



“A GREAT PLACE TO LIVE”

**AGENDA
WATAUGA CITY COUNCIL
SPECIAL MEETING
MONDAY, AUGUST 29, 2016
CITY HALL COUNCIL CHAMBER, 7105 WHITLEY ROAD
6:30 P.M.**

COUNCIL MEETING

CALL TO ORDER

INVOCATION

PLEDGE TO THE FLAG

PLEDGE TO THE TEXAS FLAG – *“Honor the Texas Flag: I pledge allegiance to Thee, Texas, one state under God, one and indivisible”*

DISCUSSION AND APPROVAL OF MEETING AGENDA

1. Discussion and action on approval of meeting agenda

CITIZEN’S OPEN FORUM

Individuals requesting to speak during Citizen’s Open Forum will be required to fill out a “REQUEST TO SPEAK FORM” and present it to the City Secretary prior to commencement of the meeting. Speakers are limited to three minutes.

The purpose of this item is to allow citizens an opportunity to address the City Council on issues that are not the subject of a public hearing. Items which require a public hearing will allow citizens or visitors to speak at the time that item is introduced on the agenda. No formal action can be taken by the City Council on items that are not posted on the agenda.

PRESENTATION

1. Statement of Notice on Tax Vote
Hector F. Garcia, Mayor
2. Presentation regarding Birdville Independent School District proposed School Bus Stop Arm Camera Program (*Discussion during New Business Number 1*)
David Jackson, American Traffic Solutions

CONSENT AGENDA

All of the items on the consent agenda are considered to be self-explanatory by the Council and will be enacted with one motion, one second, and one vote. There will be no separate discussion of these items.

1. Approval of Monthly Financial Report – expenses and revenues for all funds from July 1, 2016, through July 31, 2016
Sandra Gibson, Director of Finance and Administration, CGFO
2. Approve reappointment of Mr. Ron Holland to the Planning and Zoning Commission, Place 4
Hector F. Garcia, Mayor
3. Approve reappointment of Mr. Sergio Molina to the Planning and Zoning Commission, Place 6
Hector F. Garcia, Mayor
4. Approve reappointment of Ms. Rachel Pilgrim to the Library Board, Place 2
Hector F. Garcia, Mayor

PUBLIC HEARING

1. Hold a Public Hearing on the proposed budget for the Watauga Parks and Development Corporation for Fiscal Year 2016-2017
Greg Vick, City Manager
Sandra Gibson, Director of Finance and Administration
 - a. Open Public Hearing-allow for staff comments
 - b. Public Comments
 - c. Close Public Hearing
2. Hold a second and final Public Hearing on the proposed tax rate of \$0.618411 per \$100.00 valuation for Fiscal Year 2016-2017
Greg Vick, City Manager
Sandra Gibson, Director of Finance and Administration
 - a. Open Public Hearing-allow for staff comments
 - b. Public Comments
 - c. Close Public Hearing
3. Hold a Public Hearing for citizen input on the proposed City of Watauga Budget for Fiscal Year 2016-2017
Greg Vick, City Manager
Sandra Gibson, Director of Finance and Administration
 - a. Open Public Hearing-allow for staff comments
 - b. Public Comments
 - c. Close Public Hearing

NEW BUSINESS

1. Discussion and possible action on approval of a traffic safety proposal from Birdville Independent School District regarding School Bus Stop Arm Camera Program; and directing the City Manager to move forward in the development of an ordinance and interlocal agreement for participation
Greg Vick, City Manager
Glen Fowler, Police Chief
2. Discussion and possible action on the proposed tax rate of \$0.618411 per \$100.00 valuation for Fiscal Year 2016-2017 discussed during the Public Hearing
Greg Vick, City Manager
Sandra Gibson, Director of Finance and Administration
3. Discussion and possible action authorizing Tarrant County to perform aerial spraying for mosquitos in the City of Watauga once Risk Level 4 is reached, for a fee in an amount not to exceed \$5,028.88
Greg Vick, City Manager
Paul Hackleman, Public Works Director
4. CONSIDERATION AND APPROVAL OF AN ORDINANCE AUTHORIZING THE ISSUANCE OF "CITY OF WATAUGA, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016"; PROVIDING FOR THE PAYMENT OF SAID CERTIFICATES BY THE LEVY OF AN AD VALOREM TAX UPON ALL TAXABLE PROPERTY WITHIN THE CITY AND FURTHER SECURING SAID CERTIFICATES BY A LIEN ON AND PLEDGE OF THE PLEDGED REVENUES OF THE SYSTEM; PROVIDING THE TERMS AND CONDITIONS OF SAID CERTIFICATES AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SAID CERTIFICATES, INCLUDING THE APPROVAL AND DISTRIBUTION OF AN OFFICIAL STATEMENT PERTAINING THERETO; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN OFFICIAL BID FORM; COMPLYING WITH THE REQUIREMENTS OF THE LETTER OF REPRESENTATIONS PREVIOUSLY EXECUTED WITH THE DEPOSITORY TRUST COMPANY; AUTHORIZING THE EXECUTION OF ANY NECESSARY ENGAGEMENT AGREEMENTS WITH THE CITY'S FINANCIAL ADVISORS AND/OR BOND COUNSEL; AND PROVIDING AN EFFECTIVE DATE [CAPTION]
Greg Vick, City Manager
Sandra Gibson, Director of Finance and Administration
5. Discussion on overview of proposed Classification and Compensation Implementation Plan and results of study
Greg Vick, City Manager
Marcia Reyna, Human Resources/ Civil Service Director

6. Discussion on the City Manager's Proposed Budget for Fiscal Year 2016-2017 with possible Council action to change by adding or deleting items to the proposed budget prior to formal adoption on September 7, 2016

Greg Vick, City Manager

Sandra Gibson, Director of Finance and Administration

EXECUTIVE SESSION

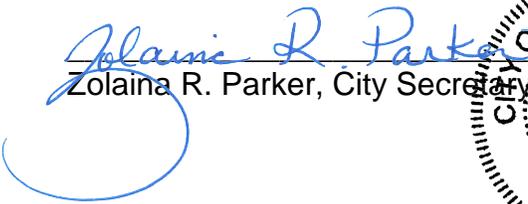
The City Council may announce that it will adjourn the public meeting and convene in Executive Session pursuant to Chapter 551 of the Texas Government Code to discuss any matter as specifically listed on this agenda and/or as permitted by Chapter 551 of the Texas Government Code.

ADJOURNMENT

NOTICE

THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS OR INTERPRETIVE SERVICES MUST BE MADE 48 HOURS PRIOR TO THIS MEETING. PLEASE CONTACT THE CITY SECRETARY'S OFFICE AT (817) 514-5825, OR FAX (817) 514-3625.

I, Zolaina R. Parker, City Secretary for the City of Watauga, Texas, hereby certify that this agenda was posted on the bulletin boards at City Hall, 7105 Whitley Road, Watauga, Texas, on Friday, August 26, 2016 before 6:30 p.m., in accordance with Chapter 551 of the Texas Government Code.


Zolaina R. Parker, City Secretary





**CITY OF WATAUGA FINANCE DEPARTMENT
INTEROFFICE CORRESPONDENCE**

DATE: August 19, 2016

TO: Honorable Mayor and City Council

THROUGH: Greg Vick, City Manager *GV*

FROM: Sandra Gibson, Director of Finance and Administration *S Gibson*

SUBJECT: Monthly Report – July, 2016

The City's sales tax receipts from the State Comptroller received in the month of August, 2016 (reflecting June sales receipts) decreased by 4.8%, or \$20,578 from the same time last year. Year-to-date sales tax receipts for the City are down 5.79% in comparison to last year at this time (cash basis).

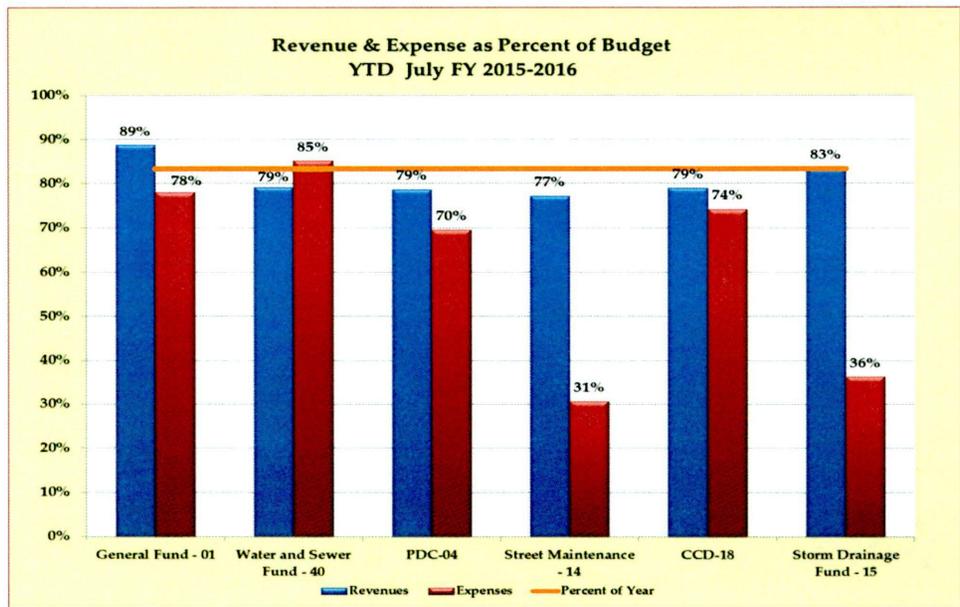
Sales Tax Receipts Year to Date (Cash Basis) AUGUST 2016

City	FY 2015	FY 2016	\$ Change	% Change
Eules	\$ 14,185,667.74	\$ 16,240,349.65	\$ 2,054,681.91	14.48%
Richland Hills	\$ 2,600,637.34	\$ 2,971,542.86	\$ 370,905.52	14.26%
Colleyville	\$ 4,758,692.73	\$ 5,115,665.10	\$ 356,972.37	7.50%
Keller	\$ 8,596,693.13	\$ 9,140,681.17	\$ 543,988.04	6.33%
Arlington	\$ 89,763,237.36	\$ 94,064,422.30	\$ 4,301,184.94	4.79%
North Richland Hills	\$ 12,670,312.34	\$ 13,190,659.28	\$ 520,346.94	4.11%
Dallas	\$249,302,613.56	\$ 258,827,397.62	\$ 9,524,784.06	3.82%
Haltom City	\$ 9,638,200.24	\$ 10,001,102.20	\$ 362,901.96	3.77%
Fort Worth	\$120,958,401.05	\$ 125,451,596.11	\$ 4,493,195.06	3.71%
Weatherford	\$ 9,992,990.03	\$ 10,326,259.25	\$ 333,269.22	3.34%
Grapevine	\$ 37,364,614.31	\$ 38,319,631.70	\$ 955,017.39	2.56%
Hurst	\$ 14,869,135.60	\$ 15,074,823.70	\$ 205,688.10	1.38%
Watauga	\$ 4,294,824.96	\$ 4,046,016.33	\$ (248,808.63)	-5.79%

Sales tax receipts are down in the retail, service, and food services categories.

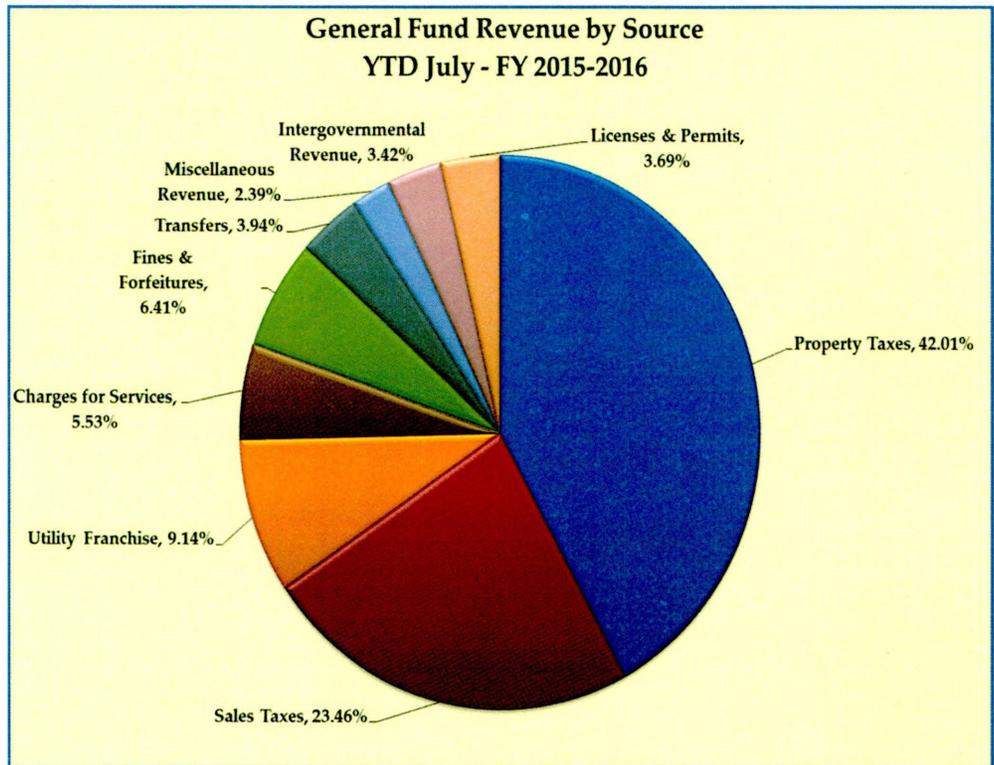
Financial Highlights

Through July, 2016, the City is 83% through the fiscal year. All revenue and expenses are reflected in the chart below. Details of each fund's revenues and expenditures are attached.



General Fund

Year-to-date revenues are 4.6% higher in comparison to last year at this time, representing 88.8% of budget collected. General Fund expenses in total are below budget expectations at 78.1%.



Property Tax.

Year-to-date, the City has received 99.8% of budgeted property taxes. The majority of property tax receipts are received in the months of December and January. The City has received \$302,486 more revenue than this same time last year.

Utility Franchise Revenue: The majority of franchise receipts are received on a quarterly or annual basis. Year-To-Date franchise receipts are 90.4% of budgeted revenues.

Licenses and Permits - License and permit fees are at 133% of budget collected. This category of revenue has increased \$153,071 since this time last year due to permit receipts being higher than expected with additional construction projects in the City and additional receipts related to solar panel installation permits.

Charges for Services - Charges for Services revenues are at 77.6% of budget and are approximately 6%, or \$36,988 lower than last year's revenues. This is due mainly to lower ambulance billing receipts this fiscal year.

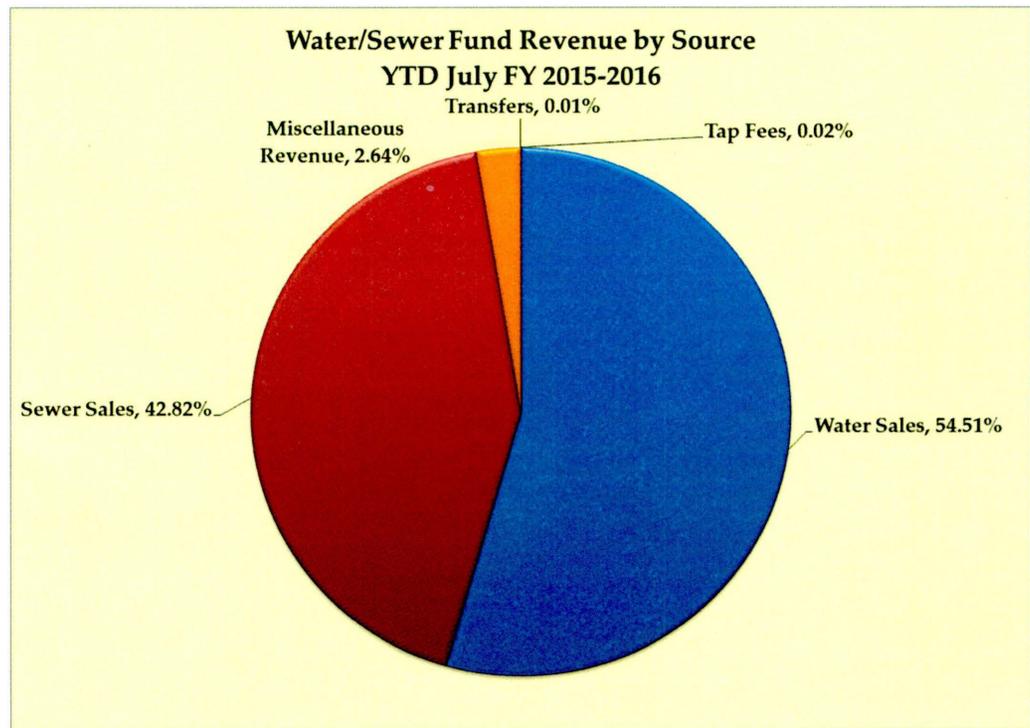
Fines and Forfeitures - Fines and Forfeitures collections for July 2016 are up \$27,369, or 4.2% in comparison with July 2015. Year-to-date collections are at 91.3% of budget collected.

Miscellaneous Revenue. Miscellaneous revenue received total \$250,606 which is 94.7% of budgeted revenues.

Intergovernmental Revenue and Transfers. Intergovernmental Revenue is 72.3% of budget and Transfers are 73.2% of budget.

Water and Sewer Fund

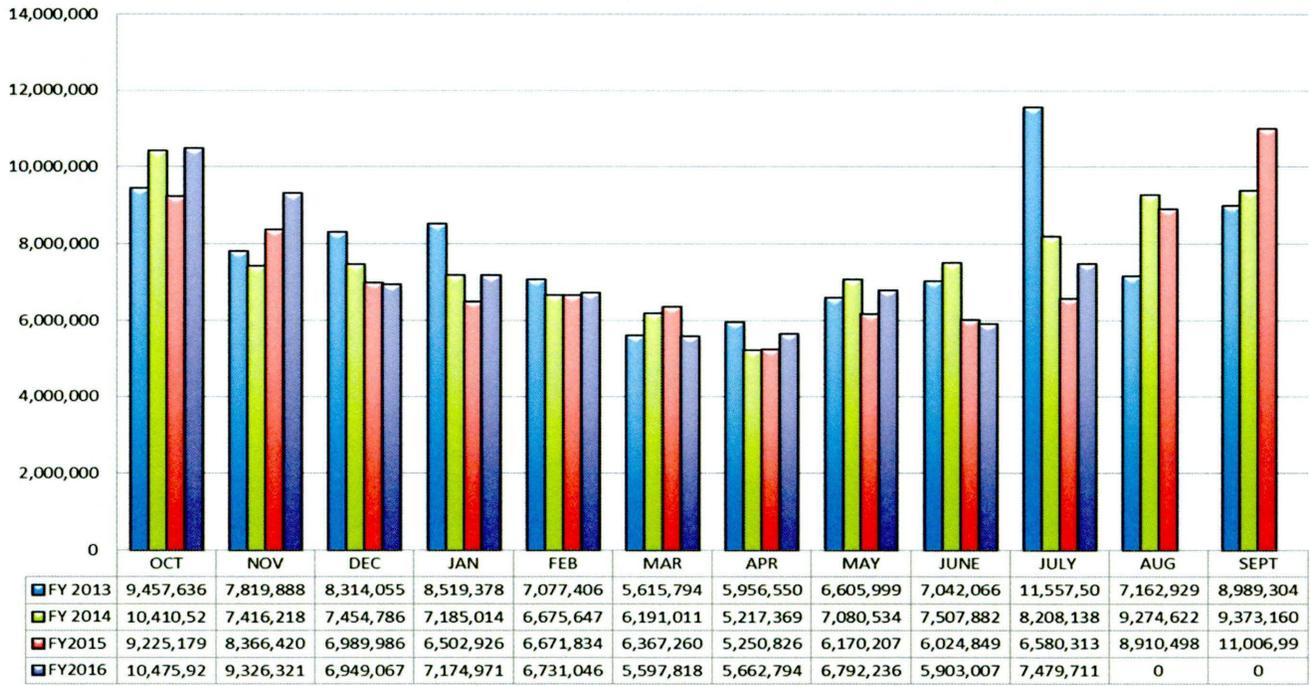
Water and sewer revenues are currently at 79.2% of budgeted revenues and are up approximately 8.4%, or \$518,099 in comparison to last year. Water usage consumption for the month of June (billed in July) increased by 12% over prior year consumption for the same period.



Year-to-date expenses are currently at 88.2% due to the transfers to the debt service funds for payments that occur during the 2nd Quarter of the Fiscal Year and wastewater collection costs. Wastewater collection costs continue to be a concern and are being closely monitored.

On the following graph, the water usage monthly trends for the years 2013-2016 are shown:

Monthly Water Usage Total Billing - All Customers



Miscellaneous Sales - Miscellaneous sales include penalty revenue, EPA revenue, service charges, returned check fees, and damaged/tampering fees. This category of revenue is on target at 84% of budget collected.

Storm Drain Fund – Revenues have increased slightly in comparison with FY2015 and are 83.4% of budget collected. Expenses are at 36.4% of budget in this fund through July 2016.

Special Revenue Funds - In the Street Maintenance Fund, revenues are 77.2% of budget collected. Expenses are 30.08% of budget at this time. The Crime Control and Prevention District has collected 79.1% of budgeted sales tax revenues and is at 74.3% of budget expended. The Parks Development Fund has collected 78.7% of sales tax revenues and is at 69.6% of budget expended through July, 2016.

**CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2016
For the period ending July 31, 2016 (4th Qtr.)**

GENERAL FUND - 01

REVENUE:	CURRENT BUDGET	7/31/2016 YTD ACTUAL	% USED	% REMAINING	7/31/2015 YTD ACTUAL	\$ CHG 16 vs 15	% CHG 16 vs 15
TAXES							
AD VALOREM	4,414,183	4,404,984	99 79%	-99 79%	4,102,498	302,486	7 37%
Delinquent	30,000	18,675	62 25%	-62 25%	36,807	(18,132)	-49 26%
Penalty & Interest	27,000	22,366	82 84%	-82 84%	28,130	(5,764)	-20 49%
SALES TAX	3,225,551	2,459,939	76 26%	-76 26%	2,630,633	(170,694)	-6 49%
UTILITY FRANCHISE	1,060,000	957,955	90 37%	-90 37%	962,911	(4,956)	0 00%
LICENSES & PERMITS	291,000	386,930	132 97%	-132 97%	233,859	153,071	65 45%
INTERGOVERNMENTAL REVENUE	496,500	359,100	72 33%	-72 33%	279,963	79,137	28 27%
OIL & GAS LEASE REVENUE	-	-	-	-	-	0	-
CHARGES FOR SERVICES	747,000	579,684	77 60%	-77 60%	616,672	(36,988)	-6 00%
FINES & FORFEITURES	736,700	672,258	91 25%	-91 25%	644,889	27,369	4 24%
MISCELLANEOUS INCOME	264,600	250,606	94 71%	-94 71%	193,686	56,920	29 39%
OPERATING TRANSFERS IN	565,113	413,495	73 17%	-73 17%	337,592	75,903	22 48%
TOTAL REVENUE	\$11,857,647	\$10,525,990	88.77%	-88 77%	\$10,067,639	\$458,351	4 55%
TOTAL EXPENDITURES	\$12,722,360	\$9,933,507	78.08%	-78 08%	\$9,365,822	\$567,684	6 06%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(\$864,714)	\$592,483			\$701,816	(\$109,333.01)	

CITY OF WATAUGA
 BUDGET TO ACTUAL COMPARISON
 FISCAL YEAR 2016
 For the period ending July 31, 2016 (4th Quarter)

DEBT SERVICE FUND - 03

REVENUE:	<u>CURRENT BUDGET</u>	<u>7/31/2016 YTD ACTUAL</u>	<u>% USED</u>	<u>% REMAINING</u>	<u>7/31/2015 YTD ACTUAL</u>	<u>\$ CHG 16 vs 15</u>	<u>% CHG 16 vs 15</u>
TAXES							
AD VALOREM	1,750,000	1,786,798	102 10%	-2 10%	1,771,900	\$14,898	0 84%
Delinquent	15,000	7,609	50 73%	49 27%	16,201	(\$8,592)	-53 04%
Penalty & Interest	12,000	8,770	73 08%	26 92%	11,234	(\$2,464)	-21 93%
INTEREST EARNINGS	800	1,278	159 78%	-59 78%	296	\$982	-
OTHER FINANCING SOURCES	-	0	-	-	0	\$0	-
OPERATING TRANSFERS IN	-	0	-	-	0	\$0	-
TOTAL REVENUE	\$1,777,800	\$1,804,455	101 50%	-1 50%	\$1,799,630	\$4,824	0.27%
TOTAL EXPENDITURES	\$1,760,410	1,734,264	98 51%	1 49%	1,754,135	(\$19,872)	-
EXCESS REVENUE OVER (UNDER) EXPENDITURES	\$17,390.00	\$70,191			\$45,495	\$24,696	

100 00%

CITY OF WATAUGA
 BUDGET TO ACTUAL COMPARISON
 FISCAL YEAR 2016
 For the period ending July 31, 2016 (4th Quarter)

PARKS DEVELOPMENT FUND - 04

REVENUE:	<u>CURRENT BUDGET</u>	<u>7/31/2016 YTD ACTUAL</u>	<u>% USED</u>	<u>% REMAINING</u>	<u>7/31/2015 YTD ACTUAL</u>	<u>\$ CHG 16 vs 15</u>	<u>% CHG 16 vs 15</u>
SALES TAX	772,262	607,185	78.62%	21.38%	651,259	(44,073)	-6.77%
INTEREST EARNINGS	500	925	185.04%	-85.04%	303	622	-
INTEREST/ESCROW	-	-	-	-	-	-	-
CONTRIBUTIONS/OTHER	-	-	-	-	-	-	-
TOTAL REVENUE	\$772,762	\$608,110	78.69%	21.31%	\$651,561	(43,451)	-6.77%
TOTAL EXPENDITURES	795,463	553,733	69.61%	30.39%	\$ 711,297	(157,564)	-22.15%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(\$22,701)	\$54,377			(\$59,736)	\$114,113	

100.00%

**CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2016
For the period ending July 31, 2016 (4th Quarter)**

STREET MAINTENANCE FUND - 14

	<u>CURRENT BUDGET</u>	<u>7/31/2016 YTD ACTUAL</u>	<u>% USED</u>	<u>% REMAINING</u>	<u>7/31/2015 YTD ACTUAL</u>	<u>\$ CHG 16 vs 15</u>	<u>% CHG 16 vs 15</u>
REVENUE:							
SALES TAX	779,834	600,644	77.02%	22.98%	644,233	(43,589)	(0.07)
INTEREST EARNINGS	-	1,601	-	-	386	1,215	-
INTEREST/ESCROW	-	-	-	-	-	0	-
CONTRIBUTIONS/OTHER	-	-	-	-	-	0	-
TOTAL REVENUE	\$ 779,834	\$602,245	77.02%	22.98%	644,620	(\$42,375)	-6.57%
TOTAL EXPENDITURES	\$610,000	\$187,701	30.77%	69.23%	110,483	\$77,219	
EXCESS REVENUE OVER (UNDER) EXPENDITURES	\$169,834	\$414,544			\$534,137	(\$119,593)	

100.00%

**CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2016
For the period ending July 31, 2016 (4th Quarter)**

STORM DRAIN FUND - 15

	<u>CURRENT BUDGET</u>	<u>7/31/2016 YTD ACTUAL</u>	<u>% USED</u>	<u>% REMAINING</u>	<u>7/31/2015 YTD ACTUAL</u>	<u>\$ CHG 16 vs 15</u>	<u>% CHG 16 vs 15</u>
REVENUE:							
USERS FEE	1,415,000	1,173,856	82.96%	17.04%	1,182,894	(9,038)	-0.76%
OTHER REVENUE	-	1,800	-	-	-	1,800	-
INTEREST INCOME	1,500	5,433	362.23%	-262.23%	1,527	3,907	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE	\$1,416,500	\$1,181,089	83.38%	16.62%	\$1,184,421	(\$3,332)	-0.28%
TOTAL EXPENDITURES	\$2,198,032	\$799,112	36.36%	63.64%	\$610,022	\$189,090	31.00%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(\$781,532)	\$381,978			\$574,399	(\$192,421)	

100.00%

**CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2016
For the period ending July 31, 2016 (4th Quarter)**

CRIME CONTROL - 18

	<u>CURRENT BUDGET</u>	<u>7/31/2016 YTD ACTUAL</u>	<u>% USED</u>	<u>% REMAINING</u>	<u>7/31/2015 YTD ACTUAL</u>	<u>\$ CHG 16 vs 15</u>	<u>% CHG 16 vs 15</u>
REVENUE:							
SALES TAX	1,544,525	1,202,325	77.84%	22.16%	1,289,215	(86,890)	-6.74%
INTEREST EARNINGS/OTHER	38,500	49,170	-	-	47,569	1,602	3.37%
MISC GRANT PROCEEDS	-	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUE	\$1,583,025	1,251,496	79.06%	22.16%	\$1,336,784	(85,288)	-6.38%
TOTAL EXPENDITURES	\$1,729,200	1,285,035	74.31%	25.69%	\$1,223,630	61,405	5.02%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(\$146,175)	(\$33,539)			\$113,154	(\$146,693)	

100.00%

**CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2016
For the period ending July 31, 2016 (4th Quarter)**

WATER & SEWER - 40

REVENUE:	CURRENT BUDGET	7/31/2016 YTD ACTUAL	% USED	% REMAINING	7/31/2015 YTD ACTUAL	\$ CHG 16 vs 15	% CHG 16 vs 15
WATER SALES	4,528,000	3,569,408	78.83%	21.17%	3,237,107	332,301	10.27%
SEWER SALES	3,525,000	2,803,936	79.54%	20.46%	2,615,394	188,542	7.21%
MISCELLANEOUS	206,000	172,946	83.95%	16.05%	178,708	(5,762)	-3.22%
PENALTY	200,000	156,489	78.24%	21.76%	152,808	3,682	2.41%
INTEREST	5,000	-	0.00%	100.00%	-	-	-
TRANSFERS	-	514	-	-	328	186	56.77%
TAP FEES	-	1,500	-	-	2,350	(850)	-36.17%
SALE OF ASSETS	-	-	-	-	-	-	-
TOTAL REVENUE	\$8,464,000	\$6,704,794	79.22%	20.78%	\$6,186,695	\$518,099	8.37%
TOTAL EXPENDITURES	\$9,164,967	\$7,805,061	85.16%	14.84%	\$7,326,717	\$478,343	6.53%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(\$700,967)	(\$1,100,267)			(\$1,140,023)	\$39,756	

100.00%



AGENDA MEMORANDUM

DATE: August 9, 2016

TO: Honorable Members of the City Council

FROM: Hector F. Garcia, Mayor

SUBJECT: Reappointment to Planning and Zoning Commission



Background/Information

In 2014, Mr. Ron Holland was appointed to serve on the Planning and Zoning Commission. Mr. Holland has indicated that he is willing to serve an additional two (2) year term.

Financial Implications:

N/A

Recommendation/Action Desired

I request your approval of my reappointment of Mr. Ron Holland to Place 4 on the Planning and Zoning Commission.

Attachment

1. Letter of Intent

Attachment 1



August 2, 2016

Ron Holland

Dear Mr. Holland:

On August 25, 2014, you were appointed by Council to serve on the Planning and Zoning Commission and attend meetings on a monthly basis. Your current term is scheduled to expire on August 31, 2016.

Please indicate below if you **are** or **are not** willing to complete an additional two-year term. After marking your selection, sign your name in the space provided and return the form to me as soon as possible. For your convenience, a self-addressed stamped envelope has been provided.

Please note, in order to process your reappointment in an efficient manner this form must be returned within five (5) days from the date it was initially sent. If it is not received within that time frame, it will be noted that you are not willing to serve an additional term.

If you choose to serve an additional two-year term, your reappointment will be considered by the City Council at the Regular Meeting scheduled on August 15, 2016. Upon approval of your reappointment, you will be contacted to schedule a day and time to receive your Oath of Office. This process will take approximately 10 minutes.

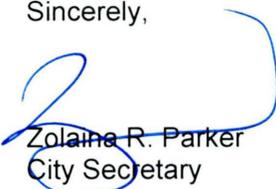
Should you have any questions or concerns, I can be reached at (817) 514-5825 or by e-mail at zparker@cowtx.org.

- I **am** willing to serve an additional two-year term
- I **am not** willing to serve an additional two-year term



Ron Holland, Place 4

Sincerely,



Zolaine R. Parker
City Secretary

Enclosure



AGENDA MEMORANDUM

DATE: August 9, 2016

TO: Honorable Members of the City Council

FROM: Hector F. Garcia, Mayor

SUBJECT: Reappointment to Planning and Zoning Commission



Background/Information

In 2014, Mr. Sergio Molina was appointed to serve on the Planning and Zoning Commission. Mr. Molina has indicated that he is willing to serve an additional two (2) year term.

Financial Implications:

N/A

Recommendation/Action Desired

I request your approval of my reappointment of Mr. Sergio Molina to Place 6 on the Planning and Zoning Commission.

Attachment

1. Letter of Intent

Attachment 1



August 2, 2016

Sergio Molina

Dear Mr. Molina:

On August 25, 2014, you were appointed by Council to serve on the Planning and Zoning Commission and attend meetings on a monthly basis. Your current term is scheduled to expire on August 31, 2016.

Please indicate below if you **are** or **are not** willing to complete an additional two-year term. After marking your selection, sign your name in the space provided and return the form to me as soon as possible. For your convenience, a self-addressed stamped envelope has been provided.

Please note, in order to process your reappointment in an efficient manner this form must be returned within five (5) days from the date it was initially sent. If it is not received within that time frame, it will be noted that you are not willing to serve an additional term.

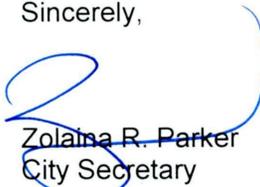
If you choose to serve an additional two-year term, your reappointment will be considered by the City Council at the Regular Meeting scheduled on August 15, 2016. Upon approval of your reappointment, you will be contacted to schedule a day and time to receive your Oath of Office. This process will take approximately 10 minutes.

Should you have any questions or concerns, I can be reached at (817) 514-5825 or by e-mail at zparker@cowtx.org.

- I **am** willing to serve an additional two-year term
- I **am not** willing to serve an additional two-year term


Sergio Molina, Place 6

Sincerely,


Zolaina R. Parker
City Secretary

Enclosure



AGENDA MEMORANDUM

DATE: August 9, 2016

TO: Honorable Members of the City Council

FROM: Hector F. Garcia, Mayor

A handwritten signature in blue ink, appearing to read 'Hector F. Garcia', is written over the 'FROM:' line.

SUBJECT: Reappointment to Library Board



Background/Information

In 2014, Ms. Rachel Pilgrim was appointed to serve on the Library Board. Ms. Pilgrim has indicated that she is willing to serve an additional two (2) year term.

Financial Implications:

N/A

Recommendation/Action Desired

I request your approval of my reappointment of Ms. Rachel Pilgrim to Place 2 on the Library Board.

Attachment

1. Letter of Intent

Attachment 1



August 2, 2016

Rachel Pilgrim

Dear Ms. Pilgrim:

On August 25, 201 you were appointed by Council to serve on the Library Board and attend meetings on a monthly basis. Your current term is scheduled to expire on August 31, 2016.

Please indicate below if you **are** or **are not** willing to complete an additional two-year term. After marking your selection, sign your name in the space provided and return the form to me as soon as possible. For your convenience, a self-addressed stamped envelope has been provided.

Please note, in order to process your reappointment in an efficient manner this form must be returned within five (5) days from the date it was initially sent. If it is not received within that time frame, it will be noted that you are not willing to serve an additional term.

If you choose to serve an additional two-year term, your reappointment will be considered by the City Council at the Regular Meeting scheduled on August 15, 2016. Upon approval of your reappointment, you will be contacted to schedule a day and time to receive your Oath of Office. This process will take approximately 10 minutes.

Should you have any questions or concerns, I can be reached at (817) 514-5825 or by e-mail at zparker@cowtx.org.

- I **am** willing to serve an additional two-year term
 I **am not** willing to serve an additional two-year term


Rachel Pilgrim, Place 2

Sincerely,


Zolaina R. Parker
City Secretary

Enclosure



NOTICE OF PUBLIC HEARING

Notice is hereby given that the City Council of the City of Watauga, Texas will hold a Public Hearing on the proposed budget for the Watauga Parks Development Corporation for the 2016-2017 Fiscal Year on Monday, August 29, 2016 during a Special City Council Meeting, which will begin at 6:30 p.m., in the Council Chamber at City Hall, 7105 Whitley Road, Watauga, Texas.

Copies of the proposed budget are available for public inspection at the Watauga Public Library during hours open to the public and at City Hall, weekdays, Monday through Friday, from 8:00 a.m. to 5:00 p.m.

Published on Friday, August 19, 2016 in the Fort Worth Star Telegram, Legal Notices Section.

I, Zolaina R. Parker, City Secretary for the City of Watauga, Texas, hereby certify that this notice was posted on the official bulletin board at 7105 Whitley Road, Watauga, Texas, on Wednesday, August 17, 2016 before 6:30 p.m.


Zolaina R. Parker, City Secretary



NOTICE OF 2016 TAX YEAR PROPOSED PROPERTY TAX RATE FOR CITY OF WATAUGA

A tax rate of \$0.618411 per \$100 valuation has been proposed for adoption by the governing body of the City of Watauga. This rate exceeds the lower of the effective or rollback tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate.

The governing body of the City of Watauga proposes to use revenue attributable to the tax rate increase for the purpose of funding additional debt service related to streets and parks projects, increases to employee compensation and medical insurance expenses, purchases of equipment, increases in dispatch/jail shared services, as well as other expenses relating to meeting the community needs.

PROPOSED TAX RATE	\$0.618411 per \$100
PRECEDING YEAR'S TAX RATE	\$0.618718 per \$100
EFFECTIVE TAX RATE	\$0.550395 per \$100
ROLLBACK TAX RATE	\$0.618538 per \$100

The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for City of Watauga from the same properties in both the 2015 tax year and the 2016 tax year. The rollback tax rate is the highest tax rate that City of Watauga may adopt before voters are entitled to petition for an election to limit the rate that may be approved to the rollback rate.

YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS FOLLOWS:

Property tax amount= (rate) x (taxable value of your property)/100

For assistance or detailed information about tax calculations, please contact:

CITY OF WATAUGA
SANDRA GIBSON, DIRECTOR OF FINANCE
SGIBSON@COWTX.ORG
7105 Whitley Road, Watauga, TX 76148
Phone: 817-514-5822

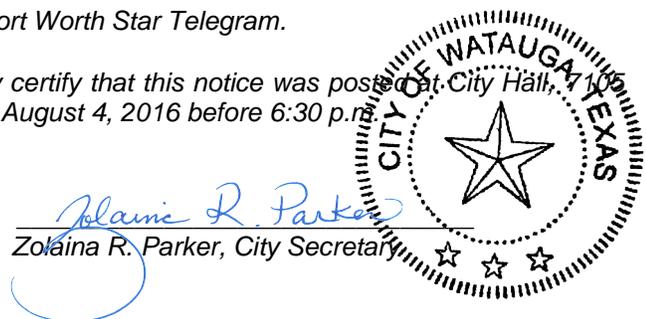
You are urged to attend and express your views at the following public hearings on the proposed tax rate:

First Hearing: August 15, 2016 at 6:30 PM at City of Watauga City Hall Council Chambers, 7105 Whitley Road, Watauga, TX 76148.

Second Hearing: August 29, 2016 at 6:30 PM at City of Watauga City Hall Council Chambers, 7105 Whitley Road, Watauga, TX 76148.

Published on: Friday, August 5, 2016 in the Fort Worth Star Telegram.

I, Zolaina R. Parker, City Secretary for the City of Watauga, Texas, hereby certify that this notice was posted at City Hall, 7105 Whitley Road, Watauga, Texas, on the official bulletin boards on Thursday, August 4, 2016 before 6:30 p.m.





NOTICE OF PUBLIC HEARING FISCAL YEAR 2016-2017 CITY BUDGET

Notice is hereby given that the City Council of the City of Watauga, Texas will hold a Public Hearing on the proposed budget for Fiscal Year October 1, 2016 through September 30, 2017, on Monday, August 29, 2016 during a Special City Council Meeting, at 6:30 p.m. in the Council Chamber at City Hall, 7105 Whitley Road, Watauga, Texas, 76148.

THIS BUDGET WILL RAISE MORE TOTAL PROPERTY TAXES THAN LAST YEAR'S BUDGET BY \$728,860 OR 12.51%, AND OF THAT AMOUNT, \$20,012 IS TAX REVENUE TO BE RAISED FROM NEW PROPERTY ADDED TO THE TAX ROLL THIS YEAR.

Published on Thursday, August 18, 2016 in the Legal Notices Section of the Fort Worth Star Telegram.

I, Zolaina R. Parker, City Secretary for the City of Watauga, Texas, hereby certify that this notice was posted on the official bulletin board at City Hall, 7105 Whitley Road, Watauga, Texas, on Wednesday, August 17, 2016 before 6:30 p.m.


Zolaina R. Parker, City Secretary





AGENDA MEMORANDUM

DATE: August 23, 2016

TO: Honorable Mayor and Members of the City Council

FROM: Glen Fowler, Chief of Police 

THROUGH: Greg Vick, City Manager 

SUBJECT: School Bus Stop Arm Camera Program

BACKGROUND/INFORMATION:

Birdville ISD has indicated that there is a significant problem with local drivers ignoring the flashing red lights on their school buses and passing illegally while they are loading and unloading students. This is an obvious safety concern for our local students who utilize bus transportation. Birdville ISD has proposed a solution to help increase student safety through the installation of ATS (American Traffic Solutions) video cameras on the buses that will record those violators. The proposal would involve a partnership between Birdville ISD, Watauga, North Richland Hills, Richland Hills and Haltom City. Watauga would agree to provide the administrative management of the program for all four cities. Watauga is the preferred city to administer the program because they are the only city of the four that already uses ATS as its red light camera vendor. Watauga will review the violations and issue citations to violators who meet specific violation criteria developed by the communities involved. Other communities that have utilized school bus stop arm cameras have seen a marked decrease in these types of violations, and especially in the number of repeat violations.

FINANCIAL IMPLICATIONS:

Violations would be reviewed by a designated official for the City of Watauga. The City of Watauga would be reimbursed by the program for the expenses needed to manage the program. The City of Watauga would also use funds received through the program to enhance public, school and traffic safety in our community.

RECOMMENDATION/ACTION DESIRED:

It is recommended that the Council consider this proposal and decide whether or not they would like for the City to move forward in the development of an ordinance and inter local agreement(s) necessary to participate in this traffic safety program.

