

**CITY OF FREDERICKSBURG
CITY COUNCIL MEETING**

MONDAY, MARCH 20, 2017 ~ 6:00 p.m.

Law Enforcement Center ~ 1601 East Main Street

Linda Langerhans, Mayor
Graham Pearson, Council Member
Charlie Kiehne, Council Member

Gary Neffendorf, Council Member
Bobby Watson, Council Member
Kent Myers, City Manager

*(REQUEST ALL PAGERS AND PHONES BE TURNED OFF, EXCEPT EMERGENCY ON-
CALL PERSONNEL)*

A G E N D A

CALL TO ORDER.

Page Ref

PLEDGE OF ALLEGIANCE

1. **EMPLOYEE RECOGNITIONS**
2. **MINUTES** - Consider Approving Minutes of February 2017 Meetings 1-12
3. **CONSENT AGENDA** - *All items listed below are considered to be routine and non-controversial by the Council and will be approved by one motion. There will be no separate discussion of these items unless a council member or citizen so requests, in which case the item will be removed from the consent agenda and considered as part of the normal order of business.*
 - A. Consider Rental Fees for Swimming Pool Parties 13-18
 - B. Consider Lease/Purchase Agreement with VAR Technology Financial 19-32
4. **ORDINANCES - RESOLUTIONS- ACTION ITEMS**
 - A. Consideration of Bids Relating to the Sale Of Obligations Designated as "City of Fredericksburg, Texas Combination Tax And Limited Pledge Revenue Certificates of Obligation, Series 2017"; Consideration and Approval of Financial Advisor's Recommendation Concerning This Matter; and Other Matters In Connection Therewith 33
 - B. Consideration and Approval of an Ordinance Authorizing the Issuance of "City Of Fredericksburg, Texas Combination Tax And Limited Pledge Revenue Certificates Of Obligation, Series 2017"; 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 City's Parks And Recreational Facilities; 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; Bonds not to Exceed \$3,555,000. 34-82
5. **INDIVIDUAL ITEMS FOR CONSIDERATION AND POSSIBLE ACTION**
 - A. Consider Water Supply Update 83-84
6. **CITY MANAGERS REPORT**
 - A. Visioning Process
 - B. Downtown Parking Study
 - C. Marktplatz Improvements

7. **ITEMS FOR FUTURE AGENDAS**

8. **PUBLIC COMMENTS** - *This time is for citizens to address the City Council on issues and items of concern not on this agenda. There will be no City Council action at this time.*

9. **COUNCIL COMMENTS** - No discussion or action may take place

10. **EXECUTIVE SESSION** - *Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) and 551.086 (Economic Development).*

A. Executive Session - Personnel Matters - City Attorney Position

11. **ADJOURN**

**STATE OF TEXAS
COUNTY OF GILLESPIE
CITY OF FREDERICKSBURG**

**SPECIAL CITY COUNCIL MEETING
FEBRUARY 6, 2017
8:30 AM**

On this the 6th day of February , the City Council of the CITY OF FREDERICKSBURG convened in special session at City Hall, with the following members present to constitute a quorum:

LINDA LANGERHANS - MAYOR
GARY NEFFENDORF - COUNCIL MEMBER
GRAHAM PEARSON - COUNCIL MEMBER
BOBBY WATSON - COUNCIL MEMBER
CHARLIE KIEHNE - COUNCIL MEMBER

ABSENT: NONE

ALSO PRESENT: KENT MYERS - CITY MANAGER
CLINTON BAILEY - DPWU
LAURA HOLLENBEAK – DIR OF FINANCE

BUDGET WORKSHOP WITH COUNTY OF GILLESPIE – Council held a joint meeting with Gillespie County Commissioners Court to consider the following:

- Update on Proposed Relief Route
- Update on Computer Aided Dispatching (CAD) System
- Financial Report on FY 2016 Costs for City/County Services
- Update on Plans for City Visioning Process
- Report on Assessment of County-Owned Buildings
- Report on Plans for 2017 City Parks Bond Election
- Update on Construction of New Animal Shelter

No action was taken.

With no further discussion, Council Member Pearson made a motion to adjourn the meeting at 11:15 AM. Council Member Watson seconded the motion. Motion carried.

PASSED AND APPROVED this the 20th day of March, 2017.

SHELLEY BRITTON, CITY SECRETARY

LINDA LANGERHANS, MAYOR

* * * * *

**STATE OF TEXAS
COUNTY OF GILLESPIE
CITY OF FREDERICKSBURG**

**REGULAR CITY COUNCIL MEETING
FEBRUARY 06, 2017
6:00 PM**

On this the 6th day of February, 2017, the City Council of the CITY OF FREDERICKSBURG convened in regular session at the Law Enforcement Center, with the following members present to constitute a quorum:

LINDA LANGERHANS - MAYOR
GARY NEFFENDORF - COUNCIL MEMBER
GRAHAM PEARSON – COUNCIL MEMBER
BOBBY WATSON - COUNCIL MEMBER
CHARLIE KIEHNE - COUNCIL MEMBER

ABSENT: NONE

ALSO PRESENT: KENT MYERS - CITY MANAGER
SHELLEY BRITTON - CITY SECRETARY
LAURA HOLLENBEAK – DIR OF FINANCE
PAT McGOWAN - CITY ATTORNEY
STEVE WETZ – POLICE CHIEF
JOHN CULPEPPER – DIR OF COMMUNITY SUPPORT
CLINTON BAILEY - D.P.W.U.
RUSSELL IMMEL - IT

The meeting was called to order at 6:00 PM following the Pledge of Allegiance.

EMPLOYEE RECOGNITIONS - The City Manager recognized Anna Hudson, the city's new Historic Preservation Officer, several employees who helped with the annual rabies clinic, including Mickey Moellering, Yvonne Gerhardt, Stephen Itz, Daisy Schneider, and Brenda Crenwelge

MINUTES OF DECEMBER 2016 MEETINGS – It was moved by Council Member Watson, seconded by Council Member Neffendorf, to approve the minutes of the December 2016 meetings as presented. All voted in favor and the motion carried.

CONSENT AGENDA - It was moved by Council Member Watson, seconded by Council Member Neffendorf, to approve the Consent Agenda as follows:

1. Ft. Martin Scott Advisory Board Appointment of Michael Johnson
2. LCRA Tree Trimming Interlocal Agreement
3. Marketing Contract with CVB for Golf Course
4. Salary Increase for City Prosecutor and Municipal Court Judge
5. Resolution Approving City's Intervention in Atmos Rate Case

The vote was as follows: AYE: Langerhans, Watson, Pearson, Neffendorf, and Kiehne; NAY: None. Motion carried.

ORDINANCE AMENDING RECREATIONAL FEES – It was moved by Council Member Pearson, seconded by Council Member Watson, to forgo the second reading and adopt an

Ordinance Amending Recreational Fees for use of the Tatsch House and Pioneer Pavilion. The vote was as follows: AYE: Langerhans, Watson, Pearson, Neffendorf, and Kiehne; NAY: None. Motion carried.

ORDINANCE NO. 27-001

AN ORDINANCE AMENDING APPENDIX A FEE SCHEDULE ARTICLE 24 RECREATIONAL FEES, SPECIFICALLY AMENDING SECTION 24.400 (a) AND (b) FEES FOR USE OF PIONEER PAVILION AND TATSCH HOUSE, ESTABLISHING AN EFFECTIVE DATE, REPEALING INCONSISTENT PROVISIONS, AND PROVIDING FOR PARTIAL INVALIDITY. (Recorded in Ordinance Book)

ORDINANCE CALLING MAY 6, 2017 ELECTION – It was moved by Council Member Pearson, seconded by Council Member Watson, to forgo the second reading and adopt an Ordinance Calling the May 6, 2017 Election. The vote was as follows: AYE: Langerhans, Watson, Pearson, Neffendorf, and Kiehne; NAY: None. Motion carried.

ORDINANCE NO. 27-002

AN ORDINANCE CALLING A REGULAR CITY ELECTION ON MAY 7, 2017, FOR THE ELECTION OF TWO (2) COUNCIL MEMBERS FOR THE CITY OF FREDERICKSBURG, TEXAS; ESTABLISHING PROCEDURES, RULES AND REGULATIONS FOR CONDUCTING SUCH ELECTION; AND PROVIDING FOR NOTICE OF SUCH ELECTION. (Recorded in Ordinance Book)

RESOLUTION BY THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG, TEXAS, AUTHORIZING AND APPROVING PUBLICATION OF NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION, COMPLYING WITH THE REQUIREMENT CONTAINED IN SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12; AND PROVIDING AN EFFECTIVE DATE – A motion by Council Member Pearson, and seconded by Council Member Watson, that the City Council adopt a notice of Intention Resolution. The vote was as follows: AYE: Langerhans, Watson, Pearson, Neffendorf, and Kiehne; NAY: None. Motion carried.

RESOLUTION

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG, TEXAS AUTHORIZING AND APPROVING PUBLICATION OF NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION; COMPLYING WITH THE REQUIREMENTS CONTAINED IN SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City Council (the *City Council*) of the City of Fredericksburg, Texas (the *City*) has determined that it is advisable and necessary to issue and sell one or more series of certificates of obligation (the *Certificates*) in an amount not to exceed \$3,550,000 as provided pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code, Section 271.041 through Section 271.064, 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) acquiring land for the City's parks and recreational purposes and (2) the payment of professional services related to the design, construction, project management, and financing of the aforementioned capital improvements; and

WHEREAS, prior to the offering, sale, and issuance of the Certificates, the appropriate officials of the City must review and approve the distribution of a "deemed final" preliminary official statement (the *Official Statement*) in order to comply with the requirements contained in 17 C.F.R. §240.15c2-12 (the *Securities and Exchange Commission Rule*); and

WHEREAS, based upon their review of the Official Statement, the appropriate officials of the City must find to the best of their knowledge and belief, after reasonable investigation, that the representations of facts pertaining to the City contained in the Official Statement are true and correct and that, except as disclosed in the Official Statement, there are no facts pertaining to the City that would adversely affect the issuance of the Certificates or the City's ability to pay the debt service requirements on the Certificates when due; and

WHEREAS, the City Council will comply with the requirements contained in the Securities and Exchange Commission Rule concerning the creation of a contractual obligation between the City and the proposed purchaser(s) of the Certificates (the *Purchasers*) to provide the Purchasers with an Official Statement in a time and manner that will enable the Purchasers to comply with the distribution requirements and continuing disclosure requirements contained in the Securities and Exchange Commission Rule; and

WHEREAS, the City Council authorizes the Mayor, City Manager, Director of Finance, City Secretary, and the City Attorney, as appropriate, or their designees, to review, approve, and execute any document or certificate in order to allow the City to comply with the requirements contained in the Securities and Exchange Commission Rule; and

WHEREAS, prior to the issuance of the Certificates, the City Council is required to publish notice of its intention to issue the Certificates in a newspaper of general circulation in the City, such notice stating (i) the time and place the City Council tentatively proposes to pass the ordinance authorizing the issuance of the Certificates, (ii) the maximum amount proposed to be issued, (iii) the purposes for which the Certificates are to be issued, (iv) and the manner in which the City Council proposes to pay the Certificates; and

WHEREAS, the City Council hereby finds and determines that such documents pertaining to the sale of the Certificates should be approved, and the City should proceed with the giving of notice of intention to issue the Certificates in the time, form, and manner provided by law; and

WHEREAS, the City Council hereby finds and determines that the adoption of this Resolution is in the best interests of the residents of the City; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG, TEXAS THAT:

SECTION 1. The City Secretary is hereby authorized and directed to cause notice to be published of the City Council's intention to issue the Certificates in an amount not to exceed \$3,550,000 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) acquiring land for the City's parks and recreational purposes and (2) the payment of professional services related to the design, construction, project management, and financing of the aforementioned capital improvements. The Certificates will be payable from the levy of an annual ad valorem tax, within the limitations prescribed by law, upon all taxable property within the City and additionally from a pledge of and lien on certain revenues derived from the operation of the City's parks and recreational facilities. The notice hereby approved and authorized to be published shall read substantially in the form and content of Exhibit A attached hereto, which notice is incorporated herein by reference as a part of this Resolution for all purposes.

SECTION 2. The City Secretary shall cause the notice described in Section 1 to be published in a newspaper of general circulation in the City, once a week for two consecutive weeks, the date of the first publication shall be at least thirty (30) days prior to the date stated therein for passage of the ordinance authorizing the issuance of the Certificates.

SECTION 3. The Mayor, City Manager, Director of Finance, City Secretary, and the City Attorney, as appropriate, or their designees, are authorized to review and approve the Official Statement pertaining to the offering, sale, and issuance of the Certificates and to execute any document or certificate in order to comply with the requirements contained in the Securities and Exchange Commission Rule.

SECTION 4. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.

SECTION 5. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 6. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 7. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 8. It is officially found, determined, and declared that the meeting at which this Resolution 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 Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 9. This Resolution shall be in force and effect from and after the date of its adoption, and it is so resolved.

PASSED AND APPROVED this the 6th day of February, 2017.

/s/ Linda Langerhans, Mayor

ATTEST:

/s/ Shelley Britton, City Secretary

2017 HOTEL OCCUPANCY TAX ALLOCATIONS – It was moved by Council Member Watson, seconded by Council Member Pearson, to award the following Hotel Tax Fund (HOT) Allocations for 2017. The vote was as follows: AYE: Langerhans, Watson, Pearson, Neffendorf, and Kiehne; NAY: None. Motion carried.

Optimist - Hill Country Run	5,000
Bethany Lutheran Church	5,000
Fbg Chorale	2,500
Ft Martin Scott	23,450
Gillespie County Fair & Festival Association	45,000
Church of Colored People of Gillespie County	25,000
Hill Country Antique Tractors	6,000
Friends of Country Schools	47,641
Fbg Art Guild	4,650
Hill Country Film Festival	6,500
Admiral Nimitz Foundation	125,000
Admiral Nimitz Foundation	10,000
German Choirs of Fbg	2,500
Harper Community Park	0.00
Knights of Columbus - Bestfest	3,000
Jaycees - Crawfish Festival	5,000
Heritage School - Eisbahn	3,000
Former Texas Rangers	11,300
Wings Over the Hills	4,000
Boys & Girls Club Shopping Tournament	1,500
Turner Hall	0.00
Hill Country Food Truck Festival	7,500
Texas Society for the Preservation of St. Joseph's Halle	250,000
Systems GO	3,000
Fbg Community Orchestras	3,000
Cherry Mountain Community	3,200
Farmers Market	3,000
4 th of July	5,000

Gillespie County Historical Society	93,500
Providence Hall – Bike the Burg	22,000
Die Kunstler	3,000
Chamber – Christmas Parade	10,000
Fbg Theater Company	25,000

REVISED REQUEST FOR STREET CLOSURES FOR CRAWFISH FESTIVAL – Based on the options presented by the Jaycees for the Crawfish Festival, it was moved by Council Member Pearson, seconded by Council Member Kiehne, to approve Option #3 to Close one lane on Adams, close all of Austin St to accommodate all coolers, trailers, food storage and beer trucks while leaving room for emergency lane and church access on Sunday. The vote was as follows: AYE: Langerhans, Watson, Pearson, Neffendorf, and Kiehne; NAY: None. Motion carried.

TML HEALTH INSURANCE – Following a lengthy consideration over the past several weeks, it was moved by Council Member Neffendorf, seconded by Council Member Pearson, to stay with the current self-insurance program for another year, starting April 1. The vote was as follows: AYE: Langerhans, Watson, Pearson, and Neffendorf; NAY: Kiehne. Motion carried.

TxDOT PRESENTATION ON TRAFFIC SIGNALS – Representatives of the TxDOT presented information on recent upgrades to the traffic signal system throughout Fredericksburg.

CITY MANAGERS ANNUAL GOALS – It was moved by Council Member Watson, seconded by Council Member Pearson, to approve the 2017 City Manager Performance Goals as presented and amended. The vote was as follows: AYE: Langerhans, Kiehne, Neffendorf, Pearson, and Watson; NAY: None. Motion carried.

City of Fredericksburg
City Manager Goals - 2017

1. Work with Assistant City Manager and Golf Pro to reduce the Golf Course deficit.
2. Complete University Center Master Plan.
3. Complete Downtown Parking Study and start implementing recommendations.
4. Complete Animal Shelter and begin operations in new facility.
5. Increase collections of HOT funds by identifying all local short-term rental businesses.
6. Continue to work with Relief Route Task Force and show progress on the planning for the Relief Route in 2017.
7. Continue to work with Advisory Committee and Police Chief to make final recommendations on revisions to the sound ordinance.
8. Assist with community-wide visioning process with completion by the end of 2017.
9. Continue to work on hotel/conference center project including negotiations with developer if Council decides to move forward with this project.
10. Continue active involvement in efforts to develop additional affordable housing.

CITY MANAGER'S REPORT - City Manager's Report included (1) Downtown Parking Study, (2) University Center Master Plan, and (3) Fredericksburg Art Guild – Austin Street Property.

UPCOMING AGENDA ITEMS – Council reviewed upcoming agenda items.

PUBLIC COMMENTS – Mo Saide commented on the poster contest for keeping Fredericksburg Beautiful; Bobby Sagebiel thanks Council for approving funding for St. Joseph's Halle; Russ Rose encouraged Council to pursue the Certificates of Obligation for the park property.

COUNCIL COMMENTS – Council Member Neffendorf reported on the EDC Annual Retreat; Council Member Pearson reported on the recent rabies clinic that administered over 1000 rabies shots; Mayor Langerhans met recently with the Chamber and CVB on various City issues.

EXECUTIVE SESSION - It was moved by Council Member Neffendorf, seconded by Council Member Watson, to recess the regular session and go into Executive Session at 8:35 PM. All voted in favor and the motion carried. At 9:17 PM, it was moved by Council Member Pearson, seconded by Council Member Neffendorf, to adjourn the Executive Session and reconvene the regular session. All voted in favor and the motion carried.

Following Executive Session:

CITY ATTORNEY POSITION – No action was taken.

PURCHASE OF PROPERTY – No action taken.

With no further discussion, Council Member Watson made a motion to adjourn the meeting at 9:18 PM. Council Member Pearson seconded the motion. Motion carried.

PASSED AND APPROVED this the 20th day of March, 2016.

SHELLEY BRITTON, CITY SECRETARY

LINDA LANGERHANS, MAYOR

* * * * *

STATE OF TEXAS
COUNTY OF GILLESPIE
CITY OF FREDERICKSBURG

REGULAR CITY COUNCIL MEETING
FEBRUARY 20, 2017
6:00 PM

On this the 20th day of February, 2017, the City Council of the CITY OF FREDERICKSBURG convened in regular session at the Law Enforcement Center, with the following members present to constitute a quorum:

LINDA LANGERHANS - MAYOR
BOBBY WATSON - COUNCIL MEMBER
GARY NEFFENDORF - COUNCIL MEMBER
CHARLIE KIEHNE - COUNCIL MEMBER
GRAHAM PEARSON - COUNCIL MEMBER

ABSENT: NONE

ALSO PRESENT: KENT MYERS - CITY MANAGER
SHELLEY BRITTON - CITY SECRETARY
PAT McGOWAN - CITY ATTORNEY
CLINTON BAILEY - D.P.W.U.
BRIAN JORDAN - DIR OF DEVELOPMENT SERVICES
LAURA HOLLENBEAK - DIR OF FINANCE
RUSSELL IMMEL - IT MANAGER
STEVE WETZ - POLICE CHIEF

It was called to order at 6:00 PM., followed by the Pledge of Allegiance.

EMPLOYEE RECOGNITIONS – The City Manager recognized several employees with a quarterly “above and beyond” award: Officer Heffley, Andrea Warren, Denis Kaderli, Glen Koennecke, Archie Jenschke, and Garret Durst.

MINUTES – It was moved by Council Member Watson, seconded by Council Member Neffendorf, to approve the minutes of the January 2017 meetings. All voted in favor and the motion carried.

CONSENT AGENDA - It was moved by Council Member Pearson, seconded by Council Member Kiehne, to approve the Consent Agenda as follows:

- Resolution for Justice Assistance Grant
- Purchase of Dump Truck

The vote was as follows: AYE: Langerhans, Watson, Pearson, Neffendorf, and Kiehne; NAY: None. Motion carried.

PERFORMANCE AGREEMENT FOR STONE RIDGE UNIT #9 – It was moved by Council Member Pearson, seconded by Watson, to approve the Performance Agreement for Stone Ridge Unit #9 as presented. The vote was as follows: AYE: Langerhans, Watson, Pearson, and Neffendorf; ABSTAIN: Kiehne. Motion carried.

RESOLUTION INCLUDING ADDITIONAL PROPERTY IN MARKET SQUARE – It was moved by Council Member Watson, seconded by Council Member Neffendorf, to adopt the

Resolution Including Additional Property in Market Square. The vote was as follows: AYE: Langerhans, Watson, Pearson, Neffendorf, and Kiehne; NAY: None. Motion carried.

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG
FEBRUARY 20, 2017**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG DIRECTING THAT TWO SPECIFIED PORTIONS OF MARKET SQUARE BE DEDICATED TO THE USES OF THE PUBLIC AS A PUBLIC SQUARE, AND ESTABLISHING THE RIGHT OF THE CITY TO UTILIZE SUCH PORTIONS AS DESCRIBED IN THIS RESOLUTION

WHEREAS, at the time of the establishment of the town of Fredericksburg, a central place, known as Market Square and Marktplatz, was established and set aside as a central place for gatherings, as a location for the first public building, the Vereins Kirche, and

WHEREAS, the City of Fredericksburg acquired ownership of Market Square in 1990, at which time it contained a number of private commercial uses, and was burdened by certain long term leases, and

WHEREAS, the City of Fredericksburg developed a plan to return Market Square to use as a park, a place for festivals and a central gathering place for the City as it was in the early days following the founding of Fredericksburg, and to include the areas which had been devoted to such private businesses in the general plan for Market Square as such uses terminated, and

WHEREAS, a number of such uses have terminated, and through the persistence and dedication of the City and the citizens, Market Square is now a vibrant, beautiful and much used central square, and

WHEREAS, in the recent past two additional areas of private use have terminated, and the City Council of the City of Fredericksburg has determined that such areas should be included in the master plan for the continued development of Market Square, and

WHEREAS, those two areas are known as the Schroeder Building and the land which was included in the original lease thereof, and the Security State Bank and Trust area and the land which was included in the original lease and amendments of that lease, and

WHEREAS, the Schroeder Building and area has been converted to, and now contains, the offices of an auxiliary substation for the City of Fredericksburg Police Department, and a kitchen and office area to support the functions of Market Square along with a parking area serving such building and Market Square, and

WHEREAS, the Security State Bank and Trust building and area has been converted to, and now contains, City offices along with an on site parking area serving such building, and

WHEREAS, the City Council has determined that such current uses of the existing facilities on each of those portions of Market Square make use of the pre-existing buildings, and are necessary to the efficient functioning of the City until it is able to relocate those current uses, and

WHEREAS, the City Council of the City of Fredericksburg desires to enact this resolution to establish its intention that such Schroeder building and area and the Security State Bank and Trust building and area are dedicated to Market Square for the eventual use as part of the park provided, however that the current uses may temporarily remain as hereinafter described.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG that the Schroeder Building and parking area in use as of the date of this resolution, continue to be used as a downtown auxiliary substation for the City of Fredericksburg Police Department as the same is currently used (bike patrol, office for volunteers and additional security for the downtown and Market Square area) and parking area to support such use until the same is relocated; the remainder of the area and building being a kitchen and office which supports the functions of Market Square be and is hereby dedicated as a part of Market Square, all as is illustrated on the drawing attached to this resolution, and

BE IT FURTHER RESOLVED that the offices now occupied by the City of Fredericksburg in the Security State Bank and Trust building and the on-site parking on the Crockett Street side of the Square may continue to be used as offices for use by the City of Fredericksburg for a period of five (5) years from and after the date of this resolution, unless such period is extended by a future Council following consultation with the Market Square Redevelopment Commission or its successor, as applicable, and that the remainder of the building, including the outdoor covered area formerly serving as the bank drive-through, as well as the off street parking areas, as is illustrated on the drawing attached to this resolution, be and is hereby dedicated as part of Market Square and is included in the development plans for the Square.

This resolution was PASSED and APPROVED this the 20th day of February, 2017.

/s/ Linda Langerhans, Mayor

ATTEST:

/s/ Shelley Britton, City Secretary

RESOLUTION ON MARKTPLATZ USE POLICIES FOR SPECIAL EVENTS – It was moved by Council Member Watson, seconded by Council Member Pearson, to adopt the Resolution on Marktplatz Use Policies for Special Events as presented. The vote was as follows: AYE: Langerhans, Watson, Pearson, Neffendorf, and Kiehne; NAY: None. Motion carried.

SCOPE OF SERVICE AND CONTRACT FOR UNIVERSITY CENTER MASTER PLAN
Council Member Neffendorf moved, seconded by Council Member Pearson, to approve the Scope of Service and Contract for University Center Master Plan with Freese and Nichols for \$51,750.00.

The vote was as follows: AYE: Langerhans, Watson, Pearson, Neffendorf, and Kiehne; NAY: None. Motion carried.

ATMOS MID-TEX CITIES LEGISLATIVE SESSION 2017 – It was moved by Council Member Pearson, seconded by Council Member Watson, to continue its membership with the Atmos Mid-Tex Cities, Legislative Session 2017, with the cost of representation being \$505, based on the number of gas customers within the City. The vote was as follows: AYE: Langerhans, Watson, Pearson, Neffendorf, and Kiehne; NAY: None. Motion carried.

CONTRACT FOR MARKET SQUARE TURF PROJECT – It was moved by Council Member Watson, seconded by Council Member Neffendorf, to award the contract for the Market Square Turf Project to TNT Farms and Landscaping, Inc. for \$107,871.61, which includes \$9,806.51 contingency. The vote was as follows: AYE: Langerhans, Watson, Pearson, Neffendorf, and Kiehne; NAY: None. Motion carried.

CITY MANAGER'S REPORT – City Manager Kent Myers reported on (1) Golf Course Update, (2) Sound Advisory Committee, (3) Transportation Master Plan, (4) Downtown Parking Study, and (5) Visioning Process.

PUBLIC COMMENTS – None.

COUNCIL COMMENTS – Charlie Kiehne emphasized the need for long range planning for future water needs; