operation or maintenance expense of the System.

(r) The term "New Series 2018 Bonds" shall mean the "City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, New Series 2018", dated May 15, 2018.

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

(i) those Bonds or Bonds Similarly Secured theretofore cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(ii) those Bonds or Bonds Similarly Secured for which payment has been duly provided by the City in accordance with the provisions of Section 29 hereof by the irrevocable deposit with the Paying Agent/Registrar of money or Government Obligations, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds or Bonds Similarly Secured are to be redeemed, notice of redemption thereof shall have been duly given pursuant to the ordinance authorizing the issuance of such Bonds or Bonds Similarly Secured or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived; and

(iii) those Bonds or Bonds Similarly Secured that have been mutilated, destroyed, lost or stolen and for which replacement bonds have been registered and delivered in lieu thereof.

(t) The term "Owner," with respect to any Bond shall mean the person in whose name such Bond is registered on the register kept by the Paying Agent/Registrar.

(u) The term "Paying Agent/Registrar" shall mean the person or entity designated as such pursuant to Section 5(a) of this Ordinance.

(v) The term "Previously Issued Bonds" shall mean:

(i) "City of Garland, Texas, Water and Sewer System Revenue Refunding and Improvement Bonds, New Series 2014," dated June 1, 2014;

(ii) "City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, New Series 2016", dated November 15, 2016;

(iii) "City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, New Series 2017", dated May 15, 2017;

(iv) "City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, New Series 2018", dated May 15, 2018;

(v) "City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, New Series 2018A", dated December 1, 2018;

(vi) "City of Garland, Texas, Water and Sewer System Revenue Bonds, New Series 2019", dated June 1, 2019;

(vii) "City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, New Series 2019A", dated December 1, 2019;

(viii) "City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, New Series 2021", dated January 15, 2021;

(ix) "City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, New Series 2022", dated May 1, 2022; and

(x) "City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, New Series 2023", dated May 1, 2023.

(w) The term "Stated Maturity" shall mean, when used with respect to any Debt or any installment of interest thereon, any date specified in the instrument evidencing or authorizing such Debt or such installment of interest as a fixed date on which the principal of such Debt or any installment thereof or the fixed date on which such installment of interest is due and payable.

(x) The term "System" shall mean the City's combined Water and Sewer System, including all present and future extensions, additions, replacements and improvements thereto.

(y) The term "Tax-Exempt Bonds" shall mean any Bond, the interest on which is excludable from gross income for federal income tax purposes.

(z) The term "Taxable Bonds" shall mean any Bond, the interest on which is includable in gross income for federal income tax purposes.

(aa) The term "Term of Issue" shall mean, with respect to any Balloon Debt, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or (ii) twenty-five (25) years.

(bb) The term "Variable Rate Obligations" shall mean Bonds Similarly Secured that bear interest at a rate per annum which is subject to adjustment so that the actual rate of interest is not ascertainable at the time such Bonds Similarly Secured are issued; provided, however, that upon the conversion of the rate of interest on a Variable Rate Obligation to a fixed rate of interest (whether or not the interest rate thereon is subject to conversion back to a variable rate of interest), such Bond Similarly Secured shall not be treated as a "Variable Rate Obligation" for so long as such Bond Similarly Secured bears interest at a fixed rate.

The City reserves the right to establish accounts within the Bond Fund for the payment of

obligations, including specifically obligations incurred under a Credit Agreement, that is declared to be Bonds Similarly Secured in the ordinance authorizing the execution of such Credit Agreement.

SECTION 11. PLEDGE OF REVENUES. The City hereby covenants and agrees that the Net Revenues of the System, with the exception of those in excess of the amounts required for the payment and security of the Outstanding Bonds Similarly Secured, are hereby irrevocably pledged to the payment and security of the Outstanding Bonds Similarly Secured, including the maintenance of the special funds herein created in connection with the issuance of the Bonds, all as hereinafter provided, and it is hereby ordained that the Bonds Similarly Secured, and the interest thereon, shall be equally and ratably secured by a parity first lien on and pledge of the Net Revenues of the System and be valid and binding without any filing or recording except for the filing of this Ordinance in the records of the City.

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

SECTION 12. RATES AND CHARGES. The City hereby covenants and agrees with the Owners of the Bonds that rates and charges for water and sewer services afforded by the System will be established and maintained to provide revenues sufficient at all times to:

- (a) Pay for all operation and maintenance charges of said System;
- (b) Maintain the Bond Fund; and
- (c) Pay all other outstanding indebtedness against said System as and when the same becomes due.

In determining the rates and charges for water and sewer services afforded by the System, the City can take into account funds transferred from any rate mitigation fund or account and applied to the items specified in (a), (b) and (c) above.

SECTION 13. FUND DESIGNATIONS. The City hereby covenants and agrees that all revenues derived from the operation of the System shall be kept separate and apart from all other funds of the City, and the following Funds or Accounts shall be created and established in connection with the issuance of the Bonds (to the extent such funds have not previously been created and established) and shall continue to be kept and maintained during the period of time any Bonds Similarly Secured and any Additional Bonds are Outstanding, to wit:

(a) City of Garland, Texas Water and Sewer System Fund, hereinafter called the "System Fund," which Fund is kept and maintained at a depository bank of the City.

(b) City of Garland, Texas Water and Sewer System Interest and Sinking Fund, hereinafter called the "Bond Fund," which Bond Fund is hereby declared to be the combined interest and sinking fund created for the payment of principal of and interest on any Outstanding Bonds Similarly Secured, and the same shall continue to be a single fund for the payment of principal of and interest on such Outstanding Bonds Similarly Secured. The Bond Fund shall be kept and maintained at a City depository, as custodian of the pledged revenues, and moneys deposited therein shall be used solely for the purpose of paying the principal of and interest on the Outstanding Bonds Similarly Secured when and as the same become due and payable.