ATTACHMENTS/SUPPORTING DOCUMENTATION:

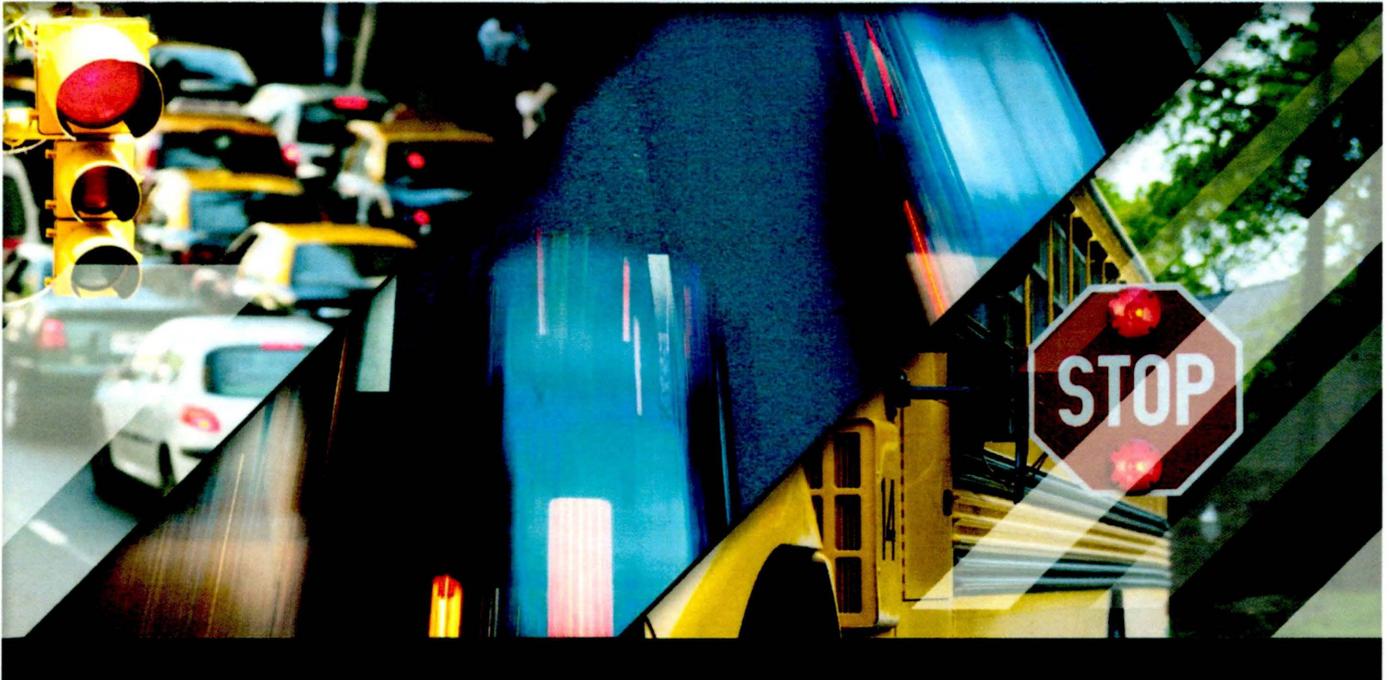
- 1) Birdville ISD, TX End of Pilot Detailed Report
- 2) Birdville ISD- Stop Arm Camera Summary Information

Attachment 1



CrossingGuard Pilot Program Analysis

Birdville Independent School District, Texas



FEBRUARY 2016

SUBMITTED BY AMERICAN TRAFFIC SOLUTIONS, INC.

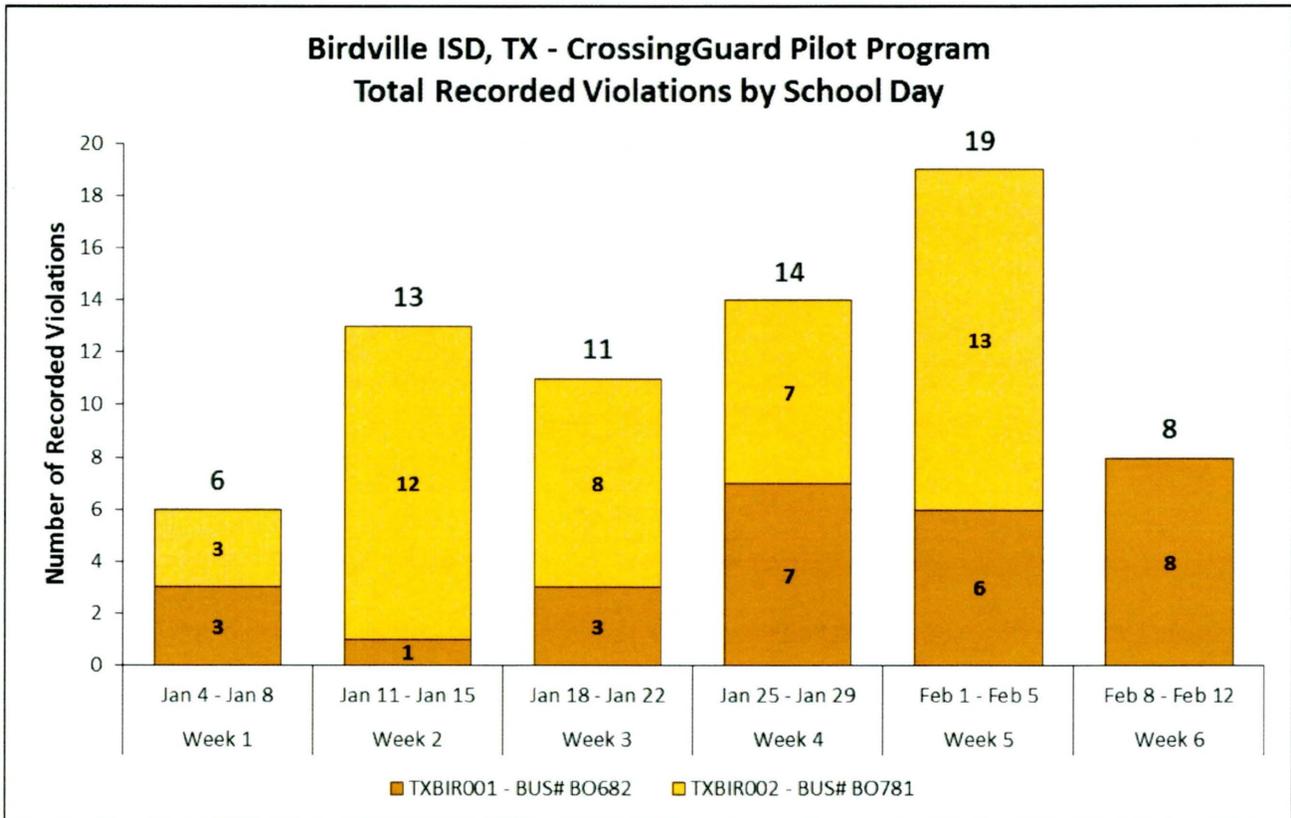
Contents

1. CrossingGuard Pilot Program Overview	2
1.1 Total Recorded Violations	2
1.2 Violations by Location	3
1.3 Violations by Time of Day	4
1.4 Violations by Day of the Week	5
2. Program Footage: The Dangers of School Bus Stop Arm Running	6
3. Bus Review	7
3.1 Violations by Bus	7
3.2 Bus BO682 – TXBIR001	8
3.3 Bus BO781 – TXBIR002	9

1. CROSSINGGUARD PILOT PROGRAM OVERVIEW

1.1 Total Recorded Violations

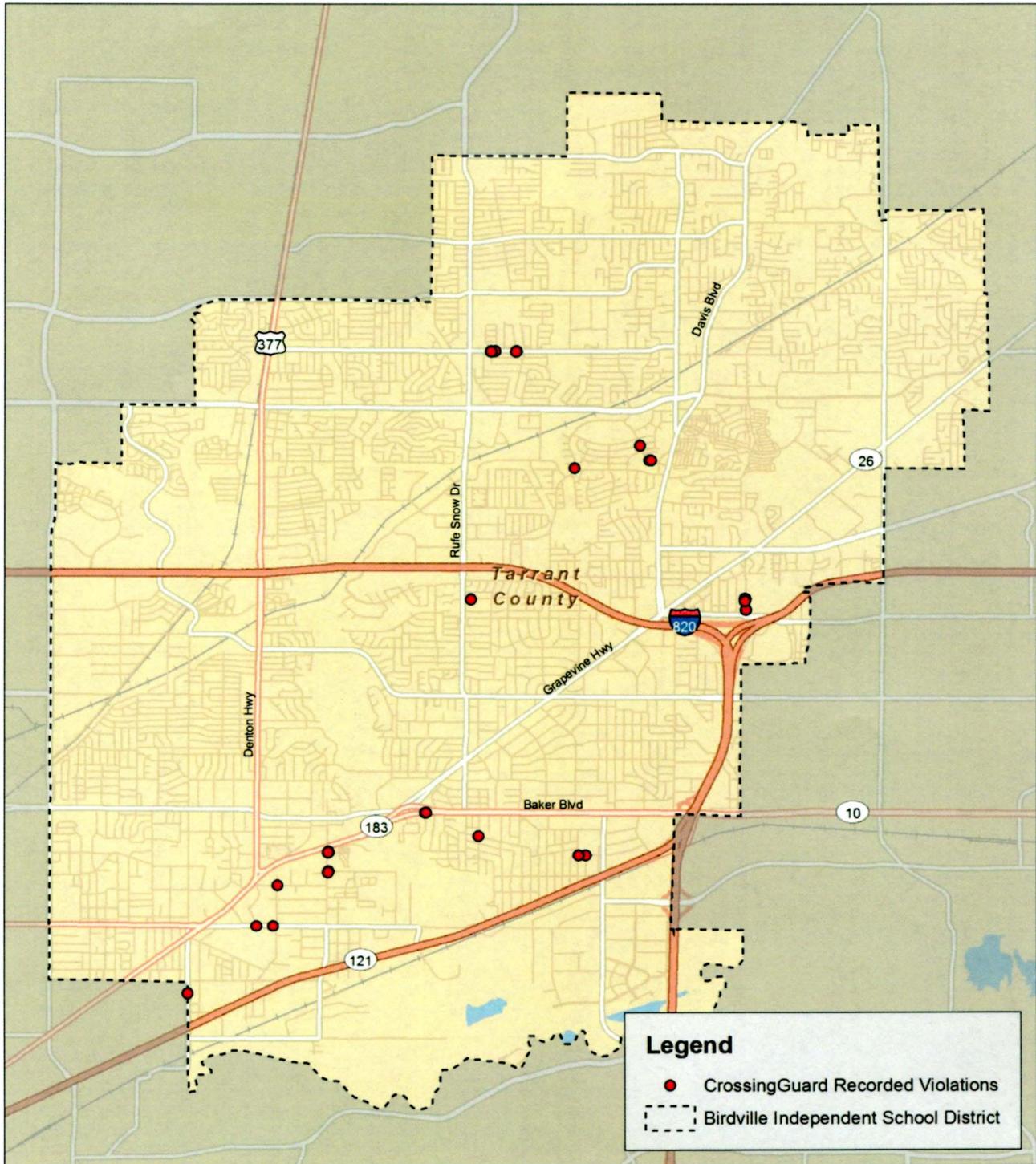
Between the start of program on January 4th and the February 12th, Birdville ISD CrossingGuard pilot program recorded 71 stop arm violations with 2 equipped buses. This equates to an average of approximately 2.5 recorded violation per school day and 1.3 recorded violations per equipped bus per school day.



Birdville Independent School District, TX - Recorded Violations by Day							
Week:	Week 1 1/4 - 1/8	Week 2 1/11 - 1/15	Week 3 1/19 - 1/22	Week 4 1/25 - 1/29	Week 5 2/1 - 2/5	Week 6 2/8 - 2/12	Total Violations
Total Recorded Violations	6	13	11	14	19	8	71
<i>TXBIR001 - BUS# BO682</i>	3	1	3	7	6	8	28
<i>TXBIR002 - BUS# BO781</i>	3	12	8	7	13	0	43
Average Violations Per School Day	1.2	2.6	2.8	2.8	3.8	2.0	2.5
Average Violations Per Bus Per School Day	0.6	1.3	1.4	1.4	1.9	1.0	1.3

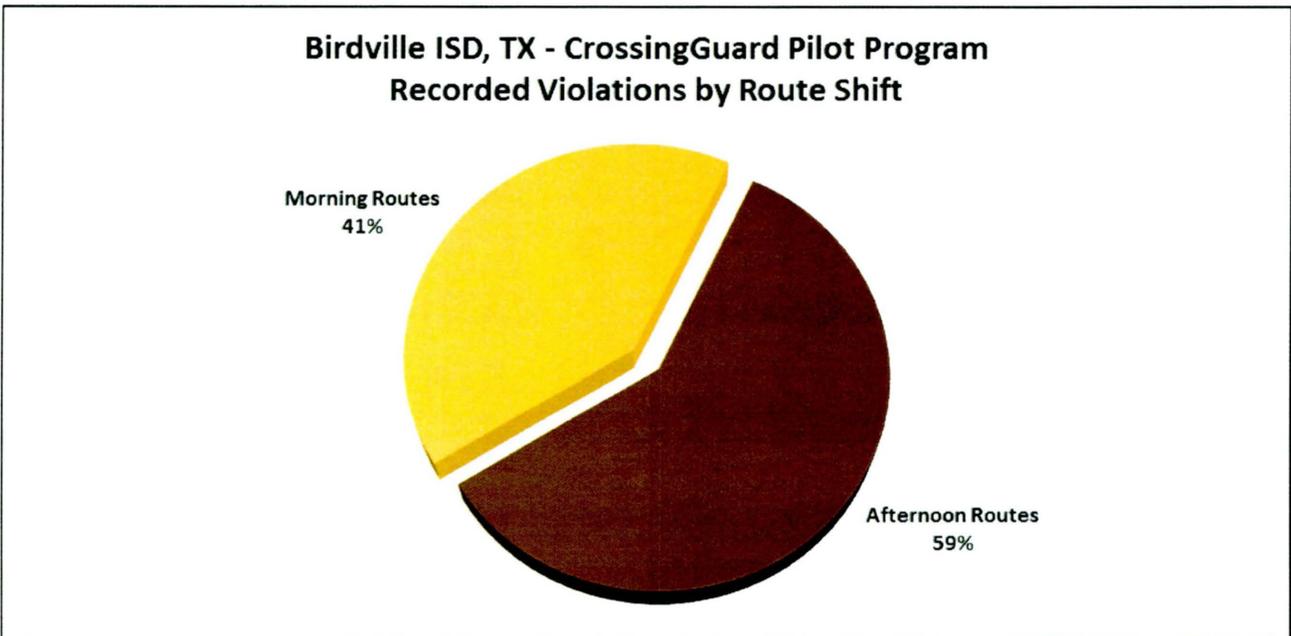
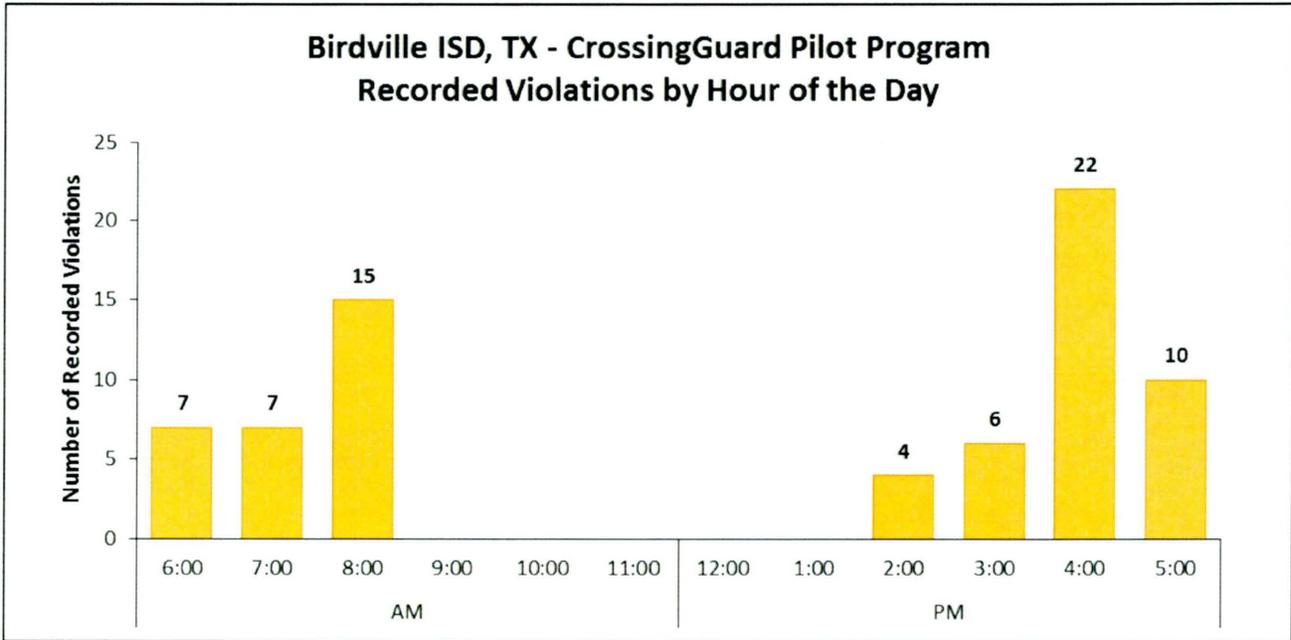
1.2 Violations by Location

The following map shows the unique locations where school bus stop arm violations were recorded within Birdville Independent School District.



1.3 Violations by Time of Day

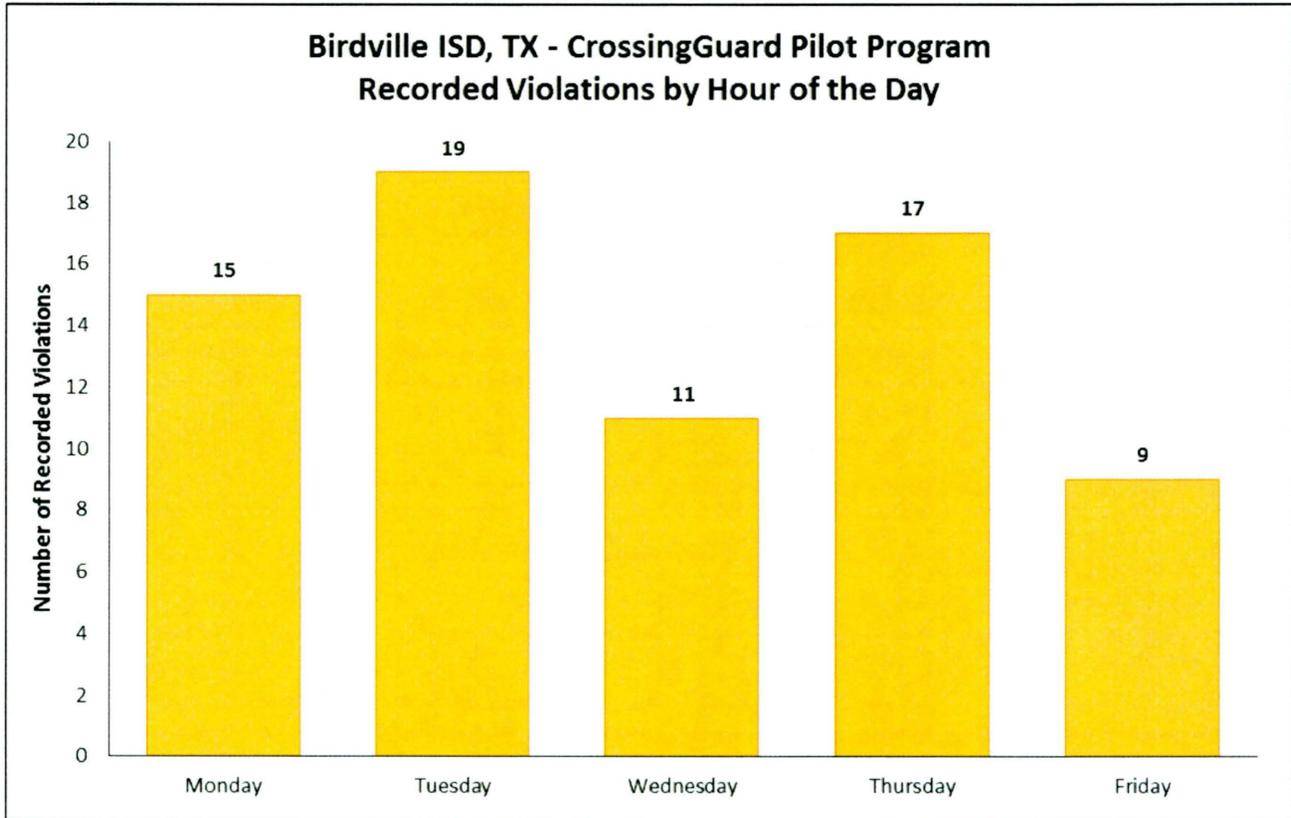
Of the total violations captured between January 4th and the February 12th, approximately 31 percent occurred between the hours of 4:00 PM and 5:00 PM. Approximately 41 percent of the total violations occurred during the AM bus routes. Approximately 59 percent of the total violations occurred during the PM bus routes.



*Morning routes are prior to 10:00 AM, mid-day routes are from 10:00 AM – 2:00 PM, and afternoon routes are after 2:00 PM.

1.4 Violations by Day of the Week

When looking at the total number of violations by day of the week, the day with the most violations is Tuesday, accounting for 30 percent of all violations.



Day of the Week	Recorded Violations	Number of School Days	Recorded Violations Per School Day
Monday	15	5	3.0
Tuesday	19	6	3.2
Wednesday	11	6	1.8
Thursday	17	5	3.4
Friday	9	5	1.8

2. PROGRAM FOOTAGE: THE DANGERS OF SCHOOL BUS STOP ARM RUNNING

Video footage showing the dangers of school bus stop arm running is available for viewing and for use as a public service announcement. The video from CrossingGuard cameras can be used to alert motorists across the state of Texas about the need for continued roadway safety enforcement and increased driver attention.

Video footage recorded in Birdville Independent School District can be viewed at the following web links:

January 15th, 2016 Violations Video: N/A

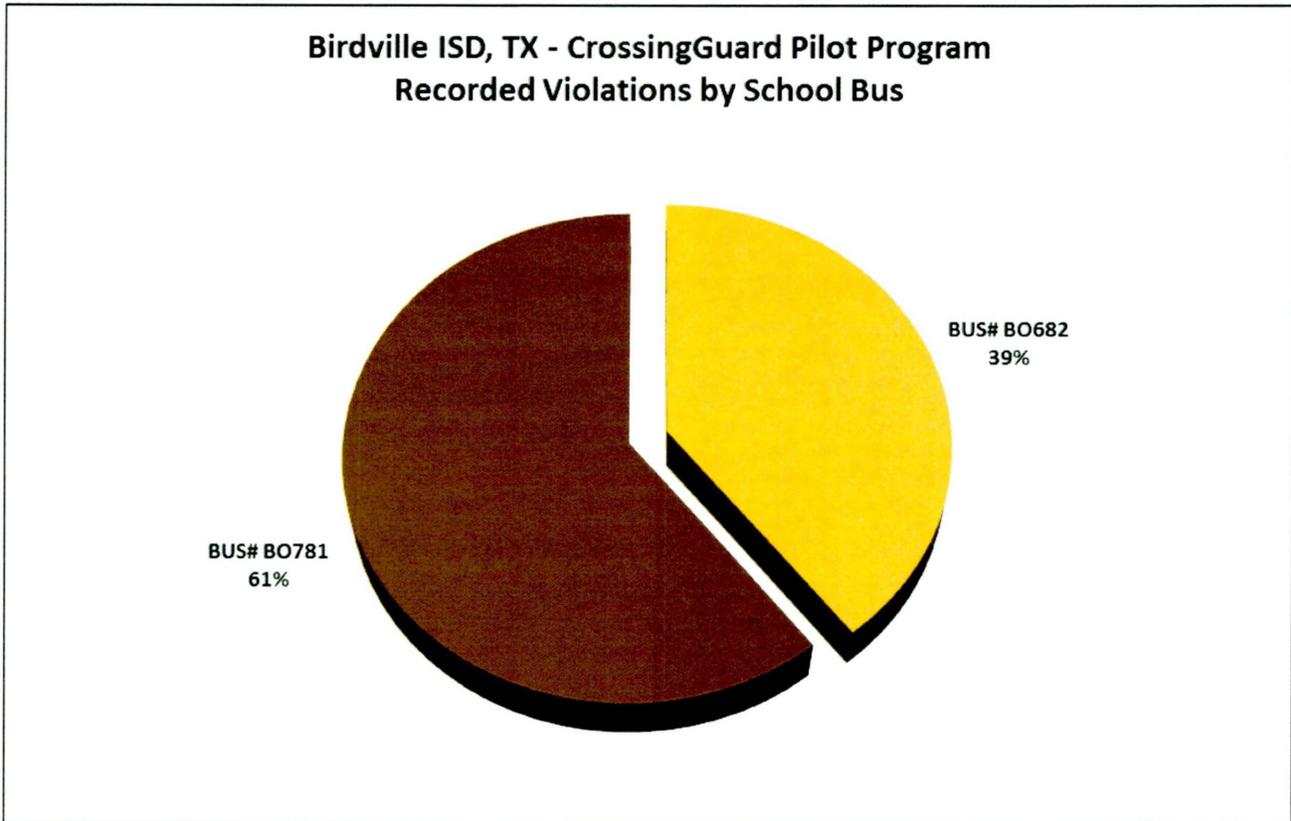
February 1st, 2016 Violations Video: N/A

February 24th, 2016 Violations Video: <https://www.youtube.com/watch?v=OvPiY8BDWtM>

3. BUS REVIEW

3.1 Violations by Bus

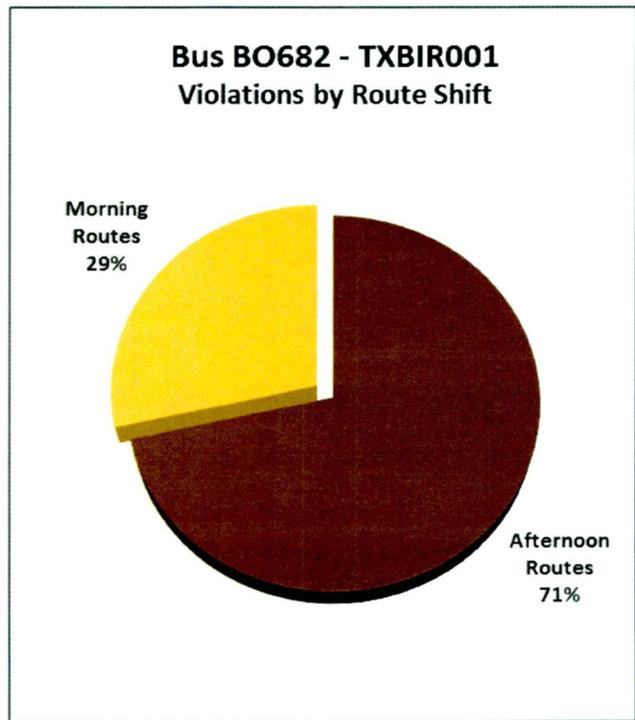
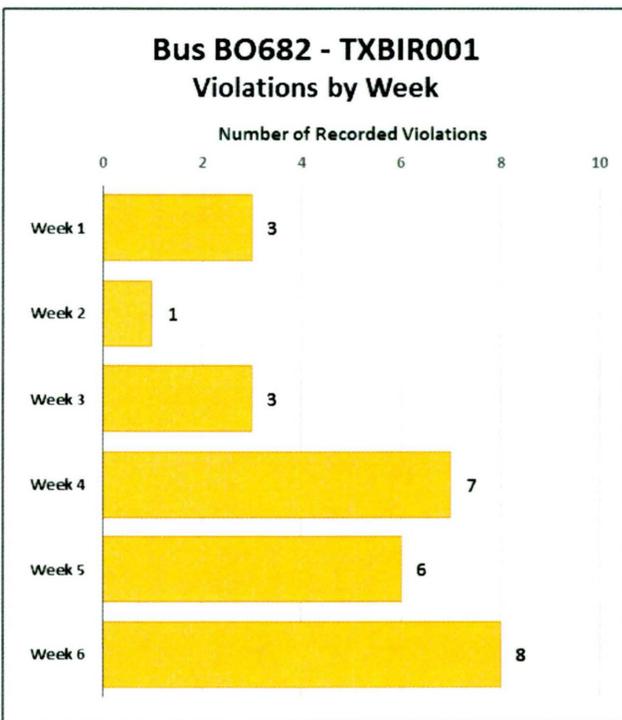
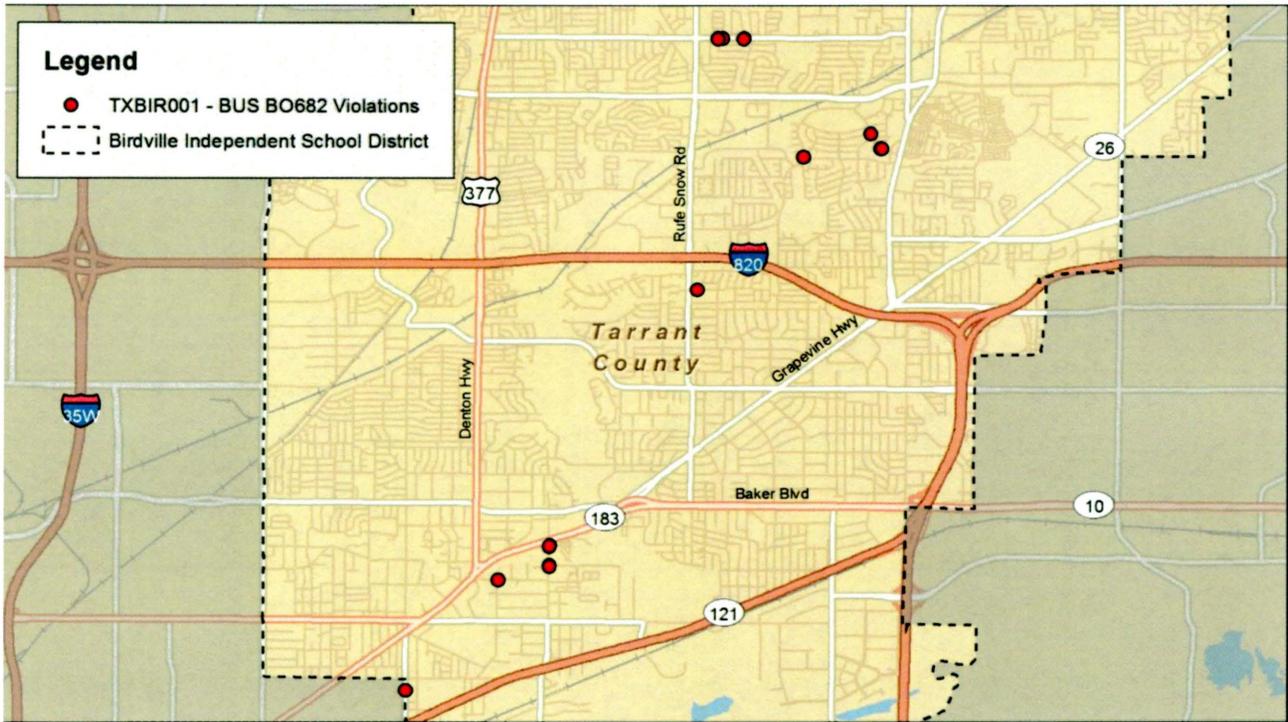
Since the pilot program inception, buses BO781 had the most violations recorded, capturing 61 percent of the total violations for the pilot program.



Bus Number	Camera ID	Recorded Violations	Distribution	Locations
BUS BO682	TXBIR001	28	39%	Chapman Dr, Haltom Rd, Highland Ave, McCullar St, Ponderosa Dr, Marilyn Ln, N College Cir
BUS BO781	TXBIR002	43	61%	Midway Rd, Ponderosa Dr, Dreeben Dr, Park Place Dr, Dogwood Park, Strummer Dr

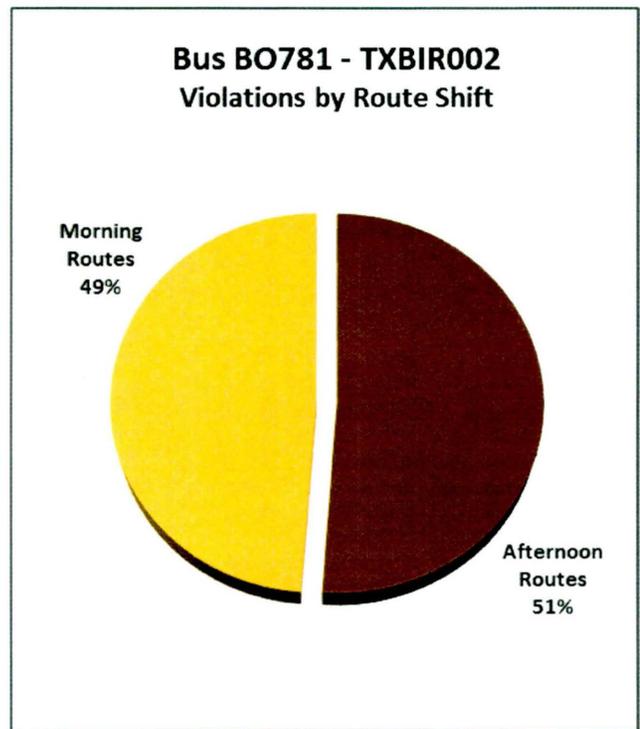
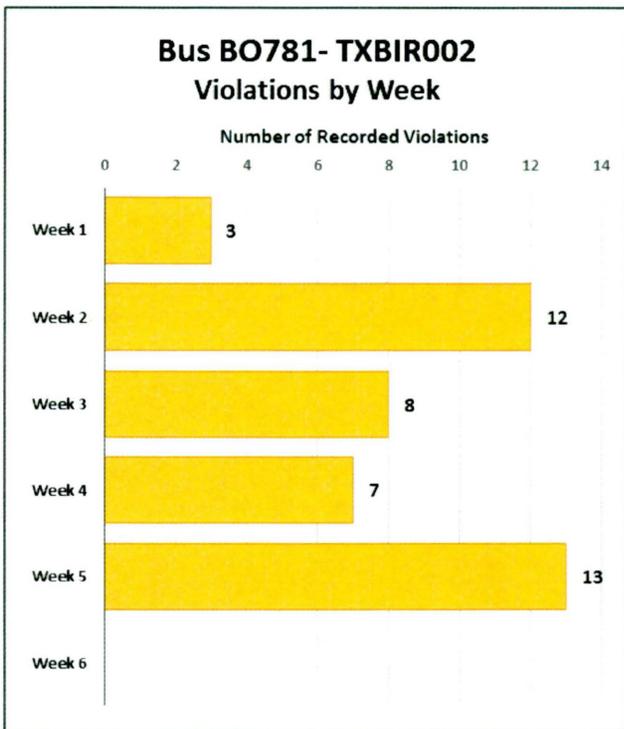
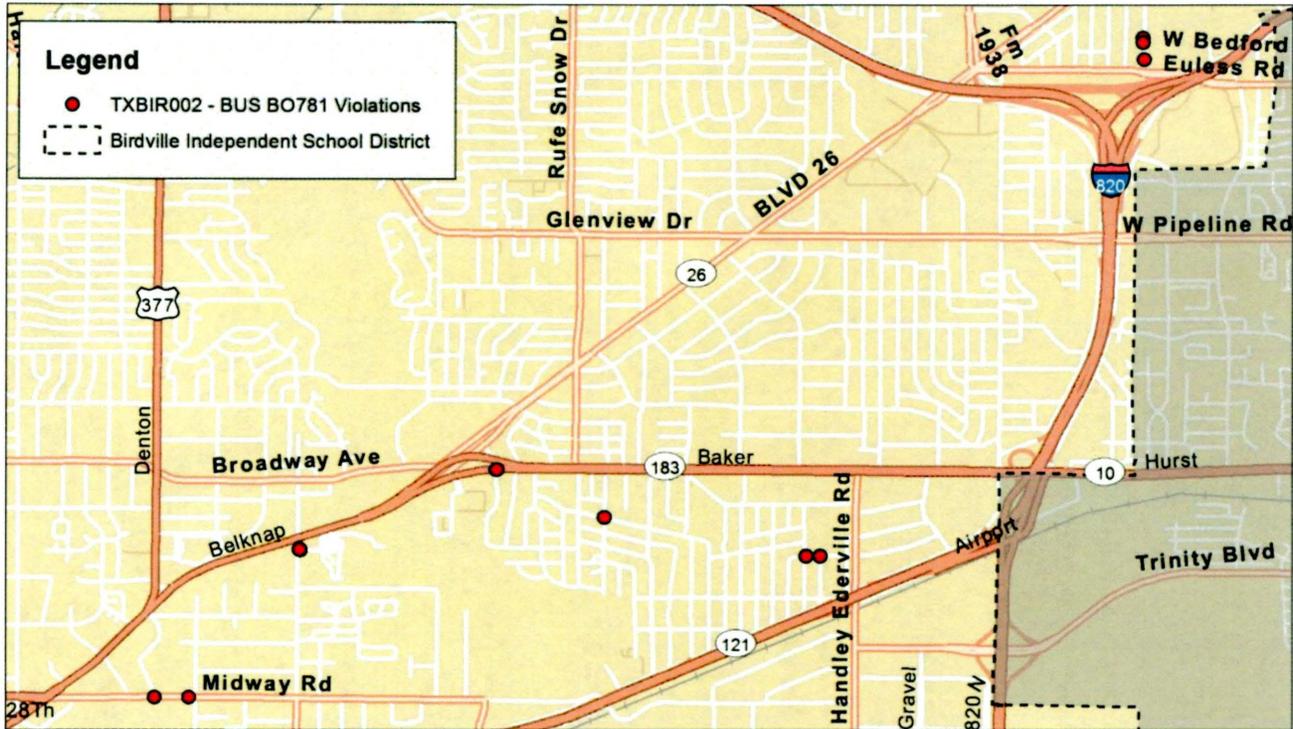
3.2 Bus BO682 – TXBIR001

The following map shows the locations where citations were recorded for Bus BO682.



3.3 Bus BO781 – TXBIR002

The following map shows the locations where citations were recorded for Bus BO781.



Attachment 2

Birdville ISD
Stop Arm Camera Program
Information Provided by ATS

1. Current sample documents (Attached)
 - a. Intergovernmental Agreements
 - b. Ordinances
2. Describe the purpose of the program for BISD: The purpose of the program is to change driver behavior to lower the chance that a child will be hit while loading or unloading the bus. With other programs around the country, a decrease of 35%-50% is normal.
3. List other Texas school districts and cities currently participating in the program: Dallas, Austin, Georgetown, Mesquite, Coppell, Lancaster, San Marcos, Sorcorro and Elgin. The City of San Antonio just passed an ordinance last month. ATS' clients are Austin, Georgetown and Mesquite. The others are run by Dallas County Schools.
4. Detail of process for violations
 - a. Responsibilities of ATS: ATS will provide the bus equipment, software, violation processing, mailing, call center, court and payment processing.
 - b. Responsibilities of Watauga Police Department: Provide the violation review and adjudication process.
 - c. Responsibilities of other police forces
 - i. Who will field calls and inquiries from violators? ATS will provide an 800 number on each violation and will answer any calls to answer questions, make phone payments, or schedule a hearing.
 - ii. What happens if the violator does not pay the ticket? Civil collections.
 - iii. What happens if violation rules vary from city to city? ATS will geo-fence each city so that violations are properly processed per that city's rules and that citations are mailed with that city's logo and design.
 - iv. Will the participating cities ever need to access the videos? They can, but if Watauga is doing the processing, theoretically only Watauga would need to. However, there will be cases when the city will probably want to view those, and security rights can be granted.
 - v. Describe the appeals process. If a violator feels they did not deserve a citation they can schedule a hearing with the city's hearing officer. If Watauga is going to do all of the hearings, they would likely use the hearing officer from their red light camera program. If each city wants to have their own hearing, they would do the same as they each have a red light camera program. Any appeal beyond that would go to municipal court.
 - vi. What formal action will need to be completed by each city council? They would need to pass an ordinance creating a civil violation for passing a school bus as well as sign an intergovernmental agreement with the

school district and Watauga (if Watauga will be doing all of the processing and/or adjudication), and hopefully participate in the public awareness campaign.

- vii. What personnel or financial resources will need to be contributed by each city? If Watauga is going to do the violation review and adjudication, then the other cities will only help with violation design and public awareness.
5. Describe what will constitute a violation based on what other cities have determined to be enforceable violations. (see sample ordinance)
 6. Charts and graphs depicting data gathered during pilot. (see attached)
 - a. Extrapolate data to daily and monthly counts by city. Since we only tested a few buses, a driver survey would provide that. As an example, Austin buses generate .4/violations per day or two violations, per bus, per week. BISD expects to load cameras on 10 to 15 buses. Violations would be approximately 80 to 120 per month.
 - b. Ensure that data only includes violations comparable to what other cities are determining to be true violations. (see "a" above)
 7. Describe the revenue breakdown. ATS agreements (for example Austin) are based on a 60/40 split where the school district gets 40% and shares that with the cities. ATS would offer to take the first three violations per month, per bus with a \$20 per violation cost afterward.
 8. Describe the process for selecting buses for the cameras and when cameras will be moved to other buses. Buses are selected to maximize safety based on violation rates. ATS provides a route analysis with projected violation rates. The district may request additional buses as well based on other factors such as geographical dispersion, city requests, etc.
 9. Make suggestions for how revenue would be used based on other participating cities and school districts. Ideally, any revenue would be re-invested into student safety programs and equipment.
 10. Address any potential legislative concerns for the upcoming session. We expect photo enforcement opponents will be active as they have in the last three sessions. Fortunately, we have structured the bus photo enforcement program to where ATS bears the financial risk in the event there was ever prohibitive legislation.
 11. Have there been issues for bus drivers from angry drivers? More spotlight on bus drivers in the community? I have called several school districts which have been using stop arm cameras for at least two years. Not a single bus driver has been harassed or even approached by an angry recipient of a citation.
 12. Are these videos subject to an open records request? Who would have to gather videos and redact/block faces of students in videos? The only video we are gathering is of the vehicles passing the stop arm. They enter the public domain only once a citation is issued. I would prefer a conversation between legal departments to drill down into this so I don't misspeak.

13. How will the various rules for proving the violation be developed? An ATS analyst will sit with the police department to develop a set of business rules to determine if a potential violation should be forwarded to them for review. An example of that would be “does the city want to see videos if it is clearly a funeral, or if it is an emergency vehicle with their lights on?”
14. If driver can prove they weren't behind the wheel, can they get out of the ticket? This is the city's decision. Generally they follow the same rules that they would with a red light camera violation of either allowing a transfer of liability option or holding the owner solely responsible.
15. How much additional work will be placed on Watauga if they are handling all tickets? They should expect 10-15 minutes of review time per school day.
16. Will Watauga handle all appeals? That would be determined by their intergovernmental agreement between agencies.
17. Will this go to a hearing at some point? Yes, a small percentage will request a hearing. Several other programs follow their red light camera procedures for all hearings and appeals.

Note: All information provided should be reviewed by legal counsel at the school district and each city. This information is solely as a guide and not meant to be a legal guide.



AGENDA MEMORANDUM

DATE: August 9, 2016

TO: Honorable Mayor and Council

FROM: Greg Vick, City Manager *GV*

SUBJECT: Discussion and possible action on the proposed Tax Rate of \$0.618411 per \$100.00 Valuation for Fiscal Year 2016-2017 discussed during the Public Hearing

Background/Information:

The City Manager's proposed budget recommends adoption of a tax rate at \$0.618411 per \$100.00 valuation.

Financial Implications:

The adoption of the proposed tax rate of \$0.618411 per \$100.00 valuation will produce will produce more revenue from property taxes than last year's budget by an amount of \$728,860 which is a 12.51 percent levy increase from the Fiscal Year 2015-2016 Budget Year. This levy will be used for funding additional debt service related to streets and parks projects, increases to employee compensation and medical insurance expenses, purchases of equipment, increases in dispatch/jail shared services, as well as other expenses relating to meeting the community needs.

Recommendation/Action Desired:

N/A

Attachments:

N/A



AGENDA MEMORANDUM

DATE: August 24, 2016

TO: Honorable Mayor and Members of the City Council

THROUGH: Greg Vick, City Manager 

FROM: Paul Hackleman, P.E., Public Works Director

SUBJECT: Discussion and Action to commit to authorize aerial spraying application for mosquitos with Tarrant County.

BACKGROUND/INFORMATION:

The purpose for this agenda item is for discussion and action to commit to authorizing aerial spraying application within the City of Watauga to reduce the risk of West Nile Virus (WNV) exposure from mosquitos with Tarrant County, if the county decides the risk is high enough to spray. At the current time, Tarrant County would like a list of cities willing to allow aerial spraying, and a list of cities willing to pay for their fair share.

Currently, the City contracts for ground spraying near the locations of the mosquito traps if we have one positive WNV readings two weeks in a row. The Storm Water Division of Public Works Department also maintains all earthen channels by mowing and trimming, thereby reducing mosquito habitats. During the mowing, mosquito dunks are placed in standing water sources to kill mosquito larva. On occasion, Gambusia (fish) are released into the creek system to assist in eating mosquito larva.

The City Website is linked to Tarrant County's website with action citizens can take to reduce exposure to WNV. The main steps are: dump all standing water, use larvicides where water cannot be dumped, and use hand held sprayers for your yard.

Currently, the County is a Risk Category 3 and only may perform aerial spraying at Risk Category 4. By deciding early which cities are willing to participate, the County is able to implement the aerial spraying in a timely manner if conditions warrant. As of August 20, 2016 (Week 33 – see Attachment 2), the County has a total of 3,316 mosquito pools submitted and 364 pools have tested positive for WNV. Of the 364 pools which tested positive, Watauga had 5 positive pools. Currently, there are no reported human cases of WNV in Watauga, and there are 16 human cases within Tarrant County. If the number of human cases increase or there is a significant increase in positive pool tests, the County may move to Risk Level 4 and vote on whether to implement aerial spraying.

The City of Watauga has four options regarding the aerial spraying:

1. No participation now or at later date
2. Participate at later date if conditions warrant – assumes County has not sprayed yet or will spray again
3. Allow aerial spraying – not cost sharing with the County
4. Allow aerial spraying – cost share with the County

Please note, Tarrant County desires only to know who plans to participate and to what level. If they decide to perform aerial spraying, there would be a Commissioner's Court Meeting to vote on the issue. If the County chooses to spray and Watauga chose to participate with no cost sharing, the County may not choose to spray in Watauga

If the City Council chooses to cost share with the County for the aerial spraying, the cost to the City of Watauga would be \$5,028.88 (see Attachment 3) for one event.

There are environmental impacts associated with mosquito spraying. Due to this, the spraying would take place either at night or early in the morning. The County uses a chemical that is the least toxic (according to Tarrant County Health Department) and would post public notices prior to spraying.

FINANCIAL IMPLICATIONS:

Aerial Spraying Cost Sharing \$5,028.88 Funds are available

RECOMMENDATION/ACTION DESIRED:

Authorize Tarrant County to perform aerial spraying once Risk Category 4 is reached and reimburse Tarrant County \$5,028.88.

ATTACHMENTS/SUPPORTING DOCUMENTATION:

- 1) Approval letter from Mark Daniel, City Attorney
- 2) Arbovirus Report Week 33 - 2016
- 3) Tarrant County Spraying Cost per City
- 4) Resolution
- 5) Power Point Presentation

Attachment F
PENDING- NOT INCLUDED

Attachment 2



Arbovirus Surveillance Report: Aug 14 - Aug 20, 2016

Tarrant County Public Health

MMWR Week 33 (August 14 – August 20, 2016)
Report Date: August 24, 2016



- A total of 3,316 mosquito pools have been submitted to North Texas Regional Laboratory at Tarrant County Public Health in 2016; All pools have tested negative for SLEV.
- **364** pools have tested positive for WNV in Tarrant County. Cities with positive mosquito pools[†]:

Arlington 51	DFW Airport 1	Haltom City 1	Mansfield 1	Sansom Park 5
Bedford 1	Eules 22	Haslet 1	N. Richland Hills 1	Southlake 12
Benbrook 1	Everman 1	Hurst 1	Pantego 1	Unincorporated 25
Burleson 1	Fort Worth 68	Keller 1	Richland Hills 1	Watauga 5
Colleyville 1	Grand Prairie 1	Kennedale 1	River Oaks 1	Westover Hills 1
Crowley 1	Grapevine 21	Lake Worth 1	Saginaw 1	

- To date in 2016 there have been 15 imported human Zika virus cases, 16 WNV cases (5 WNF & 11 WNND), no CHIKV disease cases, no DENV cases, and no SLEV cases reported in Tarrant County.
- More information can be found at: [Tarrant County Mosquito-Borne Illness](#)

[†]Area of cities located within Tarrant County; CHIKV-Chikungunya Virus; DENV-Dengue Virus; SLEV-St. Louis Encephalitis Virus; WNV-West Nile Virus; WNF = West Nile Fever; WNND = West Nile Neuroinvasive Disease

Table 1. WNV activity summary, Tarrant County, Weeks 29-33, 2016

Week	Jul 17 - Jul 23	Jul 24 - Jul 30	Jul 31 - Aug 6	Aug 7 - Aug 13	Aug 14 - Aug 20	YTD
MMWR Week	29	30	31	32	33	
Total traps placed in Tarrant County	250	227	243	252	133	3,701
Average number of female <i>Culex</i> mosquitoes per trap	41.3	30.6	33.3	25.9	32.7	75.3
Average number of female <i>Cx. quinquefasciatus</i> per trap	41.2	30.4	33.2	25.7	32.6	66.2
Average number of female <i>Cx. restuans</i> per trap	0.0	0.0	0.0	0.0	0.0	6.8
Number of mosquito pools tested ¹	184	197	168	197	181	3,316
Number of positive mosquito pools (NTRL; Non-NTRL) ²	39;0	34;1	50;2	42;0	27;0	353;11
Confirmed WNV human cases (WNF; WNND) ³	1;2	0;1	2;3	2;4	0;0	5;11
Presumptive WNV viremic blood donors	0	0	0	0	0	0
WNV infection rate per 1,000 <i>Cx. quinquefasciatus</i> ⁴	8.53	9.22	12.31	11.61	10.88	
WNV infection rate per 1,000 <i>Cx. restuans</i> ⁴	0.00	0.00	0.00	0.00	0.00	
Weekly vector index ⁵	0.351	0.280	0.409	0.298	0.355	

¹Based on lab testing date; ²Based on mosquito collection date; NTRL = North Texas Regional Laboratory

³Based on onset of illness date for cases reported to Tarrant County Public Health; WNF=West Nile Fever; WNND = West Nile Neuroinvasive Disease

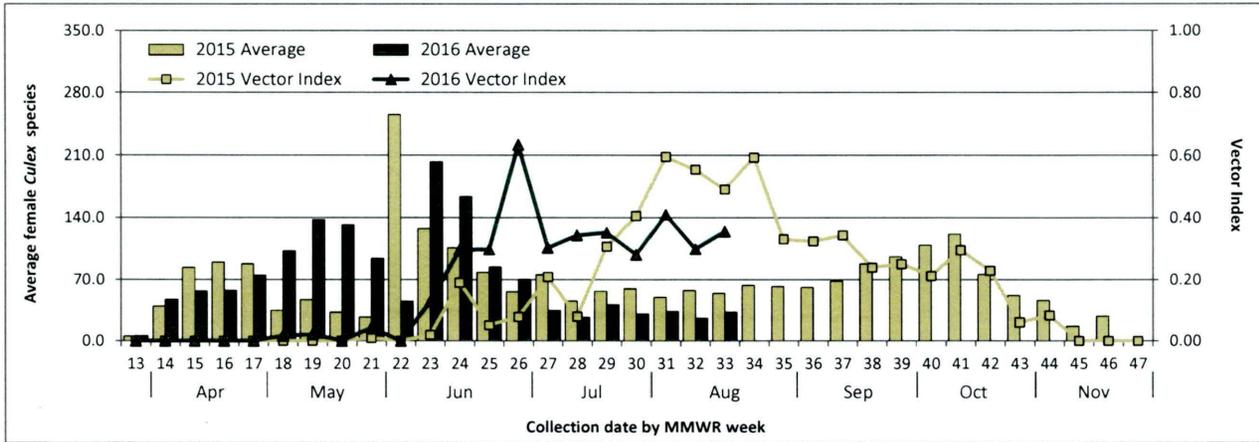
⁴Calculated using a Maximum Likelihood Estimation (MLE). Biggerstaff, Brad J. PooledInfRate, Version 4.0: a Microsoft® Office Excel® Add-In to compute prevalence estimates from pooled samples. Centers for Disease Control and Prevention, Fort Collins, CO, U.S.A., 2009

⁵Vector Index is a measure of infectivity accounting for vector species composition, vector species population density, and proportion of vector population infected with WNV

Note: Infection rate and vector index calculations may not include positive pools from Non-NTRL laboratories; Data subject to change due to on-going case investigations, mosquito collection, and testing

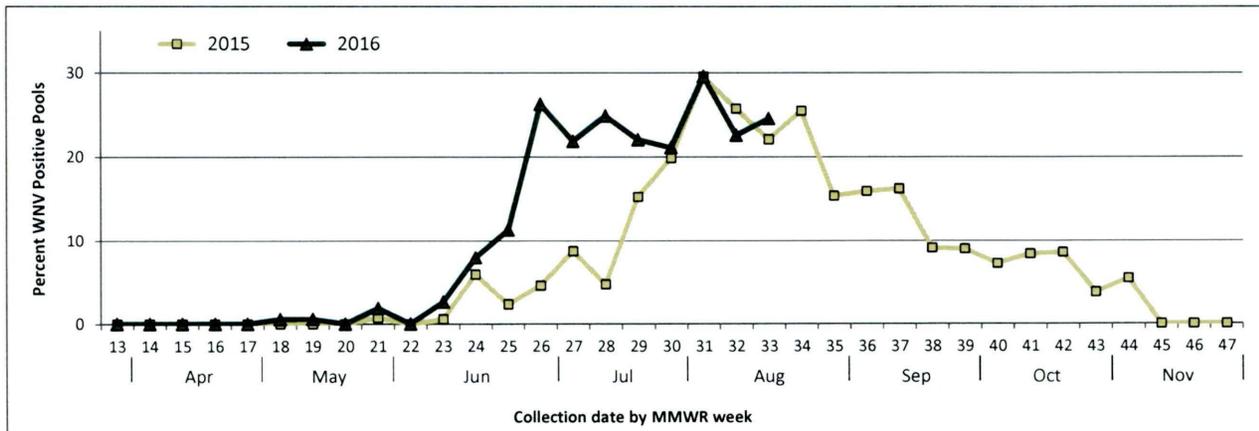
Data source: Tarrant County Public Health

Figure 1. Average number of female *Culex* species per trap and vector index by collection date, Tarrant County, 2015-2016



Data source: Tarrant County Public Health

Figure 2. Percentage of mosquito pools positive for WNV by collection date, Tarrant County, 2015-2016



Data source: Tarrant County Public Health

Table 2. BG Sentinel trap activity, Tarrant County, Weeks 29-33, 2016

Week	Jul 17 - Jul 23	Jul 24 - Jul 30	Jul 31 - Aug 6	Aug 7 - Aug 13	Aug 14 - Aug 20	YTD
MMWR Week	29	30	31	32	33	
Total BG Sentinel traps placed in Tarrant County	55	46	49	56	18	575
Average number of female <i>Aedes</i> mosquitoes per trap	6.5	5.5	5.0	3.5	0.6	6.4
Average number of female <i>Aedes aegypti</i> per trap	3.0	3.0	2.8	2.2	0.5	2.3
Average number of female <i>Aedes albopictus</i> per trap	3.3	2.1	2.2	1.1	0.0	2.2

Data source: Tarrant County Public Health

Tarrant County Arbovirus Surveillance Report 08/24/16

Table 3. State-wide arbovirus season activity as reported by Texas DSHS on Aug 23, 2016

North Texas Counties	WNV		CHIKV*		DENV*		SLEV		Zika*	
	Positive Mosquito Pools	Human Cases	Positive Mosquito Pools	Human Cases	Positive Mosquito Pools	Human Cases	Positive Mosquito Pools	Human Cases	Positive Mosquito Pools	Human Cases
Collin	53	4 WNF; 3 WNND	0	0	0	2	0	0	0	3
Dallas	502	9 WNF; 14 WNND	0	1	0	3	0	0	0	28
Denton	58	4 WNF; 2 WNND	0	0	0	0	0	0	0	4
Ellis	14	0 WNF; 1 WNND	0	0	0	0	0	0	0	1
Hood	0	0 WNF; 0 WNND	0	0	0	0	0	0	0	0
Hunt	10	0 WNF; 2 WNND	0	0	0	0	0	0	0	0
Johnson	9	0 WNF; 1 WNND	0	0	0	0	0	0	0	0
Kaufman	0	0 WNF; 0 WNND	0	0	0	0	0	0	0	0
Parker	0	0 WNF; 0 WNND	0	0	0	0	0	0	0	0
Rockwall	11	0 WNF; 1 WNND	0	0	0	0	0	0	0	0
Somervell	0	0 WNF; 0 WNND	0	0	0	0	0	0	0	0
Tarrant	365	2 WNF; 7 WNND	0	0	0	0	0	0	0	14
Wise	0	0 WNF; 0 WNND	0	0	0	0	0	0	0	1
North Texas Total	1,022	19 WNF; 31 WNND	0	1	0	5	0	0	0	51
All Texas Counties	1,164	22 WNF; 47 WNND	0	6	0	16	1	0	0	125

* All reported CHIKV, DENV, & Zika human cases are imported; 1 Zika case from Dallas County was sexually transmitted by an imported case

WNV - West Nile Virus; WNF - West Nile Fever; WNND - West Nile Neuroinvasive Disease; CHIKV - Chikungunya Virus;

DENV - Dengue Virus; SLEV - Saint Louis Encephalitis Virus;

Data source: Texas Department of State Health Services (DSHS)

Attachment 3

Attachment 4
PENDING- NOT INCLUDED

Attachment 5

Aerial Mosquito Spraying Tarrant County - West Nile Virus



Culex Mosquito
West Nile Virus
Dusk and Dawn



Aedes aegypti
Zika Virus
Daytime



Aedes albopictus
Zika Virus
Daytime

Tarrant County Risk Categories



Tarrant County has five (5) risk categories listed from 0 to 4.

- A. Risk Category 0 (None) – No evidence of mosquito or viral activity**
- B. Risk Category 1 (Low) – Normal mosquito activity with little or no evidence of viral activity**
- C. Risk Category 2 (Moderate) – Virus detected in mosquito samples**
- D. Risk Category 3 (High) – Virus detected in multiple samples from different times and locations and confirmed human cases**
- E. Risk Category 4 (Outbreak in progress) – Multiple human cases confirmed and detection of increased or continual viral mosquito activity**

Tarrant County is currently at Risk Category 3 (High) – Human cased confirmed.

Response Plan (Category 3):

A. Surveillance – increase in areas where spread of virus is likely

B. Information/Education

- 1. Public health warning released**
- 2. Publicize vector control measures within target communities**
- 3. Warn the public of the probability of disease & provide guidance**

C. Control Measures

- 1. Ground based spraying of area around confirmed human cases after traps confirms the presence of disease**
- 2. Ground based spraying of positive mosquito sites and expanded areas**
- 3. Consider aerial treatment(s)**

If Tarrant County falls into Risk Category 4 (Outbreak in progress) – Multiple Human cases confirmed and detection of increased or continued viral mosquito activity

Response Plan (Category 4):

- A. Surveillance – continued surveillance in areas of confirmed human cases**

- B. Information/Education**
 - 1. Public health emergency considered**
 - 2. Declaration of public health emergency/distribution of emergency alerts**

- C. Control Measures**
 - 1. Ground based spraying of areas of clustered human cases**
 - 2. Ground based spraying of positive mosquito sites and expanded areas**
 - 3. Recommend aerial spraying in targeted zones**

Adulticide Chemical - Pyrethroids

Pyrethroids are a class of pesticides which are derived from botanicals found in certain species of flowers in the genus Chrysanthemum. They are non-persistent in the environment and are broken down in a short amount of time by UV light (sunlight).

These insecticides may be broad range (meaning they can affect many types of insects). To avoid beneficial pollinators such as bees and butterflies, and to optimize the number of adult mosquitoes killed, these insecticides are typically sprayed at night when mosquitoes are most active and pollinators are resting.

Bodies of water should be avoided when using these chemicals because they can be toxic to other benthic wildlife including fish and beneficial insects.

Is aerial spraying safe for people/pets?



Dallas Morning News Article August 14, 2012

“The Environmental Protection Agency and the Centers for Disease Control and Prevention say no unreasonable risk comes from the kind of chemical that local agencies are already spraying from trucks and could start spraying from aircraft later this week.”

“Some scientists and health organizations dispute the all-clear for synthetic pyrethroids, a family of insecticides used in government-run spraying programs and thousands of commercial and home-use products.”

“Even if the government assurances are correct, any aerial spraying will come with advice to the public: People and pets should stay indoors when neighborhood spraying is scheduled.”

“Dallas County’s chosen product, Duet, is a pyrethroid insecticide that is a “quick knockdown” control for mosquitoes, gnats, biting and nonbiting midges and black flies, according to the product label from manufacturer Clarke Mosquito Control.”

Current Testing & Case Status



A. Tarrant County pools testing positive out of 3,316 pools tested

- 1. 2016 – 364**
- 2. 2015 – 217**
- 3. 2014 – 59**

B. Watauga has 5 pools testing positive out of 66 pools tested

- 1. 2016 – 5**
- 2. 2015 – 2**
- 3. 2014 – Not in program for entire season**

C. Human Cases – None in Watauga

- 1. Zika Virus – 15 imported – not from mosquitos here (2016)**
- 2. West Nile Fever – 5 (2016) and 1 (2015)**
- 3. West Nile Neuroinvasive Disease – 11 (2016) and 5 (2015)**

Facts about West Nile Virus



- A. 80% of people infected with West Nile Virus**
 - 1. No symptoms**

- B. About 20% of people infected with West Nile Virus - Fever**
 - 1. Fever**
 - 2. Headache, body aches, joint pains**
 - 3. Vomiting/Diarrhea**
 - 4. Most people completely recover**

- C. Less than 1% of people infected with West Nile Virus – Neuroinvasive Disease**
 - 1. Inflammation of the brain or surrounding tissue**
 - 2. Neurologic illness, headache, disorientation**
 - 3. Coma, tremors, seizures or paralysis**

- D. Vaccine – none exist**

Request from Tarrant County



County Judge Whitley would like the Cities input:

- A. City Council to vote for or against aerial spraying for mosquitos
- B. City Council to vote for or against reimbursing the County for each cities portion.

The City of Watauga's cost share for spraying would be \$5,028.88.

A yes vote to spray does not mean Tarrant County will spray for mosquitoes. They will only spray if the Risk Category increases to level 4 and the Commissioner's Court votes to spray.

A yes vote to spray and reimburse Tarrant County means if they spray, Watauga would be included in the aerial spraying.

A yes vote to spray and not reimburse Tarrant County means if they spray, Watauga may not be included in the aerial spraying.

A no vote to spray means Watauga would not be included in aerial spraying.

Questions ???



Positive Pools Data – Tarrant County



Number of West Nile Virus Positive Pools per Month, Tarrant County 2012-2016

Month	2012	2013	2014	2015	2016
May	0	0	0	1	5
June	14	1	2	12	76
July	31	3	19	85	162
August	37	9	94	171	121 – Aug 22
September	2	7	154	104	
October	0	3	2	4	
Total	85	37	317	424	364
Watauga Total			4	4	5 – Aug 22

Note: Data for 2012 is based on limited traps. Watauga has 2 trap locations.



**OFFICE OF THE CITY MANAGER
INTEROFFICE CORRESPONDENCE**

DATE: August 16, 2016

TO: Honorable Mayor and Members of the City Council

FROM: Greg Vick, City Manager 

SUBJECT: Consideration and Approval of an Ordinance Authorizing the Issuance of "City of Watauga, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligations, Series 2016"; and establishing the final financing structure of the Certificates

Background/Information:

On July 25, 2016 City Council approved a resolution for a Notice of Intention to issue Certificates of Obligation not to exceed \$6,000,000. Several capital items and improvements have been identified by City Council as priorities to include street projects, parks projects, and City trails. The requirements of publication of a Notice of Intention to issue Certificates have been met. Standard and Poor's rating agency has reaffirmed the City's "AA" rating.

If the Ordinance is approved this evening, the issue will close and the funds will be made available to the City on September 28th.

Financial Implications:

Due to the 12.5% increase in property valuations for FY2016-17, the City's issuance of new bonds will not result in an increase in the tax rate from FY2015-16. The required annual debt service will increase by approximately \$415,000. That amount will fund about \$6,000,000 million in additional 20 year debt in the current interest rate market and allows the FY2016-17 tax rate to essentially be kept at the same rate as FY2015-16.

Recommendation/Action Desired

Approval of the attached Ordinance awarding the sale and establishing the final pricing structure for the Obligations designated as "City of Watauga, Texas Combination Tax and Limited Pledge

Revenue Certificates of Obligation, Series 2016” resolving other matters incident and related to the issuance and sale of said Certificates, including the approval and distribution of an Official Statement pertaining thereto; and other matters in connection therewith.

Motion needed:

I move that the City Council adopt an ordinance authorizing the issuance of “City of Watauga, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016.”

Attachments

- 1) Letter from Mark Daniel, City Attorney
- 2) Proposed Ordinance

Attachment 1

LAW OFFICES
EVANS, DANIEL, MOORE, EVANS & BIGGS
(NOT A PARTNERSHIP)

MARK G. DANIEL

BOARD CERTIFIED - CRIMINAL LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

CRIMINAL TRIAL SPECIALIST-BOARD CERTIFIED
NATIONAL BOARD OF TRIAL ADVOCACY

SUNDANCE SQUARE
115 WEST SECOND STREET, SUITE 202
FORT WORTH, TEXAS 76102

(817) 332-3822
FACSIMILE (817) 332-2763

OF COUNSEL

TIM EVANS
TIM MOORE
LANCE T. EVANS
WILLIAM R. BIGGS

August 25, 2016

Via Email

Ms. Sandra Gibson
Director of Finance and Administration
City of Watauga
7105 Whitley Road
Watauga, Texas 76148

Re: Ordinance regarding Sale of Certificates of Obligation

Dear Ms. Gibson:

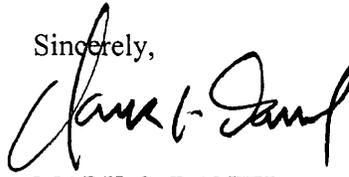
Pursuant to your request, I have reviewed a draft of the above referenced Ordinance authorizing the issuance of "City of Watauga Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016," providing for the payment of said certificates by the levy of an ad valorem tax upon all taxable property within the City and further securing said certificates by a lien on and pledge of the pledged revenues of the system, providing the terms and conditions of said certificates and resolving other matters incident and relating to the issuance, payment, security, sale, and delivery of said certificates, including the approval and distribution of an official statement pertaining thereto, authorizing the execution of a paying agent/registrar agreement and an official bid form, complying with the requirements of the letter of representations previously executed with the depository trust company, authorizing the execution of any necessary engagement agreements with the City's financial advisor and/or bond counsel and providing an effective date.

It is my understanding that the principal amounts and interest rates will be filled in prior to the City Council and the Mayor signing the Ordinance. I approve of this Ordinance as to form and legality and would recommend presenting this to the Mayor for his signature once the final pricing has been determined at the time of the sale of the Certificates of Obligation.

Ms. Sandra Gibson
August 25, 2016
Page 2

Thank you for your attention to the above and the opportunity to be of assistance. If you have any questions regarding this matter, please do not hesitate to contact my office.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark G. Daniel". The signature is fluid and cursive, with the first name "Mark" being the most prominent.

MARK G. DANIEL
City Attorney for the City of Watauga

MGD/tp

cc: Mayor Hector Garcia
Mr. Greg Vick, City Manager
Ms. Zolaina Reyes, City Secretary

Attachment 2

AN ORDINANCE AUTHORIZING THE ISSUANCE OF “CITY OF WATAUGA, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016”; PROVIDING FOR THE PAYMENT OF SAID CERTIFICATES BY THE LEVY OF AN AD VALOREM TAX UPON ALL TAXABLE PROPERTY WITHIN THE CITY AND FURTHER SECURING SAID CERTIFICATES BY A LIEN ON AND PLEDGE OF THE PLEDGED REVENUES OF THE SYSTEM; PROVIDING THE TERMS AND CONDITIONS OF SAID CERTIFICATES AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SAID CERTIFICATES, INCLUDING THE APPROVAL AND DISTRIBUTION OF AN OFFICIAL STATEMENT PERTAINING THERETO; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN OFFICIAL BID FORM; COMPLYING WITH THE REQUIREMENTS OF THE LETTER OF REPRESENTATIONS PREVIOUSLY EXECUTED WITH THE DEPOSITORY TRUST COMPANY; AUTHORIZING THE EXECUTION OF ANY NECESSARY ENGAGEMENT AGREEMENTS WITH THE CITY’S FINANCIAL ADVISORS AND/OR BOND COUNSEL; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City Council of the City of Watauga, Texas (the *City*) has caused notice to be given of its intention to issue certificates of obligation in the maximum principal amount of \$6,000,000 for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing street improvements (including utilities repair, replacement, and relocation), curbs, gutters, and sidewalk improvements, including drainage incidental thereto; (2) constructing, repairing acquiring, purchasing, renovating, equipping, and improving various existing municipal facilities; (3) constructing, acquiring, purchasing, renovating, equipping, and improving the City’s parks and recreational facilities, including the construction of a splash pad and constructing various park trails; (4) constructing parking improvements to the City’s Recreational Center and Indian Springs Park; (5) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (6) the payment of professional and employee services related to the design, construction, project management, inspection, consultant services, and financing of the aforementioned projects. This notice has been duly published in a newspaper hereby found and determined to be of general circulation in the City, once a week for two (2) consecutive weeks, the date of the first publication of such notice being not less than thirty (30) days prior to the tentative date stated therein for the passage of the ordinance authorizing the issuance of such certificates of obligation; and

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

WHEREAS, the City Council hereby finds and determines that the issuance of the certificates of obligation, under the terms herein specified, is in the best interests of the City and its residents; and

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

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS THAT:

SECTION 1. Authorization - Designation - Principal Amount - Purpose. The certificates of obligation of the City shall be and are hereby authorized to be issued in the aggregate principal amount of _____ AND NO/100 DOLLARS (\$ _____), to be designated and bear the title of "CITY OF WATAUGA, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016" (the *Certificates*), for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing street improvements (including utilities repair, replacement, and relocation), curbs, gutters, and sidewalk improvements, including drainage incidental thereto; (2) constructing, repairing acquiring, purchasing, renovating, equipping, and improving various existing municipal facilities; (3) constructing, acquiring, purchasing, renovating, equipping, and improving the City's parks and recreational facilities, including the construction of a splash pad and constructing various park trails; (4) constructing parking improvements to the City's Recreational Center and Indian Springs Park; (5) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (6) the payment of professional and employee services related to the design, construction, project management, inspection, consultant services, and financing of the aforementioned projects, pursuant to the authority conferred by and in conformity with the laws of the State of Texas, particularly the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code Section 271.041 through Section 271.064, Chapter 1502, as amended, Texas Government Code, and the City's Home Rule Charter.

SECTION 2. Fully Registered Obligations - Authorized Denominations - Stated Maturities - Interest Rates - Certificate Date. The Certificates are issuable in fully registered form only; shall be dated September 1, 2016 (the *Certificate Date*) and shall be issued in denominations of \$5,000 or any integral multiple (within a Stated Maturity) thereof, and the Certificates shall become due and payable on February 1 in each of the years and in principal amounts (the *Stated Maturities*) and bear interest on the unpaid principal amounts from the Certificate Date, or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity, at the per annum rates, while Outstanding, in accordance with the following schedule:

<u>Years of Stated Maturity</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
2017		

<u>Years of Stated Maturity</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		

The Certificates shall bear interest on the unpaid principal amounts from the Certificate Date, or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, to Stated Maturity or prior redemption, while Outstanding, at the rates per annum shown in the above schedule (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Certificates shall be payable on February 1 and August 1 in each year (each, an *Interest Payment Date*), while the Certificates are Outstanding, commencing February 1, 2017.

SECTION 3. Payment of Certificates - Paying Agent/Registrar. The principal of, premium, if any, and interest on the Certificates, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and such payment of principal of, premium if any, and interest on the Certificates shall be without exchange or collection charges to the Holder (hereinafter defined) of the Certificates.

The selection and appointment of BOKF, NA, Austin, Texas (the *Paying Agent/Registrar*) to serve as the initial Paying Agent/Registrar, for the Certificates is hereby approved and confirmed, and the City agrees and covenants to cause to be kept and maintained at the corporate trust office of the Paying Agent/Registrar books and records (the *Security Register*) for the registration, payment and transfer of the Certificates, all as provided

herein, in accordance with the terms and provisions of a Paying Agent/Registrar Agreement, attached, in substantially final form, as Exhibit A hereto, and such reasonable rules and regulations as the Paying Agent/Registrar and City may prescribe. The City covenants to maintain and provide a Paying Agent/Registrar at all times while the Certificates are Outstanding, and any successor Paying Agent/Registrar shall be (i) a national or state banking institution or (ii) an association or a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers. Such Paying Agent/Registrar shall be subject to supervision or examination by federal or state authority and authorized by law to serve as a Paying Agent/Registrar.

The City reserves the right to appoint a successor Paying Agent/Registrar upon providing the previous Paying Agent/Registrar with a certified copy of a resolution or ordinance terminating such agency. Additionally, the City agrees to promptly cause a written notice of this substitution to be sent to each Holder of the Certificates by United States mail, first-class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of, premium, if any, and interest on the Certificates, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable only to the registered owner of the Certificates appearing on the Security Register (the *Holder* or *Holder*s) maintained on behalf of the City by the Paying Agent/Registrar as hereinafter provided (i) on the Record Date (hereinafter defined) for purposes of payment of interest thereon, (ii) on the date of surrender of the Certificates for purposes of receiving payment of principal thereof upon redemption of the Certificates or at the Certificates' Stated Maturity, and (iii) on any other date for any other purpose. The City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder as the owner of a Certificate for purposes of receiving payment and all other purposes whatsoever, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary.

Principal of and premium, if any, on the Certificates shall be payable only upon presentation and surrender of the Certificates to the Paying Agent/Registrar at its corporate trust office. Interest on the Certificates shall be paid to the Holder whose name appears in the Security Register at the close of business on the fifteenth day of the month next preceding an Interest Payment Date for the Certificates (the *Record Date*) and shall be paid (i) by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, by the Paying Agent/Registrar, to the address of the Holder appearing in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by the Holder at the Holder's risk and expense.

If the date for the payment of the principal of, premium, if any, or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the 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 which is not such a day. The payment on such date shall have the same force and effect as if made on the original date any such payment on the Certificates was due.

In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a Special Record Date) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest

have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the *Special Payment Date* - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder of a Certificate appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 4. Redemption.

A. Mandatory Redemption. The Certificates stated to mature on February 1, 20__ and February 1, 20__ are referred to herein as the "Term Certificates". The Term Certificates are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Certificate Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on February 1 in each of the years as set forth below:

Term Certificates Stated to Mature on February 1, 20__		Term Certificates Stated to Mature on February 1, 20__	
<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Year</u>	<u>Principal Amount (\$)</u>

*Payable at Stated Maturity.

The principal amount of a Term Certificate required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Certificates of such Stated Maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been defeased or acquired by the City 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 City, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth below and not theretofore credited against a mandatory redemption requirement.

B. Optional Redemption. The Certificates having Stated Maturities on and after February 1, 2027 shall be subject to redemption prior to Stated Maturity, at the option of the City, on February 1, 2026, or on any date thereafter, as a whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date of redemption.

C. Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the redemption of Certificates (unless a shorter notification period shall be satisfactory to the

Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of its decision to exercise the right to redeem Certificates, the principal amount of each Stated Maturity to be redeemed, and the date set for the redemption thereof. The decision of the City to exercise the right to redeem Certificates shall be entered in the minutes of the governing body of the City.

D. Selection of Certificates for Redemption. If less than all Outstanding Certificates of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall select at random and by lot the Certificates to be redeemed, provided that if less than the entire principal amount of a Certificate is to be redeemed, the Paying Agent/Registrar shall treat such Certificate then subject to redemption as representing the number of Certificates Outstanding which is obtained by dividing the principal amount of such Certificate by \$5,000.

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

All notices of redemption shall (i) specify the date of redemption for the Certificates, (ii) identify the Certificates to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Certificates, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Certificates, or the principal amount thereof to be redeemed, shall be made at the corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder.

If a Certificate is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as herein provided, such Certificate (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and if money sufficient for the payment of such Certificates (or of the principal amount thereof to be redeemed) at the then applicable redemption price is held for the purpose of such payment by the Paying Agent/Registrar, then on the redemption date designated in such notice, interest on the Certificates (or the principal amount thereof to be redeemed) called for redemption shall cease to accrue and such Certificates shall not be deemed to be Outstanding in accordance with the provisions of this Ordinance. This notice may also be published once in a financial publication, journal, or reporter of general circulation among securities dealers in the City of New York, New York (including, but not limited to, *The Bond Buyer* and *The Wall Street Journal*), or in the State of Texas (including, but not limited to, *The Texas Bond Reporter*).

F. Transfer/Exchange of Certificates. Neither the City nor the Paying Agent/Registrar shall be required (1) to transfer or exchange any Certificate during a period beginning forty-five (45) days prior to the date fixed for redemption of the Certificates or (2) to transfer or exchange any Certificate selected for redemption, provided, however, such limitation

of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance of a Certificate which is subject to redemption in part.

SECTION 5. Execution - Registration. The Certificates shall be executed on behalf of the City by its Mayor or Mayor Pro Tem under its seal reproduced or impressed thereon and attested by its City Secretary. The signature of either of said officers on the Certificates may be manual or facsimile. Certificates bearing the manual or facsimile signatures of individuals who were, at the time of the Certificate Date, the proper officers of the City shall bind the City, notwithstanding that such individuals or either of them shall cease to hold such offices prior to the delivery of the Certificates to the Purchasers (hereinafter defined), all as authorized and provided in Chapter 1201, as amended, Texas Government Code.

No Certificate shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Certificate either a certificate of registration substantially in the form provided in Section 8C, executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent by manual signature, or a certificate of registration substantially in the form provided in Section 8D, executed by the Paying Agent/Registrar by manual signature, and either such certificate upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly certified or registered and delivered.

SECTION 6. Registration - Transfer - Exchange of Certificates - Predecessor Certificates. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of every owner of the Certificates, or if appropriate, the nominee thereof. Any Certificate may, in accordance with its terms and the terms hereof, be transferred or exchanged for Certificates of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Certificate to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any Certificate at the corporate trust office of the Paying Agent/Registrar, the City shall execute and the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Certificates of authorized denomination and having the same Stated Maturity and of a like interest rate and aggregate principal amount as the Certificate or Certificates surrendered for transfer.

At the option of the Holder, Certificates may be exchanged for other Certificates of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Certificates surrendered for exchange upon surrender of the Certificates to be exchanged at the corporate trust office of the Paying Agent/Registrar. Whenever any Certificates are so surrendered for exchange, the City shall execute, and the Paying Agent/Registrar shall register and deliver, the Certificates to the Holder requesting the exchange.

All Certificates issued upon any transfer or exchange of Certificates shall be delivered at the corporate trust office of the Paying Agent/Registrar, or be sent by registered mail to the Holder at his request, risk, and expense, and upon the delivery thereof, the same shall be the

valid and binding obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Certificates surrendered upon such transfer or exchange.

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

Certificates canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be Predecessor Certificates, evidencing all or a portion, as the case may be, of the same debt evidenced by the new Certificate or Certificates registered and delivered in the exchange or transfer therefor. Additionally, the term Predecessor Certificates shall include any Certificate registered and delivered pursuant to Section 25 in lieu of a mutilated, lost, destroyed, or stolen Certificate which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Certificate.

SECTION 7. Initial Certificate. The Certificates herein authorized shall be issued initially either (i) as a single fully registered Certificate in the total principal amount of \$ _____ with principal installments to become due and payable as provided in Section 2 and numbered T-1, or (ii) as one (1) fully registered Certificate for each year of Stated Maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (the *Initial Certificate*) and, in either case, the Initial Certificate shall be registered in the name of the Purchasers or the designee thereof. The Initial Certificate shall be the Certificates submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Purchasers. Any time after the delivery of the Initial Certificate to the Purchasers, the Paying Agent/Registrar, pursuant to written instructions from the Purchasers or their designee, shall cancel the Initial Certificate delivered hereunder and exchange therefor definitive Certificates of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates on the unpaid principal amounts from the Certificate Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to Stated Maturity, and shall be lettered "R" and numbered consecutively from one (1) upward for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the Purchasers, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 8. Forms.

A. Forms Generally. The Certificates, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on each of the Certificates shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including insurance legends in the event the Certificates, or any Stated Maturities thereof, are insured, and any reproduction of an opinion of

Bond Counsel) and identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of Bond Counsel (hereinafter defined)) thereon as may, consistent herewith, be established by the City or determined by the officers executing the Certificates as evidenced by their execution thereof. Any portion of the text of any Certificate may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Certificate.

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

[The remainder of this page intentionally left blank.]

B. Form of Definitive Certificate.

REGISTERED
NO. _____

REGISTERED
PRINCIPAL AMOUNT
\$ _____

United States of America
State of Texas
County of Tarrant
CITY OF WATAUGA, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATE OF OBLIGATION, SERIES 2016

Certificate Date: Interest Rate: Stated Maturity: CUSIP No.
September 1, 2016

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

The City of Watauga, Texas (the *City*), a body corporate and municipal corporation in the County of Tarrant, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner specified above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount specified above (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the Certificate Date, or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for until such Principal Amount has become due and payment thereof has been made or duly provided for, to the earlier of redemption or Stated Maturity, while Outstanding, at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 1 and August 1 of each year (each, an *Interest Payment Date*) commencing February 1, 2017.

Principal and premium, if any, of this Certificate shall be payable to the Registered Owner hereof (the *Holder*), upon presentation and surrender, at the corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon or a successor thereof. Interest shall be payable to the Holder of this Certificate (or one or more Predecessor Certificates, as defined in the Ordinance hereinafter referenced) whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the fifteenth day of the month next preceding each Interest Payment Date. All payments of principal of and interest on this Certificate shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by the Holder hereof at the Holder's risk and expense.

This Certificate is one of the series specified in its title issued in the aggregate principal amount of \$ _____ (the *Certificates*) pursuant to an Ordinance adopted by the governing body of the City (the *Ordinance*), for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing street improvements (including utilities repair, replacement, and relocation), curbs, gutters, and sidewalk improvements, including drainage incidental thereto; (2) constructing, repairing acquiring, purchasing, renovating, equipping, and improving various existing municipal facilities; (3) constructing, acquiring, purchasing, renovating, equipping, and improving the City's parks and recreational facilities, including the construction of a splash pad and constructing various park trails; (4) constructing parking improvements to the City's Recreational Center and Indian Springs Park; (5) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (6) the payment of professional and employee services related to the design, construction, project management, inspection, consultant services, and financing of the aforementioned projects, under and in strict conformity with the laws of the State of Texas, particularly Chapter 1502, as amended, Texas Government Code, the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code, Section 271.041 through 271.064, and the City's Home Rule Charter.

As provided in the Ordinance, the Certificates stated to mature on February 1, 20__ and February 1, 20__ are referred to herein as the "Term Certificates". The Term Certificates are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Certificate Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on February 1 in each of the years as set forth below:

Term Certificates Stated to Mature <u>on February 1, 20__</u>		Term Certificates Stated to Mature <u>on February 1, 20__</u>	
<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Year</u>	<u>Principal Amount (\$)</u>

*Payable at Stated Maturity.

The principal amount of a Term Certificate required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Certificates of such Stated Maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been defeased or acquired by the City 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 City, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth below and not theretofore credited against a mandatory redemption requirement.

As provided in the Ordinance, the Certificates having Stated Maturities on and after February 1, 2027 shall be subject to redemption prior to Stated Maturity, at the option of the City, on February 1, 2026, or on any date thereafter, as a whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date of redemption; provided, however, that at least thirty (30) days prior written notice shall be sent to the Holder of the Certificates to be redeemed by United States mail, first-class postage prepaid, and subject to the terms and provisions relating thereto contained in the Ordinance. If this Certificate is subject to redemption prior to Stated Maturity and is in a denomination in excess of \$5,000, portions of the principal sum hereof in installments of \$5,000 or any integral multiple thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Holder hereof, upon the surrender of this Certificate to the Paying Agent/Registrar at its corporate trust office, a new Certificate or Certificates of like Stated Maturity and interest rate in any authorized denominations provided in the Ordinance for the then unredeemed balance of the principal sum hereof.

If this Certificate (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption has been duly given, then upon such redemption date this Certificate (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if the money for the payment of the redemption price, and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed. If this Certificate is called for redemption, in whole or in part, the City or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange this Certificate within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

The Certificates of this series are payable from the proceeds of an ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and are further payable from and secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the Net Revenues derived from the operation of the City's combined utility system (the *System*), such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. The City has previously authorized the issuance of the currently outstanding Limited Pledge Obligations (identified and defined in the Ordinance) that are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in the manner and as described in the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations (all as identified and defined in the Ordinance), while the Certificates are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise.

Reference is hereby made to the Ordinance, a copy of which is on file in the corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied and the revenues pledged for the payment of the Certificates; the terms and conditions under which the City may issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations; the terms and conditions relating to the transfer or exchange of the Certificates; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holder; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Certificate may be redeemed or discharged at or prior to the Stated Maturity thereof, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions specified in the Ordinance. Capitalized terms used herein have the same meanings assigned in the Ordinance.

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

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

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to the issuance of this Certificate in order to render the same a legal, valid, and binding obligation of the City have been performed, exist, and have been done, in regular and due time, form, and manner, as required by the laws of the State of Texas and the Ordinance, and that issuance of the Certificates does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of, premium if any, and interest on the Certificates by the levy of a tax and collection of Pledged Revenues as aforesated. In case any provision in this Certificate or any application thereof shall be deemed invalid, illegal, or unenforceable, the validity, legality, and

enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City has caused this Certificate to be duly executed under its official seal.

CITY OF WATAUGA, TEXAS

By _____
Mayor

ATTEST:

City Secretary

(CITY SEAL)

E. Form of Assignment.

ASSIGNMENT

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

(Social Security or other identifying number): _____

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

DATED: _____

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

Signature guaranteed:

F. The Initial Certificate shall be in the form set forth in paragraph B of this Section, except that the form of a single fully registered Initial Certificate shall be modified as follows:

(i) immediately under the name of the Certificate the headings "Interest Rate and "Stated Maturity shall both be completed "as shown below";

(ii) the first two paragraphs shall read as follows:

Registered Owner: _____

Principal Amount: _____

The City of Watauga, Texas (the *City*), a body corporate and municipal corporation in the County of Tarrant, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount specified above stated to mature on the first day of February in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

<u>Years of</u> <u>Stated Maturity</u>	<u>Principal</u> <u>Amounts (\$)</u>	<u>Interest</u> <u>Rates (%)</u>
---	---	-------------------------------------

(Information to be inserted
from schedule in Section 2 hereof)

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amounts hereof from the Certificate Date specified above, or from the most recent Interest Payment Date (defined below) to which interest has been paid or duly provided for until the Principal Amount has become due and payment thereof has been made or duly provided for, to the earlier of redemption or Stated Maturity, at the per annum rates of interest specified above, computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 1 and August 1 of each year (each, an *Interest Payment Date*), commencing February 1, 2017.

Principal of this Certificate shall be payable to the Registered Owner hereof (the *Holder*), upon its presentation and surrender, to Stated Maturity or prior redemption, while Outstanding, at the corporate trust office of BOKF, NA, Austin, Texas (the *Paying Agent/Registrar*). Interest shall be payable to the Holder of this Certificate whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the fifteenth day of the month next preceding each Interest Payment Date. All payments of principal of and interest on this Certificate shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder hereof.

G. Insurance Legend. If bond insurance is obtained by the City or the Purchasers for the Certificates, the Definitive Certificates and the Initial Certificate shall bear an appropriate legend as provided by the insurer.

SECTION 9. Definitions. For all purposes of this Ordinance (as defined below), except as otherwise expressly provided or unless the context otherwise requires: (i) the terms defined in this Section have the meanings assigned to them in this Section, and certain terms used in Sections 27 and 44 of this Ordinance have the meanings assigned to them in Sections 27 and 44 of this Ordinance, and all such terms, include the plural as well as the singular; (ii) all references in this Ordinance to designated “Sections” and other subdivisions are to the designated Sections and other subdivisions of this Ordinance as originally adopted; and (iii) the words “herein”, “hereof”, and “hereunder” and other words of similar import refer to this Ordinance as a whole and not to any particular Section or other subdivision.

A. The term *Additional Limited Pledge Obligations* shall mean (i) any bonds, notes, warrants, certificates of obligation or other evidences of indebtedness hereafter issued by the City payable in part from a limited pledge of and lien on Net Revenues of the System being a lien on and pledge of Net Revenues that is subordinate and inferior to the lien thereon and pledge thereof securing the payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City, which pledge of revenues is limited pursuant to Section 1502.052, as amended, Texas Government Code, all as further provided in Section 20 of this Ordinance, and (ii) any obligations issued to refund the foregoing as determined by the City Council in accordance with any applicable law.

B. The term *Authorized Officials* shall mean the Mayor, the Mayor Pro Tem, the City Manager, the Director of Finance, and/or the City Secretary.

C. The term *Certificates* shall mean the \$ _____ “CITY OF WATAUGA, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016” authorized by this Ordinance.

D. The term *Certificate Fund* shall mean the special Fund created and established by the provisions of Section 10 of this Ordinance.

E. The term *City* shall mean the City of Watauga, located in Tarrant County, Texas and, where appropriate, the City Council of the City.

F. The term *Closing Date* shall mean the date of physical delivery of the Initial Certificates in exchange for the payment of the agreed purchase price for the Certificates.

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

H. The term *Debt Service Requirements* shall mean, as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the City as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest at the maximum rate permitted by the terms thereof and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity, the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

I. The term *Depository* shall mean an official depository bank of the City.

J. The term *Fiscal Year* shall mean the annual financial accounting period for the System now ending on September 30th of each year; provided, however, the City Council may change such annual financial accounting period to end on another date if such change is found and determined to be necessary for accounting purposes or is required by applicable law.

K. The term *Government Securities*, as used herein, shall mean (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, 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 issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, or (iv) any additional securities and obligations hereafter authorized by the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Certificates.

L. The term *Gross Revenues* for any period shall mean all revenue during such period in respect or on account of the operation or ownership of the System, excluding refundable meter deposits, restricted gifts, and grants in aid of construction, but including earnings and income derived from the investment or deposit of money in any special fund or account (except the Certificate Fund) created and established for the payment or security of the Certificates.

M. The term *Holder* or *Holder*s shall mean the registered owner, whose name appears in the Security Register, for any Certificate.

N. The term *Interest Payment Date* shall mean the date interest is payable on the Certificates, being February 1 and August 1 of each year, commencing February 1, 2017, while any of the Certificates remain Outstanding.

O. The term *Junior Lien Obligations* shall mean (i) any bonds, notes, warrants, certificates of obligation or any similar obligations hereafter issued by the City that are payable wholly or in part from and equally and ratably secured by a lien on and pledge of the Net Revenues of the System, such pledge being junior and inferior to the lien on and pledge of the Net Revenues of the System that may be pledged to the payment of any Prior Lien Obligations hereafter issued by the City, but prior and superior to the lien on and pledge of the Net Revenues of the System that are or will be pledged to the payment of the currently outstanding Limited Pledge Obligations, the Certificates, or any Subordinate Lien Obligations or Additional Limited Pledge Obligations hereafter issued by the City all as further provided in Section 20 of this Ordinance and (ii) obligations hereafter issued to refund any of the foregoing that are payable from and equally and ratably secured by a junior and inferior lien on and pledge of the Net Revenues as determined by the City Council in accordance with any applicable law.

P. The term *Limited Pledge Obligations* shall mean (i) the Certificates and the outstanding and unpaid obligations of the City that are payable, in part, from and secured by a subordinate and inferior lien on and pledge of a limited amount of the Net Revenues of the System and designated as follows:

(1) "City of Watauga, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007", dated August 1, 2007, in the original principal amount of \$3,400,000;

(2) "City of Watauga, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2011", dated June 1, 2011, in the original principal amount of \$7,365,000;

(3) "City of Watauga, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2012", dated June 15, 2012, in the original principal amount of \$7,730,000; and

(4) "City of Watauga, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014", dated August 1, 2014, in the original principal amount of \$3,500,000;

(ii) obligations hereafter issued to refund any of the foregoing as determined by the City Council in accordance with any applicable law.

Q. The term *Maintenance and Operating Expenses* shall mean all current expenses of operating and maintaining the System not paid from the proceeds of the Certificates, including (1) the cost of all salaries, labor, materials, repairs, and extensions necessary to render efficient service, but only if, in the case of repairs and extensions, they are, in the judgment of the City Council (reasonably and fairly exercised), necessary to maintain operation of the System and render adequate service to the City and the inhabitants thereof, or are necessary to meet some physical accident or condition which would otherwise impair obligations payable from Net Revenues, (2) payments to pension, retirement, health, hospitalization, and other employee benefit funds for employees of the City engaged in the operation or maintenance of the System, (3) payments under contracts for the purchase of water supply, treatment of sewage, or other materials, goods, or services for the System to the extent authorized by law and the provisions of such contract, (4) payments to auditors, attorneys, and other consultants incurred in complying with the obligations of the City hereunder, and (5) any legal liability of the City arising out of the operation, maintenance, or condition of the System, but excluding any allowance for depreciation, property retirement, depletion, obsolescence, and other items not requiring an outlay of cash and any interest on the Certificates or other bonds, notes, warrants, or similar obligations of the City payable from Net Revenues.

R. The term *Net Revenues* for any period shall mean the Gross Revenues of the System less the Maintenance and Operating Expenses of the System.

S. The term *Ordinance* shall mean this ordinance as finally passed and adopted by the City Council of the City.

T. The term *Outstanding* when used in this Ordinance with respect to the Certificates shall mean, as of the date of determination, all Certificates issued and delivered under this Ordinance, except:

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

(2) those Certificates for which payment has been duly provided by the City in accordance with the provisions of Section 29 of this Ordinance; and

(3) those Certificates that have been mutilated, destroyed, lost, or stolen and replacement Certificates have been registered and delivered in lieu thereof as provided in Section 25 of this Ordinance.

U. The term *Pledged Revenues* shall mean, while the Certificates remain Outstanding, an amount of Net Revenues not in excess of \$1,000. The Pledged Revenues shall be deposited, allocated, and expended in accordance with Section 10 of this Ordinance.

V. The term *Pledged Revenue Amount* shall mean the total amount, not to exceed \$1,000 while the Certificates are Outstanding, of Net Revenues that may be transferred in whole or in part by the City in any given Fiscal Year (however, any amounts transferred prior to the

final maturity date of the Certificates may not exceed the total amount of \$1,000) to the Certificate Fund.

W. The term *Prior Lien Obligations* shall mean (i) any bonds, notes, warrants, certificates of obligation or any similar obligations hereafter issued by the City that are payable in whole or in part from and equally and ratably secured by a first and prior lien on and pledge of the Net Revenues of the System, all as further provided in Section 20 of this Ordinance, and (ii) any obligations hereafter issued to refund the foregoing if issued in a manner so as to be payable from and equally and ratably secured by a first and prior lien on and pledge of the Net Revenues of the System as determined by the City Council in accordance with any applicable law.

X. The term *Purchasers* shall mean the initial purchaser or purchasers of the Certificates named in Section 26 of this Ordinance.

Y. The term *Stated Maturity* shall mean the annual principal payments of the Certificates payable on February 1 of each year the Certificates are Outstanding as set forth in Section 2 of this Ordinance.

Z. The term *Subordinate Lien Obligations* shall mean (i) any bonds, notes, warrants, certificates of obligation, or any similar obligations hereafter issued by the City that are payable, in whole or in part, from and equally and ratably secured by a lien on and pledge of the Net Revenues of the System, such pledge being subordinate and inferior to the lien on and pledge of the Net Revenues of the System that may be pledged to the payment of any Prior Lien Obligations or Junior Lien Obligations hereafter issued by the City, but prior and superior to the lien on and pledge of the limited amount of the Net Revenues securing, in part, the payment of the currently outstanding Limited Pledge Obligations and the Certificates or any Additional Limited Pledge Obligations hereafter issued by the City, all as further provided in Section 20 of this Ordinance and (ii) any obligations hereafter issued to refund any of the foregoing if issued in a manner so as to be payable from and equally and ratably secured by a subordinate and inferior lien on and pledge of the Net Revenues as determined by the City Council in accordance with any applicable law.

AA. The term *System* shall mean all properties, facilities, and plants currently owned, operated, and maintained by the City for the supply, treatment, transmission, and distribution of treated potable water and the collection, treatment, and disposal of waterborne wastes together with all future extensions, improvements, and additions thereto and replacements thereof, *excluding* from the foregoing, however, to the extent now or hereafter authorized or permitted by law, facilities of any kind which are declared by the City Council, prior to the acquisition or construction thereof by the City, not to be a part of the System and which are not acquired or constructed by or on behalf of the City with Net Revenues of the System or any part thereof or with proceeds from the issuance of obligations of the City which are payable from Net Revenues of the System or any part thereof.

SECTION 10. Certificate Fund – Investments. For the purpose of paying the interest on and to provide a sinking fund for the payment, redemption, and retirement of the Certificates, there shall be and is hereby created a special fund to be designated “COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016,

INTEREST AND SINKING FUND” (the *Certificate Fund*), which fund shall be kept and maintained at the Depository, and money deposited in the Certificate Fund shall be used for no other purpose and shall be maintained as provided in Section 27. Authorized Officials of the City are hereby authorized and directed to make withdrawals from the Certificate Fund sufficient to pay the purchase price or the amount of principal of, premium, if any, and interest on the Certificates as the same become due and payable and shall cause to be transferred to the Paying Agent/Registrar from money on deposit in the Certificate Fund an amount sufficient to pay the amount of principal and/or interest stated to mature on the Certificates, such transfer of funds to the Paying Agent/Registrar to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar on or before the business day next preceding each interest and principal payment date for the Certificates.

The City, at its sole discretion, may deposit the Pledged Revenue Amount to the Certificate Fund. The Pledged Revenue Amount, if deposited, shall be expended annually to pay principal of and interest on the Certificates as the same become due and payable. This Pledged Revenue Amount shall be accounted for and transferred to the Paying Agent/Registrar in accordance with the provisions of the previous paragraph of this Section.

Pending the transfer of funds to the Paying Agent/Registrar, money deposited in any fund created and established by this Ordinance may, at the option of the City, be placed in time deposits, certificates of deposit, guaranteed investment contracts, or similar contractual agreements, as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, or be invested, as authorized by any law, including investments held in book-entry form, in securities, including, but not limited to, direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in indirect obligations of the United States of America, including, but not limited to, evidences of indebtedness issued, insured or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Association, or Federal Housing Association; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from such fund will be available at the proper time or times. All interest and income derived from deposits and investments in any fund established pursuant to the provisions of this Ordinance shall be credited to, and any losses debited to, such fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Certificates.

SECTION 11. Tax Levy. To provide for the payment of the Debt Service Requirements on the Certificates being (i) the interest on the Certificates and (ii) a sinking fund for their redemption at Stated Maturity or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied for the current year and each succeeding year thereafter while the Certificates or any interest thereon shall remain Outstanding, a sufficient tax, within the limitations prescribed by law, on each one hundred dollars valuation of taxable property in the City, adequate to pay such Debt Service Requirements, full allowance being made for delinquencies and costs of collection; said tax shall be assessed and collected each year and

applied to the payment of the Debt Service Requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Certificate Fund and are thereafter pledged to the payment of the Certificates. The City Council hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay such Debt Service Requirements, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness and other obligations of the City.

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

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

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

(2) the amount on deposit in the Certificate Fund after (a) deducting therefrom the total amount of Debt Service Requirements to become due on Certificates prior to the Collection Date for the ad valorem taxes to be levied and (b) adding thereto the amount of the Pledged Revenues, if any, to be appropriated and allocated during such year to pay such Debt Service Requirements, if any, prior to the Collection Date for the ad valorem taxes to be levied; and

(3) the amount of Pledged Revenues, if any, to be appropriated and to be set aside for the payment of the Debt Service Requirements on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding Fiscal Year.

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

SECTION 12. Pledge of Revenues. The City hereby covenants and agrees that, subject to (i) any prior lien on and pledge of the Net Revenues of the System to the payment and security of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City and (ii) the lien on and pledge of a limited amount of the Net Revenues to the payment and security of the currently outstanding Limited Pledge Obligations, the Pledged Revenues are hereby irrevocably pledged to the payment of the principal of and interest on the Certificates and the pledge of Pledged Revenues herein made for the payment of the Certificates shall constitute a lien on the Pledged Revenues in accordance with the terms and provisions hereof and be valid and binding without any physical delivery thereof or further act by the City.

SECTION 13. System Fund. The City hereby covenants and agrees that all Gross Revenues derived from the operation of the System shall be kept separate and apart from all other funds, accounts and money of the City and shall be deposited as collected into the "CITY

OF WATAUGA, TEXAS UTILITY SYSTEM FUND” (the *System Fund*). All money deposited in the System Fund shall be pledged and appropriated to the extent required for the following purposes and in the order of priority shown:

- First: to the payment of the reasonable and proper Maintenance and Operating Expenses of the System required by statute or ordinances authorizing the issuance of any indebtedness of the City to be a first charge on and claim against the Gross Revenues of the System;
- Second: To the payment of the amounts that must be deposited in the special funds and accounts created and established for the payment, security, and benefit of any Prior Lien Obligations hereafter issued by the City in accordance with the terms and provisions of any ordinance authorizing their issuance;
- Third: To the payment of the amounts that must be deposited in the special funds and accounts created and established for the payment, security, and benefit of any Junior Lien Obligations hereafter issued by the City in accordance with the terms and provisions of any ordinance authorizing their issuance;
- Fourth: To the payment of the amounts that must be deposited in the special funds and accounts created and established for the payment, security, and benefit of any Subordinate Lien Obligations hereafter issued by the City in accordance with the terms and provisions of any ordinance authorizing their issuance; and
- Fifth: To the payment of the amounts that may be deposited in the special funds and accounts established for the payment of the currently outstanding Limited Pledge Obligations, including the Certificates, and any Additional Limited Pledge Obligations hereafter issued by the City in accordance with the terms and provisions of any ordinances authorizing their issuance.

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

SECTION 14. Deposits to Certificate Fund – Surplus Certificate Proceeds. The City hereby covenants and agrees to cause to be deposited in the Certificate Fund prior to a principal and interest payment date for the Certificates, from the Pledged Revenues in the System Fund, after the deduction of all payments required to be made to the special funds or accounts created for the payment, security, and benefit of (i) any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City and (ii) the currently outstanding Limited Pledge Obligations, any amounts budgeted to be paid therefrom in such Fiscal Year.

Accrued interest received from the Purchasers of the Certificates shall be deposited to the Certificate Fund and ad valorem taxes levied and collected for the benefit of the Certificates shall be deposited to the Certificate Fund. In addition, any surplus proceeds, including investment income therefrom, from the sale of the Certificates not expended for authorized purposes shall be

deposited in the Certificate Fund, and such amounts so deposited shall reduce the sums otherwise required to be deposited in said fund from ad valorem taxes.

SECTION 15. Security of Funds. All money on deposit in the funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested as provided herein) shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and money on deposit in such funds shall be used only for the purposes permitted by this Ordinance.

SECTION 16. Maintenance of System - Insurance. The City covenants and agrees that while the Certificates remain Outstanding it will maintain and operate the System with all possible efficiency and maintain casualty and other insurance (including a system of self-insurance) on the properties of the System and its operations of a kind and in such amounts customarily carried by municipal corporations in the State of Texas engaged in a similar type of business and that it will faithfully and punctually perform all duties with reference to the System required by the laws of the State of Texas. All money received from losses under such insurance policies, other than public liability policies, are held for the benefit of the holders of the Certificates until and unless the proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by replacing the property destroyed or repairing the property damaged, and adequate provision for making good such loss or damage must be made within ninety (90) days after the date of loss. The payment of premiums for all insurance policies required under the provisions hereof shall be considered Maintenance and Operating Expenses. 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 17. Rates and Charges. The City hereby covenants and agrees with the Holders of the Certificates that rates and charges for utility services afforded by the System will be established and maintained to provide Gross Revenues sufficient at all times:

A. to pay, together with any other lawfully available funds, all operating, maintenance, depreciation, replacement, betterment, and other costs incurred in the maintenance and operation of the System, including, but not limited to, Maintenance and Operating Expenses; provided, however, that the City expressly reserves the right to utilize other lawfully available funds to pay the Maintenance and Operating Expenses;

B. to produce Net Revenues sufficient, together with any other lawfully available funds, to pay (i) the interest on and principal of any Prior Lien Obligations hereafter issued by the City as the same becomes due and payable and the amounts required to be deposited in any special fund created and established for the payment, security, and benefit thereof; (ii) the interest on and principal of any Junior Lien Obligations hereafter issued by the City as the same becomes due and payable and the amounts required to be deposited in any special fund created and established for the payment, security, and benefit thereof, (iii) the interest on and principal of any Subordinate Lien Obligations hereafter issued by the City as the same becomes due and payable and the amounts required to be deposited in any special fund created and established for the payment, security, and benefit thereof, and (iv) the amounts that may be deposited in the special funds established for the payment of the currently outstanding Limited Pledge

Obligations, the Certificates, or any Additional Limited Pledge Obligations hereafter issued by the City; and

C. to pay other legally incurred indebtedness payable from the Net Revenues of the System and/or secured by a lien on the System or the Net Revenues thereof.

SECTION 18. Records and Accounts - Annual Audit. The City further covenants and agrees that so long as any of the Certificates remain Outstanding it will keep and maintain separate and complete records and accounts pertaining to the operations of the System in which complete and correct entries shall be made of all transactions relating thereto, as provided by Chapter 1502, as amended, Texas Government Code, or other applicable law. The Holders of the Certificates or any duly authorized agent or agents of the Holders shall have the right to inspect the System and all properties comprising the same. The City further agrees that, 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. Expenses incurred in making the annual audit of the operations of the System are to be regarded as Maintenance and Operating Expenses.

SECTION 19. Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in the payments to be made to the Certificate Fund, or (b) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Ordinance, the Holders of any of the Certificates shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition, or obligation prescribed in this Ordinance.

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

SECTION 20. Issuance of Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations. The City hereby expressly reserves the right to hereafter issue bonds, notes, warrants, certificates of obligation, or similar obligations, payable, wholly or in part, as appropriate, from and secured by a pledge of and lien on the Net Revenues of the System with the following priorities, without limitation as to principal amount, but subject to any terms, conditions, or restrictions applicable thereto under existing ordinances, laws, or otherwise:

A. Prior Lien Obligations payable from and equally and ratably secured by a first and prior lien on and pledge of the Net Revenues of the System;

B. Junior Lien Obligations payable from and equally and ratably secured by a lien on and pledge of the Net Revenues that is junior and inferior to the lien on and pledge thereof securing the payment of any Prior Lien Obligations hereafter issued by the City, but prior and

superior to the lien on and pledge of the Net Revenues securing, in part, the payment of the currently outstanding Limited Pledge Obligations, the Certificates, and any Subordinate Lien Obligations or Additional Limited Pledge Obligations hereafter issued by the City;

C. Subordinate Lien Obligations payable from and equally and ratably secured by a lien on and pledge of the Net Revenues that is subordinate and inferior to the lien on and pledge thereof securing the payment of any Prior Lien Obligations or Junior Lien Obligations hereafter issued by the City, but prior and superior to the lien on and pledge of the Net Revenues securing, in part, the payment of the currently outstanding Limited Pledge Obligations, the Certificates, and any Additional Limited Pledge Obligations hereafter issued by the City; and

D. Additional Limited Pledge Obligations secured by a lien on and pledge of a limited amount of the Net Revenues in accordance with the provisions of the following paragraph.

Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations, if issued, may be payable, in whole or in part, from Net Revenues (without impairment of the obligation of contract with the holders of the currently outstanding Limited Pledge Obligations and the Certificates) upon such terms and conditions as the City Council may determine. Additional Limited Pledge Obligations, if issued and payable, in whole or in part, from Pledged Revenues (defined in the same or similar terms as provided in Section 9 of this Ordinance or in the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations), shall not in any event be construed to be payable from the Pledged Revenues authorized by this Ordinance or in the respective ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations to be budgeted and appropriated for the payment of the Certificates or the respective ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. However, the lien on and pledge of the limited amount of Net Revenues securing, in part, the payment of the Certificates, the Limited Pledge Obligations, and any Additional Limited Pledge Obligations shall be subordinate and inferior to the pledge of and lien on the Net Revenues securing the payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City.

SECTION 21. Special Covenants. The City hereby further covenants that:

A. it has the lawful power to pledge the Pledged Revenues supporting the Certificates and has lawfully exercised said powers under the laws of the State of Texas, including power existing under Chapter 1502, as amended, Texas Government Code, the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code, Section 271.041 through Section 271.064, and the City's Home Rule Charter;

B. other than for the payment of the currently outstanding Limited Pledge Obligation, and the Certificates, the Net Revenues of the System have not in any manner been pledged to the payment of any debt or obligation of the City or of the System;

C. as long as any Certificates or any interest thereon remain Outstanding, the City will not sell, lease or encumber (except in the manner provided in Section 20 of this Ordinance) the System or any substantial part thereof, provided that this covenant shall not be construed to

prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the System;

D. to the extent that it legally may, the City further covenants and agrees that, so long as any of the Certificates, or any interest thereon, are Outstanding, no franchise shall be granted for the installation or operation of any competing utility systems other than those owned by the City, and the operation of any such systems by anyone other than the City is hereby prohibited; and

E. 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.

SECTION 22. Application of the Covenants and Agreements of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations. It is the intention of the City Council and accordingly hereby recognized and stipulated that the provisions, agreements, and covenants contained herein bearing upon the management and operations of the System, and the administration and application of Gross Revenues derived from the operation thereof, shall to the extent possible be harmonized with like provisions, agreements, and covenants contained in the ordinances authorizing the issuance of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City, and to the extent of any irreconcilable conflict between the provisions contained herein and in the ordinances authorizing the issuance of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations, the provisions, agreements and covenants contained therein shall prevail to the extent of such conflict and be applicable to this Ordinance, especially the priority of rights and benefits conferred thereby to the holders of any Prior Lien Obligation, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. It is expressly recognized that prior to the issuance of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations, the City must comply with each of the conditions precedent contained in the respective ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations and the Certificates, as appropriate.

SECTION 23. Notices to Holders – Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first-class postage prepaid, to the address of each Holder as it appears in the Security Register.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Holders. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 24. Cancellation. All Certificates surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Certificates previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Certificates so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Certificates held by the Paying Agent/Registrar shall be destroyed as directed by the City.

SECTION 25. Mutilated, Destroyed, Lost, and Stolen Certificates. If (1) any mutilated Certificate is surrendered to the Paying Agent/Registrar, or the City and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Certificate, and (2) there is delivered to the City and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the City or the Paying Agent/Registrar that such Certificate has been acquired by a bona fide purchaser, the City shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Certificate, a new Certificate of the same Stated Maturity and interest rate and of like tenor and principal amount, bearing a number not contemporaneously Outstanding.

In case any such mutilated, destroyed, lost, or stolen Certificate has become or is about to become due and payable, the City in its discretion may, instead of issuing a new Certificate, pay such Certificate.

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

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

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

SECTION 26. Sale of the Certificates at Competitive Sale – Approval of the Official Statement. The Certificates authorized by this Ordinance are hereby sold by the City to _____, _____, _____, as the authorized representative of a group of underwriters at a competitive sale (the *Purchasers*, having all the rights, benefits, and obligations of a Holder), in accordance with the provisions of an Official Bid Form (the *Official Bid Form*), dated August 29, 2016, attached hereto as Exhibit B and incorporated herein by reference as a part of this Ordinance for all purposes, at the price of par, plus a cash premium of \$ _____ (including the Purchasers' compensation of \$ _____

and an excess bid premium of \$ _____), plus accrued interest to the date of initial delivery of the Certificates to the Purchasers and is hereby approved and confirmed. The Initial Certificate shall be registered in the name of _____. It is hereby officially found, determined, and declared that the Purchasers are the highest bidder for the Certificates whose bid, received as a result of invitations for competitive bids in compliance with applicable law, produced the lowest true interest cost to the City. The pricing and terms of the sale of the Certificates are hereby found and determined to be the most advantageous reasonably obtainable by the City. Any Authorized Official is hereby authorized and directed to execute the Official Bid Form for and on behalf of the City and as the act and deed of this City Council, and in regard to the approval and execution of the Official Bid Form, the City Council hereby finds, determines and declares that the representations, warranties, and agreements of the City contained in the Official Bid Form are true and correct in all material respects and shall be honored and performed by the City. Delivery of the Certificates to the Purchasers shall occur as soon as practicable after the adoption of this Ordinance, upon payment therefor in accordance with the terms of the Official Bid Form.

Proceeds from the sale of the Certificates shall be applied as follows:

(1) Accrued interest in the amount of \$ _____ and an excess bid premium of \$ _____ received from the Purchasers shall be deposited into the Certificate Fund.

(2) The City received a [net] original issue reoffering premium from the sale of the Certificates of \$ _____ which is hereby allocated by the City in the following manner: (1) \$ _____ to pay the Purchasers' compensation (2) \$ _____ shall be deposited into the Certificate Fund, and (3) \$ _____ to pay the remaining costs of issuance.

(3) The balance of the proceeds derived from the sale of the Certificates (after paying costs of issuance) shall be deposited into the special construction account or accounts created for the projects to be constructed with the proceeds of the Certificates and used to pay costs of such projects. This special construction account shall be established and maintained at the Depository and shall be invested in accordance with the provisions of Section 10 of this Ordinance. Interest earned on the proceeds of the Certificates pending completion of construction of the projects financed with such proceeds shall be accounted for, maintained, deposited, and expended as permitted by the provisions of Chapter 1201, as amended, Texas Government Code, or as required by any other applicable law. Thereafter, such amounts shall be expended in accordance with Section 14 of this Ordinance.

Furthermore, the City hereby ratifies, confirms, and approves in all respects (i) the City's prior determination that the Preliminary Official Statement was, as of its date, "deemed final" in accordance with the Rule (hereinafter defined) and (ii) the use and distribution of the Official Notice of Sale, Official Bid Form, and Preliminary Official Statement by the Purchasers in connection with the public offering and sale of the Certificates. The final Official Statement, being a modification and amendment of the Preliminary Official Statement to reflect the terms of sale referenced in the Official Bid Form (together with such changes approved by any Authorized Official, any one or more of said officials), shall be and is hereby in all respects approved and the Purchasers are hereby authorized to use and distribute the final Official

Statement, dated August 29, 2016, in the reoffering, sale and delivery of the Certificates to the public. The Mayor and City Secretary are further authorized and directed to manually execute and deliver for and on behalf of the City copies of the Official Statement in final form as may be required by the Purchasers, and such final Official Statement in the form and content manually executed by said officials shall be deemed to be approved by the City Council and constitute the Official Statement authorized for distribution and use by the Purchasers. The proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Certificates.

SECTION 27. Covenants to Maintain Tax-Exempt Status.

A. Definitions. When used in this Section, the following terms have the following meanings:

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

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

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

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

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

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

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

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

Yield” of

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

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

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

C. No Private Use or Private Payments. Except to the extent that it will not cause the Certificates to become “private activity bonds” within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Certificates:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Certificates, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

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

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

E. Not to Invest at Higher Yield. Except to the extent it will not cause the Certificates to become “arbitrage bonds” within the meaning of section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Certificates directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, materially exceeds the Yield of the Certificates.

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

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

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

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Outstanding Certificate is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Certificates with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

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

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

shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder.

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

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

J. Certificates Not Hedge Bonds.

(1) The City reasonably expects to spend at least 85% of the spendable proceeds of the Certificates within three years after such Certificates are issued.

(2) Not more than 50% of the proceeds of the Certificates will be invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

K. Elections. The City hereby directs and authorizes each Authorized Official, either individually or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Certificates, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document. Such elections shall be deemed to be made on the Closing Date.

L. Qualified Tax-Exempt Obligations. The City hereby designates the Certificates as qualified tax-exempt obligations for purposes of section 265(b) of the Code. In furtherance of such designation, the City represents, covenants and warrants the following: (a) during the calendar year in which the Certificates are issued, the City (including any subordinate entities) has not designated nor will designate obligations, which when aggregated with the Certificates, will result in more than \$10,000,000 of "qualified tax-exempt obligations" being issued; (b) the City reasonably anticipates that the amount of tax-exempt obligations issued during the calendar year 2016 by the City (including any subordinate entities) will not exceed \$10,000,000; and the City will take such action or refrain from such action as is necessary in order that the Certificates will not be considered "private activity bonds" within the meaning of section 141 of the Code.

SECTION 28. Control and Custody of Certificates. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas and shall take and have charge and control of the Certificates pending their approval by the Attorney General of the State of Texas,

the registration thereof by the Comptroller of Public Accounts of the State of Texas and the delivery of the Certificates to the Purchasers.

Furthermore, each Authorized Official, either individually or any combination of them, is hereby authorized and directed to furnish and execute such documents relating to the City and its financial affairs as may be necessary for the issuance of the Certificates, the approval of the Attorney General of the State of Texas and their registration by the Comptroller of Public Accounts of the State of Texas and, together with the City's financial advisors, Bond Counsel, and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Certificate to the Purchasers and, when requested in writing by the Purchasers, the initial exchange thereof for definitive Certificates.

SECTION 29. Satisfaction of Obligation of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Certificates, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied and the lien on and pledge of the Pledged Revenues under this Ordinance and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Certificates, or any principal amount(s) thereof, shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Certificates or the principal amount(s) thereof at Stated Maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, and/or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have, in the case of a net defeasance, been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due the principal of and interest on such Certificates, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof for the Certificates. In the event of a gross defeasance of the Certificates, the City shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, or another qualified third party concerning the deposit of cash and/or Government Securities to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Certificate. The City covenants that no deposit of money or Government Securities will be made under this Section and no use made of any such deposit which would cause the Certificates to be treated as arbitrage bonds within the meaning of section 148 of the Code (as defined in Section 27 hereof).

Any money so deposited with the Paying Agent/Registrar, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Certificates, or any principal amount(s) thereof, or interest thereon with respect to which such money has been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Certificates and remaining unclaimed for a period of three (3) years after the Stated Maturity of

the Certificates, or applicable redemption date of the Certificates, such money was deposited and is held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor, subject to the unclaimed property laws of the State of Texas.

Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem defeased Certificates that is made in conjunction with the payment arrangements specified in subsection (i) or (ii) above shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the City expressly reserves the right to call the defeased Certificates for redemption; (2) gives notice of the reservation of that right to the owners of the defeased Certificates immediately following the defeasance; (3) directs that notice of the reservation be included in any redemption notices that it authorizes; and (4) at the time of the redemption, satisfies the conditions of (i) or (ii) above with respect to such defeased debt as though it was being defeased at the time of the exercise of the option to redeem the defeased Certificates, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased Certificates.

SECTION 30. Printed Opinion. The Purchasers' obligation to accept delivery of the Certificates is subject to their being furnished a final opinion of Norton Rose Fulbright US LLP, San Antonio, Texas, as Bond Counsel, approving certain legal matters as to the Certificates, this opinion to be dated and delivered as of the date of initial delivery and payment for such Certificates. Printing of a true and correct copy of this opinion on the reverse side of each of the Certificates, with appropriate certificate pertaining thereto executed by facsimile signature of the City Secretary of the City is hereby approved and authorized.

SECTION 31. CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Certificates shall be of no significance or effect as regards the legality thereof, and neither the City nor Bond Counsel are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Certificates.

SECTION 32. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 33. Ordinance a Contract, Amendments - Outstanding Certificates. The City acknowledges that the covenants and obligations of the City herein contained are a material inducement to the purchase of the Certificates. This Ordinance shall constitute a contract with the Holders from time to time, binding on the City and its successors and assigns, and it shall not be amended or repealed by the City so long as any Certificate remains Outstanding except as permitted in this Section. The City may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of Holders holding a majority in aggregate principal amount of the Certificates then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; provided, however, that, without the consent of all Holders of Outstanding Certificates, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of and interest on the Certificates, reduce the principal amount thereof or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, the redemption price therefor, or interest on

the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required for consent to any such amendment, addition, or rescission.

SECTION 34. 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, Bond Counsel, Paying Agent/Registrar, and the Holders, 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, Bond Counsel, Paying Agent/Registrar, and the Holders.

SECTION 35. Inconsistent Provisions. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters ordained herein.

SECTION 36. Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 37. Severability. If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 38. Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 39. Incorporation of Preamble Recitals. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the City Council of the City.

SECTION 40. Authorization of Paying Agent/Registrar Agreement. The City Council of the City hereby finds and determines that it is in the best interest of the City to authorize the execution of a Paying Agent/Registrar Agreement concerning the payment, exchange, registration, and transferability of the Certificates. A copy of the Paying Agent/Registrar Agreement is attached hereto, in substantially final form, as Exhibit A and is incorporated by reference to the provisions of this Ordinance.

SECTION 41. Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 42. Unavailability of Authorized Publication. If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or, for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Ordinance shall be given in such other manner and at such time or times as in the judgment of the City or of the Paying Agent/Registrar shall most effectively approximate such required publication and the giving of such notice in such manner shall for all purposes of this Ordinance be deemed to be in compliance with the requirements for publication thereof.

SECTION 43. No Recourse Against City Officials. No recourse shall be had for the payment of principal of, premium, if any, or interest on any Certificate or for any claim based thereon or on this Ordinance against any official of the City or any person executing any Certificate.

SECTION 44. Continuing Disclosure Undertaking.

A. Definitions.

As used in this Section, the following terms have the meanings ascribed to such terms below:

EMMA means the MSRB's Electronic Municipal Market Access system, accessible by the general public, without charge, on the internet through the uniform resource locator (URL) <http://www.emma.msrb.org>.

MSRB means the Municipal Securities Rulemaking Board.

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

SEC means the United States Securities and Exchange Commission.

B. Annual Reports.

The City shall file annually with the MSRB, (1) within six months after the end of each fiscal year of the City ending in or after 2016, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by Section 26 of this Ordinance, being the information described in Exhibit C hereto, and (2) if not provided as part of such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit C hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, 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. If the audit of such financial statements is not complete within such period, then the City shall file unaudited financial statements within such period and audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such financial statements becomes available. Under current Texas law, including, but not limited to, Chapter 103, as amended, Texas Local Government Code, the City must have its records and accounts audited annually and shall have

an annual financial statement prepared based on the audit. The annual financial statement, including the auditor's opinion on the statement, shall be filed in the office of the City Secretary within 180 days after the last day of the City's fiscal year. Additionally, upon the filing of this financial statement and the annual audit, these documents are subject to the Texas Open Records Act, as amended, Texas Government Code, Chapter 552.

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

C. Notice of Certain Events.

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (7) Modifications to rights of holders of the Certificates, if material;
- (8) Certificate calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Certificates, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material.

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the 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 file notice with the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with this Section by the time required by this Section.

D. Limitations, Disclaimers, and Amendments.

The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an “obligated person” with respect to the Certificates within the meaning of the Rule, except that the City in any event will give notice of any deposit that causes the Certificates to be no longer Outstanding.

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

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

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

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

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 Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The City may also repeal or amend the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the City also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the City so amends the provisions of this Section, the City shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

E. Information Format – Incorporation by Reference.

The City information required under this Section shall be filed with the MSRB through EMMA in such format and accompanied by such identifying information as may be specified from time to time thereby. Under the current rules of the MSRB, continuing disclosure documents submitted to EMMA must be in word-searchable portable document format (PDF) files that permit the document to be saved, viewed, printed, and retransmitted by electronic means and the series of obligations to which such continuing disclosure documents relate must be identified by CUSIP number or numbers.

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) available to the public through EMMA or filed with the SEC.

SECTION 45. Book-Entry Only System.

It is intended that the Certificates will initially be registered so as to participate in a securities depository system (the *DTC System*) with the Depository Trust Company, New York, New York, or any successor entity thereto (*DTC*), as set forth herein. Each Stated Maturity of the Certificates shall be issued (following cancellation of the Initial Certificates described in Section 7) in the form of a single definitive Certificate. Upon issuance, the ownership of each

such Certificate shall be registered in the name of Cede & Co., as the nominee of DTC, and all of the Outstanding Certificates shall be registered in the name of Cede & Co., as the nominee of DTC. The City and the Paying Agent/Registrar are authorized to execute, deliver, and take the actions set forth in such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including the Letter of Representations attached hereto as Exhibit D (the *Representation Letter*).

With respect to the Certificates 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 broker-dealer, bank, or other financial institution for which DTC holds the Certificates from time to time as securities depository (a *Depository Participant*) or to any person on behalf of whom such a Depository Participant holds an interest in the Certificates (an *Indirect Participant*). 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 Depository Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any Depository Participant or any other person, other than a registered owner of the Certificates, as shown on the Security Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the delivery to any Depository Participant or any Indirect Participant or any other Person, other than a Holder of a Certificate, of any amount with respect to principal of, premium, if any, or interest on the Certificates. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a bond certificate evidencing the obligation of the City to make payments of principal, premium, if any, 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 or drafts being mailed to the Holder, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

In the event that (a) the City determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the Representation Letter shall be terminated for any reason, or (c) DTC or the City determines that it is in the best interest of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the City shall notify the Paying Agent/Registrar, DTC, and the Depository Participants of the availability within a reasonable period of time through DTC of bond certificates, and the Certificates shall no longer be restricted to being registered in the name of Cede & Co., as nominee of DTC. At that time, the City may determine that the Certificates shall be registered in the name of and deposited with a successor depository operating a securities depository system, as may be acceptable to the City, or such depository's agent or designee, and if the City and the Paying Agent/Registrar do not select such alternate securities depository system then the Certificates may be registered in whatever name or names the Holders of Certificates transferring or exchanging the Certificates shall designate, in accordance with the provisions hereof.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificate is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Certificate and all notices with respect to such Certificate shall be made and given, respectively, in the manner provided in the Representation Letter.

SECTION 46. Further Procedures. The officers and employees of the City are hereby 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 all such 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 initial sale and delivery of the Certificates, the Official Bid Form, the Paying Agent/Registrar Agreement, and the Official Statement. In addition, prior to the initial delivery of the Certificates, any Authorized Official and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance and as described in the Official Statement necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the Certificates by the Texas Attorney General's office. In case any officer of the City whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, 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 47. Contracts with Financial Advisor and/or Bond Counsel. The City Council authorizes the Mayor, the Mayor Pro Tem, and/or the City Manager, or their designees, to take all actions necessary to execute any necessary financial advisory contracts with SAMCO Capital Markets, Inc., as the financial advisor to the City (the *Financial Advisor*). The City understands that under applicable federal securities laws and regulations that the City must have a contractual arrangement with its Financial Advisor relating to the sale, issuance, and delivery of the Certificates. In addition, the City Council also authorizes the Mayor, the Mayor Pro Tem, and/or the City Manager, or their designees, to take all actions necessary to execute any necessary engagement agreement with Norton Rose Fulbright US LLP, as the Bond Counsel to the City.

SECTION 48. City's Consent to Provide Information and Documentation to the Texas MAC. The Municipal Advisory Council of Texas (the *Texas MAC*), a non-profit membership corporation organized exclusively for non-profit purposes described in section 501(c)(6) of the Internal Revenue Code and which serves as a comprehensive financial information repository regarding municipal debt issuers in Texas, requires provision of written documentation regarding the issuance of municipal debt by the issuers thereof. In support of the purpose of the Texas MAC and in compliance with applicable law, the City hereby consents to and authorizes any Authorized Representative, Bond Counsel to the City, and/or Financial Advisor to the City to provide to the Texas MAC information and documentation requested by the Texas MAC relating to the Certificates; provided, however, that no such information and documentation shall be provided prior to the Closing Date. This consent and authorization relates only to information and documentation that is a part of the public record concerning the issuance of the Certificates.

SECTION 49. Delegation Authorization Pursuant to HB 1295. Though such parties may be identified, and the entry into a particular form of contract may be authorized herein, the City, pursuant to applicable Texas law, hereby delegates to the City Manager the authority to independently select the counterparty to any agreement with any paying agent/registrar, rating agency, securities depository, escrow agent, verification agent, or any other contract that is determined by the City Manager, the City's financial advisor, or the City's bond counsel to be

necessary or incidental to the issuance of the Certificates as long as each of such contracts has a value of less than the amount referenced in Section 2252.908 of the Texas Government Code (collectively, the *Ancillary Bond Contracts*) and, as necessary, to execute the Ancillary Bond Contracts on behalf and as the act and deed of the City. The City has not participated in the selection of any of the business entities which are counterparties to the Ancillary Bond Contracts.

SECTION 50. Effective Date. Pursuant to the provisions of Section 1201.028, as amended, Texas Government Code, this Ordinance shall be effective immediately upon adoption, notwithstanding any provision in the City's Home Rule Charter to the contrary concerning a multiple reading requirement for the adoption of ordinances.

[The remainder of this page intentionally left blank.]

PASSED, APPROVED, AND ADOPTED on the 29th day of August, 2016.

CITY OF WATAUGA, TEXAS

Mayor

ATTEST:

City Secretary

(CITY SEAL)

I, the undersigned, City Attorney of the City of Watauga, Texas, hereby certify that I read, passed upon, and approved as to form and legality the foregoing Ordinance prior to its adoption and passage as aforesaid.

City Attorney, City of Watauga, Texas

INDEX TO EXHIBITS

Exhibit A	Paying Agent/Registrar Agreement
Exhibit B	Official Bid Form
Exhibit C	Description of Annual Financial Information
Exhibit D	DTC Letter of Representations

EXHIBIT A

PAYING AGENT/REGISTRAR AGREEMENT

See Tab No. __

EXHIBIT C

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 44 of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

(1) The City's audited financial statements for the most recently concluded fiscal year or to the extent these audited financial statements are not available, the portions of the unaudited financial statements of the City attached to the Official Statement as Appendix D, but for the most recently concluded fiscal year.

(2) The information in the Official Statement under Table 1 of the Official Statement and Tables 1 through 10 of Appendix A, to the Official Statement.

Accounting Principles

The accounting principles referred to in such Section are generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from time to time.

EXHIBIT D

DTC LETTER OF REPRESENTATIONS

SEE TAB NO. __



AGENDA MEMORANDUM

DATE: August 26, 2016

TO: Honorable Mayor and Council

FROM: Greg Vick, City Manager 
Marcia Reyna, Human Resources & Civil Service Director 

SUBJECT: Discussion on overview of proposed Classification and Compensation Implementation Plan and results of study

Background/Information:

During the July 25, 2016 Workshop, staff presented the proposed Classification and Compensation Implementation Plan. The proposed plan incorporates four phases over a four (4) year span beginning with the 2016-2017 Fiscal Year and ending in the 2019-2020 Fiscal Year.

Financial Implications:

The 2016-2017 Fiscal Year Implementation Plan Includes:

- Full Time to Minimum Market
- Part Time to Minimum Market
- Continue Step-Civil Service Employees
- 2% Cost of Living Adjustment (COLA) for Civil Service & Civilian Employees

Total proposed cost for 2016-2017 Fiscal Year is \$372,000 (includes TMRS/Medicare)

Recommendation/Action Desired:

Staff wishes to provide an opportunity for Council to discuss the proposed Classification and Compensation Implementation Plan. No action is necessary at this time. The formal adoption of the Classification and Compensation Plan for the 2016-2017 Fiscal Year will be presented during the Council Meeting on September 7, 2016.

Attachments:

N/A



AGENDA MEMORANDUM

DATE: July 29, 2016

TO: Honorable Mayor and Council

FROM: Greg Vick, City Manager 

SUBJECT: Discussion on the City Manager's Proposed Budget for Fiscal Year 2016-2017 with possible Council action to change by adding or deleting items to the Proposed Budget prior to formal adoption on September 7, 2016

Background/Information:

As required by the City Charter, the City Manager's Proposed Budget was submitted to the City Council on or before August 1, 2016, and represents the proposed financial plan for Fiscal Year 2016-2017.

Financial Implications:

Council action to increase or decrease revenues and/or expenditures may result in a change of fund balances and/or change in services provided.

Recommendation/Action Desired:

N/A

Attachments:

1) By Reference, the City Manager's Proposed Budget for Fiscal Year 2016-2017