It is specifically provided, however, that the City may change the custodian of the Bond Fund without impairing the obligation of contract with the Owners of the Bonds, if the new custodian for such Fund is a financial institution with trust powers. In no event shall a change of the custodian of the Bond Fund be considered as a change in the purpose for which such Fund was created and established as provided in this Ordinance, and the City covenants that it will cause such Funds to be timely utilized for the respective purposes for which they were created.

The City reserves the right to establish and maintain additional funds and accounts in connection with payment or support of the Outstanding Bonds Similarly Secured and the money on deposit in any such fund or account on the last day of the Fiscal Year may be used for any lawful purpose related to the Outstanding Bonds Similarly Secured and any proposed obligations which would be Bonds Similarly Secured when issued, including being applied to any Net Revenue calculations associated with Additional Bonds.

SECTION 14. SYSTEM FUND. The City hereby covenants and agrees that all revenues and income of every nature derived and to be derived from the operation of the System shall be deposited from day to day as collected into the System Fund, and the reasonable and proper maintenance and operation expenses of the System shall be paid therefrom. All moneys deposited therein which are not required for the payment of maintenance and operating expenses of the System shall be appropriated and used, first to the payment of any principal, interest or reserve requirements of any Outstanding Bonds Similarly Secured, second to the payment of any principal, interest or reserve requirements of any outstanding obligations payable from and secured by a lien on and pledge of the Net Revenues of the System subordinate to the lien on and pledge of the Net Revenues to any Outstanding Bonds Similarly Secured and third, for any purpose authorized by applicable law.

SECTION 15. BOND FUND. The following provisions shall govern the maintenance and use of the Bond Fund: the City covenants that from the funds in the System Fund, after paying or making provision for the payment of the necessary and reasonable expenses of operation and maintenance of the System, the City shall pay into the Bond Fund during each year in which any of the Bonds Similarly Secured are Outstanding, an amount equal to one hundred percent (100%) of the amount required to meet the principal and interest payments falling due on or before the next maturity date of the Outstanding Bonds Similarly Secured. An amount of moneys in the Bond

Fund sufficient to pay principal and interest next coming due shall be transferred to the Paying Agent/Registrar on or before the principal or interest payment date.

SECTION 16. DEFICIENCIES IN FUNDS. If in any month the City shall, for any reason, fail to pay into the Bond Fund the full amounts above stipulated, amounts equivalent to such deficiencies shall be set apart and paid into said Fund from the first available and unallocated Net Revenues of the System for the following month or months, and such payments shall be in addition to the amounts otherwise required to be paid into said Fund during such month or months.

SECTION 17. EXCESS REVENUES. Any Net Revenues in excess of those required to establish and maintain the special Funds as herein required may be used for any other lawful purpose.

SECTION 18. SECURITY OF FUNDS. All moneys deposited in the Funds referred to in this Ordinance shall be secured in the manner and to the fullest extent required by the laws of the State for the security of public funds, and shall be used only for the purposes permitted by this Ordinance and the ordinances authorizing the issuance of other Bonds Similarly Secured.

SECTION 19. NO ADDITIONAL OBLIGATIONS TO BE ISSUED ON A BASIS SUPERIOR TO THE BOND SIMILARLY SECURED - OBLIGATIONS OF INFERIOR LIEN AND PLEDGE. The City will not hereafter issue any additional obligations or create or issue evidences of indebtedness for any purpose possessing a lien on the Net Revenues of the System superior to that to be possessed by the Bonds Similarly Secured. The City, however, retains the right to create and issue evidences of indebtedness whose lien on and pledge of the Net Revenues of the System shall be subordinate to that possessed by the Bonds Similarly Secured.

SECTION 20. ISSUANCE OF ADDITIONAL BONDS. In addition to the right to issue obligations of inferior lien as authorized by the laws of the State, the City hereby reserves the right to issue additional parity obligations. The Additional Bonds, when issued, shall be payable from and secured by a lien on and pledge of the Net Revenues of the System in the same manner and to the same extent as the Outstanding Bonds Similarly Secured. The Outstanding Bonds Similarly Secured and any Additional Bonds shall in all respects be of equal dignity. The Additional Bonds may be issued in one or more installments, provided, however, that none shall be issued unless and until the following conditions have been met:

(a) A certificate is executed by the Mayor and Finance Director (or other officer of the City having primary responsibility for the financial affairs of the City) to the effect that no default exists in connection with any of the covenants or requirements of the ordinances authorizing the issuance of all then Outstanding Bonds Similarly Secured;

(b) A certificate is executed by the Mayor and Finance Director (or other officer of the City having primary responsibility for the financial affairs of the City) to the effect that the Bond Fund contains the amount then required to be on deposit therein;

(c) A certificate is executed by a certified public accountant to the effect that, in his or her opinion, the Net Revenues of the System either for the last complete Fiscal Year of the City,

or for any 12 consecutive calendar month period ending not more than 90 days prior to the passage of the ordinance authorizing the issuance of such Additional Bonds were, for the calculation period, at least 1.25 times the then current average annual principal and interest requirements for all then Outstanding Bonds Similarly Secured and for the installment or series of Additional Bonds then proposed to be issued and 1.00 times the maximum annual principal and interest requirements for all Outstanding Bonds Similarly Secured after giving effect to the issuance of the Additional Bonds then being issued. However, (i) should the certificate of the accountant certify that the Net Revenues of the System for the period covered thereby were less than required above, and (ii) a change in the rates and charges for water and sewer services afforded by the System became effective at least 60 days prior to the last day of the period covered by the accountant's certificate, and (iii) a Consultant will certify that, had such change in rates and charges been effective for the entire period covered by the accountant's certificate, the Net Revenues of the System covered by the accountant's certificate would have been, in his or her opinion, equal to at least 1.25 times the then current average annual and 1.00 times the maximum annual principal and interest requirements (calculated on a Fiscal Year basis) of the Bonds Similarly Secured after giving effect to the issuance of the proposed Additional Bonds, then, in such event, the coverage specified in the first sentence of this subparagraph (c) shall not be required for the period specified, and such accountant's certificate will be sufficient if accompanied by a Consultant's certificate to the above effect. For purposes of the calculation in this subparagraph (c), Net Revenues as used in this subparagraph (c), shall mean the Net Revenues of the System, but excluding and not deducting any charges or disbursements which under standard accounting practice should be charged to depreciation, betterment or capital expenditures;

(d) The Additional Bonds are scheduled to mature on March 1 or September 1, or both, and the interest thereon is scheduled to be paid on March 1 and September 1, provided, however, if the City issues Variable Rate Obligations, such Variable Rate Obligations may mature and pay interest on such date or dates provided in the ordinance authorizing the issuance of such Variable Rate Obligations;

(e) All calculations of maximum annual debt service requirements made pursuant to this Section shall be made based upon the actual rate of interest to be borne by the Additional Bonds then proposed to be issued.

Bonds Similarly Secured may be refunded (pursuant to any law then available) upon such terms and conditions as the City may deem to be in the best interest of the City and its inhabitants, and if fewer than all such Outstanding Bonds Similarly Secured are refunded, the proposed refunding bonds shall be considered as "Additional Bonds" under the provisions of this Section, and the certificate(s) required in subdivision (c) shall give effect to the issuance of the proposed refunding bonds (and shall not give effect to the Bonds Similarly Secured being refunded following their cancellation or provision being made for their payment).

**SECTION 21. MAINTENANCE AND OPERATION - INSURANCE.** The City covenants and agrees that the System shall be maintained in good condition and operated in an efficient manner and at reasonable cost. So long as any of the Bonds are Outstanding, the City agrees to maintain insurance on the System of a kind, and in an amount not less than, customarily carried by municipal corporations in the State engaged in a similar type of business. Nothing in this

Ordinance shall be construed as requiring the City to expend any funds which are derived from sources other than the operation of the System, but nothing herein shall be construed as preventing the City from doing so.

## SECTION 22. RECORDS - ACCOUNTS - ACCOUNTING REPORTS.

(a) The City hereby covenants and agrees that so long as any of the Bonds remain Outstanding, it will keep and maintain a proper and complete system of records and accounts pertaining to the operation of the System separate and apart from all other records and accounts of the City in accordance with accepted accounting principles prescribed for municipal corporations. The Owner of any Bond or any duly authorized agent or agents of such Owner shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, and to inspect the System and all properties comprising same. The City further agrees that as soon as possible following the close of each Fiscal Year it will cause an audit of such books and accounts to be made by an independent firm of certified public accountants or licensed public accountants.

(b) Expenses incurred in making the audits above referred to are to be regarded as maintenance and operating expenses of the System and paid as such.

SECTION 23. REMEDIES IN EVENT OF DEFAULT. In addition to all the rights and remedies provided by the laws of the State, the City covenants and agrees particularly that in the event the City (a) defaults in payments to be made to the Bond Fund as required by this Ordinance or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, the Owner or Owners of any Bond shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive. Notwithstanding anything in this Ordinance to the contrary, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

## SECTION 24. SPECIAL COVENANTS. The City hereby further covenants as follows:

(a) That it has the lawful power to pledge the revenues supporting this issue of Bonds and has lawfully exercised said power under the Constitution and laws of the State, including said power existing under Texas Government Code, Chapter 1502, as amended, that the Bonds when issued, shall be ratably secured under said pledge of income in such manner that one Bond Similarly Secured shall have no preference over any other Bond Similarly Secured.

(b) That, other than for the payment of the Outstanding Previously Issued Bonds and the Bonds herein authorized, the Net Revenues of the System are not in any manner pledged to the

payment of any debt or obligation of the City or of the System, except on a basis subordinate to that for the Bonds Similarly Secured.

(c) That, as long as any of the Bonds Similarly Secured or any interest thereon remain Outstanding, the City will not sell or encumber the System or any substantial part thereof; provided that this shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the System; also, with the exception of the Additional Bonds expressly permitted by this Ordinance to be issued, it will not encumber the Net Revenues thereof unless such encumbrance is made subordinate to the lien on and pledge of said Net Revenues to any Bonds Similarly Secured.

(d) That no free service of the System shall be allowed, and should the City or any of its agents or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by the City out of funds from sources other than the revenues and income of the System.

(e) At such time as there are no Bonds Similarly Secured issued prior to the issuance of the New Series 2018 Bonds, the City may sell or exchange at any time and from time to time any properties and facilities constituting the System if the City shall have received a certificate executed by the Finance Director stating that the sale or exchange of such property or facilities will not materially adversely affect the financial condition of the City or its ability to satisfy the System's rate covenants. The proceeds of any such sale or exchange shall be used by the City, at the option of the City, (i) to acquire additional System facilities; (ii) to purchase, defease, or redeem System Debt; or (iii) for any other lawful purpose. Additionally, the portion of property comprising personal property or machinery, properties, and equipment which has become obsolete or otherwise unneeded in the operation of the System may be sold or otherwise disposed in any manner deemed appropriate by the City acting through the City Manager, the Finance Director or a designee of either of such City representatives.

(f) To the extent that it legally may, the City further covenants and agrees that, so long as any of the Bonds Similarly Secured, or any interest thereon, are Outstanding, no franchise shall be granted for the installation or operation of any competing water or sewer system other than those owned by the City, and the operation of any such system by anyone other than the City is hereby prohibited.

SECTION 25. BONDS ARE SPECIAL OBLIGATIONS. The Bonds are special obligations of the City payable from the pledged Net Revenues of the System, and the Owners thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

SECTION 26. BONDS ARE NEGOTIABLE INSTRUMENTS. That each of the Bonds shall be deemed and construed to be a "security," and as such a negotiable instrument, within the meaning of Texas Business and Commerce Code, Chapter 8, as amended.

SECTION 27. INVESTMENTS. Moneys in the Bond Fund may at the option of the City be invested or reinvested from time to time in direct obligations of the United States of America, or other obligations permitted by the Texas Public Funds Investment Act, as amended.

SECTION 28. PAYMENT OF BONDS. While any of the Bonds are Outstanding, the Mayor, the Finance Director and the City Secretary, individually or jointly, are hereby authorized to transfer or cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Bond Fund, amounts sufficient to fully pay and discharge promptly each installment of interest on and principal of the Bonds as the same accrue or mature; such transfer of funds to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds on or before the date of payment for the Bonds.

SECTION 29. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Government Obligations that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the revenues herein pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Government Obligations, and thereafter the City will have no further responsibility with respect to amounts available to the Paying Agent/Registrar (or other financial institution permitted by applicable law) for the payment of such Defeased Bonds, including any insufficiency therein caused by the failure of the Paying Agent/Registrar (or other financial institution permitted by applicable law) to receive payment when due on the Government Obligations. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 30(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the City expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the City also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from such Government Obligations received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect

to which such money has been so deposited, shall be turned over to the City, or deposited as directed in writing by the City. Any Future Escrow Agreement pursuant to which the money and/or Government Obligations are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Government Obligations or the substitution of other Government Obligations upon the satisfaction of the requirements specified in subsection 30(a)(i) or (ii). All income from such Government Obligations received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the City or deposited as directed in writing by the City.

(c) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(d) In the event that the City elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

SECTION 30. ORDINANCE A CONTRACT; AMENDMENTS. This Ordinance shall constitute a contract with the Owner of any Bond from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section and in Section 36 hereof. The City, may, without the consent of or notice to any Owners of Bonds, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Owners of any Bond, including the curing of any ambiguity, inconsistency or formal defect or omission herein. In addition, the City may, with the written consent of the Owners of Bonds owning a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to or rescind any of the provisions of this Ordinance; provided that, without the consent of all Owners of Outstanding Bonds affected thereby, no such amendment, addition or rescission shall (a) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (b) give any preference to any Bond over any other Bond or (c) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition or rescission.

SECTION 31. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made by the Owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the Owner applying for a replacement bond shall furnish to the City and to the Paying Agent/Registrar such security or

indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the Owner shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the Owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the Owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the City whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Bonds duly issued under this Ordinance.

(e) Authority for Issuing Replacement Bonds. In accordance with Chapter 1201, Texas Government Code, this Section of this Ordinance shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 5(b) of this Ordinance for Bonds issued in conversion and exchange for other Bonds.

SECTION 32. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION AND ENGAGEMENT; ATTORNEY GENERAL FILING FEE; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED. (a) The Mayor of the City is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State, and their registration by the Comptroller of Public Accounts of the State. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Bond. The approving legal opinion of the City's Bond Counsel and the assigned CUSIP numbers may, at the option of the City, be printed on the Bonds issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the Owners of the Bonds. In addition, if bond insurance is obtained, the Bonds may bear an appropriate legend as provided by the insurer.

(b) The obligation of the initial purchaser to accept delivery of the Bonds is subject to the initial purchaser being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the City, which opinion shall be dated as of and delivered on the date of initial delivery of the Bonds to the initial purchaser. The engagement of such firm as bond counsel to the City in connection with issuance, sale and delivery of the Bonds is hereby approved and confirmed, and the execution and delivery of an engagement letter between the City and such firm, with respect to such services as bond counsel, is hereby authorized in such form as may be approved by the Mayor (or in the absence of the Mayor, the Mayor Pro-tem) of the City and an Authorized Officer (as hereinafter defined) is hereby authorized to execute such engagement letter.

(c) In accordance with the provisions of Section 1202.004, Tex. Gov't Code Ann., in connection with the submission of the Bonds by the Attorney General of Texas for review and approval, a statutory fee (an amount equal to 0.1% principal amount of each series of Bonds, subject to a minimum of \$750 and a maximum of \$9,500) is required to be paid to the Attorney General upon the submission of the transcript of proceedings for the Bonds. The City hereby authorizes and directs that a check in the amount of the Attorney General filing fee for each series of Bonds, made payable to the "Texas Attorney General," be promptly furnished to the City's Bond Counsel, for payment to the Attorney General in connection with his review of the Bonds.

SECTION 33. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE TAX-EXEMPT BONDS. With respect to Bonds that are issued as tax-exempt obligations (as specified in the Pricing Certificate pertaining thereto), the City covenants to refrain from taking any action which would adversely affect, and to take any required action to ensure, the treatment of such as obligations described in Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

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

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

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

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

(e) to refrain from taking any action that would result in the Tax-Exempt Bonds being "federally guaranteed" within the meaning of Section 149(b) of the Code;

(f) to refrain from using any portion of the proceeds of the Tax-Exempt Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in Section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Tax-Exempt Bonds, other than investment property acquired with

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(1) proceeds of the Tax-Exempt Bonds invested for a reasonable temporary period until such proceeds are needed for the purpose for which the Tax-Exempt Bonds are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of Section 1.148-1(b) of the Treasury Regulations, and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Tax-Exempt Bonds;

(g) to otherwise restrict the use of the proceeds of the Tax-Exempt Bonds or amounts treated as proceeds of the Tax-Exempt Bonds, as may be necessary, so that the Tax-Exempt Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

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

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

For the purposes of the foregoing (a) and (b), the City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Tax-Exempt Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Tax-Exempt Bonds, the City will not be required to comply with any covenant

contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Tax-Exempt Bonds under Section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Tax-Exempt Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Tax-Exempt Bonds under Section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor (or in the absence of the Mayor, the Mayor Pro-tem), the City Manager or the Finance Director of the City to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Tax-Exempt Bonds.

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

#### SECTION 34. COVENANTS REGARDING TAXABLE BONDS.

(a) To the extent required by the Code, and the rules and regulations of the United States Department of the Treasury, it shall be the duty of the Paying Agent/Registrar to report to the owners of the Taxable Bonds and the Internal Revenue Service (i) the amount of "reportable payments," if any, subject to back up withholding during each year and the amount of tax withheld, if any, with respect to the payments on the Taxable Bonds and (ii) the amount of interest or amount treated as interest, such as original issue discount, on the Taxable Bonds required to be included in the gross income of the owners thereof for federal income tax purposes.

(b) It is the intention of the Issuer that the Taxable Bonds not be obligations described in section 103 of the Code interest on which is excludable from the gross income of the holders and in that regard the Issuer agrees not to file a form 8038 G, or any comparable information return relating to tax-exempt obligations, with the Internal Revenue Service.

SECTION 35. DISPOSITION OF REFINANCED FACILITIES. The City covenants that the property financed with the proceeds of the Refunded Obligations will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless the City obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

SECTION 36. COMPLIANCE WITH RULE 15c2-12. If the Bonds are sold by private placement, the Pricing Officer may agree to provide for an undertaking in accordance with the

Rule (as defined below) or may agree to provide other public information to the purchaser as may be necessary for the sale of the Bonds on the most favorable terms to the City. If the Bonds are sold by public offering, and are subject to the Rule, the following provisions shall apply:

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports.

(i) The City shall provide annually to the MSRB, in the electronic format prescribed by the MSRB, financial information and operating data (the "Annual Operating Report") with respect to the City of the general type included in Tables 1 through 12 in the final Official Statement authorized by this Ordinance. The City will additionally provide financial statements of the City (the "Financial Statements"), that will be (i) prepared in accordance with the accounting principles described in Appendix B to the final Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in the final Official Statement and (ii) audited, if the City commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The City will update and provide the Annual Operating Report within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2023. The City may provide the Financial Statements earlier, including at the time it provides its Annual Operating Report, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

(ii) If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific

reference to any documents available to the public on the MSRB's internet website or filed with the SEC.

(c) Event Notices. The City shall notify the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor trustee or change in the name of the trustee, if material;
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding item (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental

authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

(d) Limitations, Disclaimers, and Amendments.

(i) The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with this Ordinance or applicable law that causes the Bonds no longer to be outstanding.

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

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

(iv) No default by the City in observing or performing its obligations under this Section shall comprise a breach of or default under the Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

(v) The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an

underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Owners and beneficial owners of the Bonds. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

#### SECTION 37. SALE OF BONDS AND APPROVAL OF OFFICIAL STATEMENT; FURTHER PROCEDURES.

(a) The Bonds shall be sold and delivered subject to the provisions of Section 1 and Section 4 and pursuant to the terms and provisions of a bond purchase agreement, notice of sale and bidding instructions or private placement agreement (collectively, the "Purchase Agreement") which the Pricing Officer is hereby authorized to execute and deliver and in which the purchaser or purchasers (collectively, the "Purchaser") of the Bonds shall be designated. The Bonds shall initially be registered in the name of the purchaser thereof as set forth in the Pricing Certificate.

(b) The Pricing Officer is hereby authorized, in the name and on behalf of the City, to approve, distribute, and deliver a preliminary official statement and a final official statement relating to the Bonds to be used by the Purchaser in the marketing of the Bonds.

(c) The Mayor and Mayor Pro Tem, the City Manager, the City Secretary and the Finance Director of the City (each, an "Authorized Officer") shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the City a Paying Agent/Registrar Agreement with the Paying Agent/Registrar, a commitment for municipal bond insurance, if the Bonds shall be so insured, and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Pricing Certificate, the Bonds, the sale of the Bonds and the Official Statement. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 38. APPROVAL OF ESCROW AGREEMENT AND TRANSFER OF FUNDS. In furtherance of authority granted by Section 1207.007(b), Texas Government Code, and in accordance with Section 4(d) of this Ordinance, an Authorized Officer is further authorized to enter into and execute on behalf of the City with the escrow agent named therein, one or more escrow or similar agreements, which agreement or agreements will provide for the refunding of the Refunded Obligations.

In addition, on or immediately prior to the date of the delivery of the Bonds to the initial purchaser, an Authorized Officer is authorized to transfer and deposit cash from available funds to the paying agent/registrars of the Refunded Obligations, as applicable, if needed, to (i) fund the account described in the escrow or similar agreements as the City's contribution to the refunding of the Refunded Bonds and (ii) accomplish the refunding of the Refunded CP Notes. In addition, an Authorized Officer is authorized to purchase such securities, to execute such subscriptions for the purchase of the securities, if any are required for the defeasance of the Refunded Bonds.

#### SECTION 39. REDEMPTION OF REFUNDED OBLIGATIONS.

(a) Subject to the execution and delivery of the Purchase Agreement with the initial purchaser, the City hereby directs that the Refunded Obligations be called for redemption or otherwise retired on the dates and at the prices set forth in the Pricing Certificate.

(b) The paying agent/registrars for the Refunded Obligations are hereby directed to provide the appropriate notice of redemption as required by the Refunded Obligations (if applicable) and are hereby directed to make appropriate arrangements so that the Refunded Obligations may be redeemed or otherwise retired on the appropriate redemption or maturity date.

(c) If the redemption of the Refunded Obligations results in the partial refunding of any maturity of the Refunded Obligations, the Pricing Officer shall direct the paying agent/registrar for the Refunded Obligations to designate at random and by lot which of the Refunded Obligations will be payable from and secured solely from the Net Revenues of the System pledged pursuant to the ordinance of the City authorizing the issuance of such Refunded Obligations (the "Refunded Bond Ordinance"). For purposes of such determination and designation, all Refunded Obligations registered in denominations greater than \$5,000 shall be considered to be registered in separate \$5,000 denominations. The paying agent/registrar shall notify by first-class mail all Owners of all affected bonds of such maturities that: (i) a portion of such bonds have been refunded and are secured until final maturity solely with cash and investments maintained by the Escrow Agent in the Escrow Fund, (ii) the principal amount of all affected bonds of such maturities registered in the name of such Owner that have been refunded and are payable solely from cash and investments in the Escrow Fund and the remaining principal amount of all affected bonds of such maturities registered in the name of such Owner, if any, have not been refunded and are payable and secured solely from the Net Revenues of the System described in the Refunded Obligation Ordinance, (iii) the Owner is required to submit his or her Refunded Obligations to the paying agent/registrar, for the purposes of re-registering such Owner's bonds and assigning new CUSIP numbers in order to distinguish the source of payment for the principal and interest on such bonds, and (iv) payment of principal of and interest on such bonds may, in some circumstances, be delayed until such bonds have been re-registered and new CUSIP numbers have been assigned as required by (iii) above.

(d) The source of funds for payment of the principal of and interest on the Refunded Obligations on their respective maturity or redemption dates shall be from the funds deposited with the escrow agent for the Refunded Obligations, pursuant to the escrow or similar agreements approved in Section 38 of this Ordinance, or from amounts deposited with the paying agent/registrar for the Refunded Obligations from proceeds of the Bonds, if there is no escrow or similar agreement for one or both series of the Refunded Obligations.

SECTION 40. BENEFITS OF ORDINANCE. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar, and the Owners, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar, and the Owners.

SECTION 41. GOVERNING LAW. This Ordinance shall be construed and enforced in accordance with the laws of the State and the United States of America.

SECTION 42. EFFECT OF HEADINGS. The Section headings herein are for convenience of reference only and shall not affect the construction hereof.

SECTION 43. SEVERABILITY. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance or the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 44. PUBLIC NOTICE. It is hereby officially found and determined that public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

SECTION 45. EFFECTIVE DATE. In accordance with the provisions of V.T.C.A., Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council.

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**GARLAND**  
**CITY COUNCIL STAFF REPORT**

**City Council Work Session**

**4.**

**Meeting Date:** 04/01/2024

**Title:** First Amendment to the Project Specific Agreement with Dallas County for Rowlett Road Cycle Track from Greenbelt Parkway to Lake Ray Hubbard

**Submitted By:** Michael Polocek, Engineering Director

**Strategic Focus Area:** Well-Maintained City Infrastructure  
Safe Community  
Vibrant Neighborhoods and  
Commercial Centers

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**Issue/Summary**

Consideration of a Resolution authorizing the City Manager to enter into and execute a First Amendment to the Project Specific Agreement (PSA) with Dallas County for increased participation in the design and construction of the Rowlett Road Cycle Track from Greenbelt Parkway to Lake Ray Hubbard.

**Background**

1. The City of Garland (City) and Dallas County (County) entered into a Master Agreement Governing Major Capital Improvement Program ("Master Agreement") on May 18, 2021, by Commissioners Court Order 2021-0494 for the purpose of transportation improvements on roads inside Dallas County.
2. The City and County entered into a subsequent Project Specific Agreement on November 2, 2021, by Commissioners Court Order 2021-1173, for the purpose of constructing transportation improvements to the Rowlett Road Multimodal Connection MCIP Project 12706, from Greenbelt Parkway to Lake Ray Hubbard. The City of Garland agreed to provide funding for this project in the amount of Eight Hundred Ninety-Five Thousand Six Hundred Fifty-One Dollars and no cents (\$895,651.00).
3. The First Amendment to the PSA provides funds for the additional amount needed to cover costs associated with material and labor market adjustments and construction methods per the latest Opinion of Probable Construction Cost (OPCC) provided by Dallas County.
4. The total project revised cost is estimated to be Ten Million, Four Hundred Seventy-Two Thousand, Thirty Dollars and no cents (\$10,472,030.00). TxDOT's total obligation to this Project is to provide funding in the amount not to exceed Four Million, One Hundred Seventy-Nine Thousand, Seven Hundred Five Dollars and no cents (\$4,179,705.00). The County's total obligation to this Project is to provide funding in the amount not to exceed Four Million, Five Hundred Ninety-Six Thousand, Six Hundred Seventy-Four Dollars and no cents (\$4,596,674.00). The City agrees to provide funding for the Project in the amount not to exceed One Million, Six Hundred Ninety-Five Thousand, Six Hundred Fifty-One Dollars and no cents (\$1,695,651.00).
5. The following is a table of final cost share amounts, along with the original amounts:

Agency	Total project cost based on the original PSA	Total project cost based on the First Amendment to PSA
TxDOT (TA Set-Aside)	\$4,179,705.00	\$4,179,705.00
Dallas County	\$1,988,468.00	\$4,596,674.00
City of Garland	\$895,651.00	\$1,695,651.00
<b>Total</b>	<b>\$7,063,824.00</b>	<b>\$10,472,030.00</b>

**Consideration / Recommendation**

Staff recommends the City Council adopt a resolution authorizing the City Manager to execute the First Amendment to the PSA with Dallas County. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the April 16, 2024, Regular Meeting.

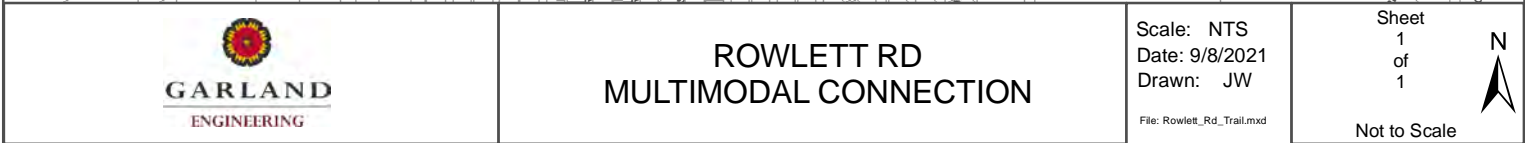
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**Attachments**

Location Map

Proposed First Amendment to PSA

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**FIRST AMENDMENT  
TO THE PROJECT SPECIFIC AGREEMENT  
MADE PURSUANT TO THE MASTER AGREEMENT GOVERNING  
MAJOR CAPITAL IMPROVEMENT PROGRAM**

This First Amendment to the Project Specific Agreement (“First Amendment”) is entered into this        day of        2024 to amend the Project Specific Agreement (“PSA”) between the City of Garland, Texas, ("City"), and the County of Dallas, Texas, ("County"), for the purpose of constructing transportation improvements to the Rowlett Road Multimodal Connection Major Capital Improvement Program (“MCIP”) Project 12706 from Duck Creek Trail at Greenbelt Parkway to Garland East City Limits (“Project”).

**WHEREAS**, the City and County entered into a Master Agreement Governing Major Capital Improvement Program (“Master Agreement”) on May 18, 2021, by Commissioners Court Order 2021-0494 for the purpose of transportation improvements on roads inside Dallas County;

**WHEREAS**, the County has requested that it be designated as the Lead Agency for the Project and will provide the Project Manager;

**WHEREAS**, the County entered into an Advance Funding Agreement on August 17, 2021, by Commissioners Court Order 2021-0824 with the State of Texas by and through the Texas Department of Transportation, (“TxDOT”) for TxDOT to provide funding in the amount of Four Million, One Hundred Seventy-Nine Thousand, Seven Hundred Five Dollars and no cent (\$4,179,705.00) for the construction of Rowlett Road Multimodal Connection Project;

**WHEREAS**, the County entered into a Project Specific Agreement between City of Garland and Dallas County on November 2, 2021, by Commissioners Court Order 2021-1173 for the purpose of constructing transportation improvements to the Rowlett Road Multimodal Connection MCIP Project 12706, from Duck Creek Trail at Greenbelt Parkway to Garland East City Limits; and

**WHEREAS**, Chapter 791 of The Texas Government Code and Chapters 251 and 472 of the Texas Transportation Code provide authorization for local governments to contract with each other for the performance of governmental functions and services, as well as joint funding of road construction or improvements of road or street projects.

**NOW THEREFORE**, this First Amendment is made by and entered into by the City and the County for the mutual consideration stated herein:

**I. PURPOSE:**

The additional amount needed for the Project will cover costs associated with material and labor market adjustments and construction methods. Proposed improvements will include paving, pavement striping, sidewalk, and other associated items. City and County both mutually agree to amend said PSA in accordance with the terms of the existing agreements, except as modified below.

## II. AMENDED PROVISIONS:

A. Article III, “Incorporated Documents” of the PSA shall be amended by deleting and replacing the language with the following:

This First Amendment incorporates, as if fully reproduced herein word for word and number for number, the following items:

1. Master Agreement authorized by County Commissioners Court Order 2021-0494 dated May 18, 2021, and additions thereto are incorporated herein by reference.
2. Current Cost Estimates and Funding Sources, as shown in Attachment “B-1,” which is attached hereto and incorporated herein by reference.

B. Article VI, “Agreements,” IV. “Funding” of the PSA shall be amended by deleting and replacing the language with the following:

1. Notwithstanding any provision in the Master Agreement, the PSA, this First Amendment, and any subsequent amendment thereto, or any other agreement between the parties regarding this Project, the total Project cost is estimated to be Ten Million, Four Hundred Seventy- Two Thousand, Thirty Dollars and no cents (\$10,472,030.00).
2. TxDOT’s total obligation to this Project is to provide funding in the amount not to exceed Four Million, One Hundred Seventy-Nine Thousand, Seven Hundred Five Dollars and no cents (\$4,179,705.00).
3. The County’s total obligation to this Project is to provide funding in the amount not to exceed Four Million, Five Hundred Ninety-Six Thousand, Six Hundred Seventy-Four Dollars and no cents (\$4,596,674.00), reduced by the County’s share of in-house project delivery costs. The County’s in-house project delivery costs are estimated at Five Hundred Eight Thousand, Two Hundred Six Dollars and no cents (\$508,206.00).
4. The City agrees to provide funding for the Project in the amount not to exceed One Million, Six Hundred Ninety-Five Thousand, Six Hundred Fifty-One Dollars and no cents (\$1,695,651.00).

C. Article VII, “Miscellaneous,” IV. “Notice” of the PSA shall be amended by deleting in its entirety and replacing it with the following:

Notice. Any notice provided for in this PSA to be given by either party to the other, shall be required to be in writing and shall be deemed given when personally delivered, or two (2) business days after being deposited in the United States Mail, postage prepaid, by certified mail, return receipt requested; or by registered mail; and addressed as follows:

To County: County of Dallas  
Ms. Alberta L. Blair, P.E.  
Director of Public Works  
Dallas County Records Building  
500 Elm Street, Suite 5300  
Dallas County, Texas 75202

To City: City of Garland  
Program Manager Public Works  
200 N. Fifty Street  
Garland, Texas 75046

Either party may change its address for notice by giving the other party notice thereof.

### **III. EFFECT OF AMENDMENT**

This First Amendment shall not change or waive any contractual provisions, clauses or conditions of the original PSA, unless otherwise provided for herein. In the event of any conflict between the original PSA, and this First Amendment to the PSA, this First Amendment to the PSA shall control. The original PSA, including any and all incorporated or referenced documents and any and all exhibits, attachments and amendments that by their terms have been incorporated into any of the foregoing documents, are collectively referred to herein as the PSA. All provisions of the PSA shall remain in full force and effect throughout the term of the PSA and any duly authorized amendments or extensions, including this First Amendment.

*(the remainder of this page intentionally left blank)*

The City of Garland, State of Texas, has executed this First Amendment pursuant to duly authorized City Council Resolution \_\_\_\_\_, minutes \_\_\_\_\_ dated the \_\_\_\_ day of \_\_\_\_\_, 2024.

The County of Dallas, State of Texas, has executed this First Amendment pursuant to Commissioners Court Order Number \_\_\_\_\_ and passed on the \_\_\_\_ day of \_\_\_\_\_, 2024.

**CITY OF GARLAND**

**COUNTY OF DALLAS**

By: \_\_\_\_\_  
Judson Rex, City Manager

\_\_\_\_\_  
Clay Lewis Jenkins,  
Dallas County Judge

ATTEST:

APPROVED AS TO FORM\*:  
John Creuzot  
District Attorney

By: \_\_\_\_\_  
Rene' Dowl, City Secretary

By: \_\_\_\_\_  
Cortney Parker  
Assistant District Attorney

\*By law, the District Attorney's Office may only advise or approve contracts or legal documents on behalf of its clients. It may not advise or approve a contract or legal document on behalf of other parties. Our review of this document was conducted solely from the legal perspective of our client. Our approval of this document was offered solely for the benefit of our client. Other parties should not rely on this approval, and should seek review and approval by their own respective attorney(s).

# ATTACHMENT B-1

## Dallas County Capital Improvement Program First Amendment to the Project Specific Agreement

### **CURRENT COST ESTIMATES & FUNDING SOURCES**

**Project Name: Rowlett Road Multimodal Connection, MCIP 12706**

Task \ Agency	Agency			
	Dallas County	TxDOT	City of Garland	Task Total
1. Miscellaneous				\$ -
1.1 Contingencies	\$1,250,368.00			<b>\$1,250,368.00</b>
1.2 IHPD	\$508,206.00			<b>\$508,206.00</b>
2. Design	\$800,000.00			<b>\$800,000.00</b>
3. ROW				
4. Professional Services				
4.1 Utilities				
4.2 Lab (Const)	\$100,0000.00			<b>\$100,000.00</b>
4.3 Survey				
5. Construction	\$1,938,100.00	\$4,179,705.00	\$1,695,651.00	<b>\$7,813,456.00</b>
<b>Funding Split Totals</b>	\$4,596,674.00	\$4,179,705.00	\$1,695,651.00	
<b>Total Project Cost</b>				<b>\$10,472,030.00</b>



**GARLAND**  
**CITY COUNCIL STAFF REPORT**

**City Council Work Session**

**5.**

**Meeting Date:** 04/01/2024

**Title:** Introduction of Niels Brown, Real Estate Director

**Submitted By:** Phillip Urrutia, Assistant City Manager

**Strategic Focus Area:** Future-Focused City Organization

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**Issue/Summary**

Introduction of Niels Brown, Real Estate Director

**Background**

Niels Brown first day with the City is April 1, 2024.

**Consideration / Recommendation**

No Action Required

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**GARLAND**  
**CITY COUNCIL STAFF REPORT**

**City Council Work Session**

**6.**

**Meeting Date:** 04/01/2024

**Title:** Audit Committee Meeting Report

**Submitted By:** Jed Johnson, City Auditor

**Strategic Focus Area:** Sound Governance and Finances

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**Issue/Summary**

Deputy Mayor Pro Tem Ed Moore, Chair of the Internal Audit Committee, and Jed Johnson, City Auditor, will provide a committee report on the following items:

- Weaver Presentation
- Municipal Court Compliance Program Update
- Drug and Firearm Disposition Audit

**Background**

This briefing will provide the City Council with updates on the Internal Audit Department's recently completed audits.

**Consideration / Recommendation**

Council Discussion.

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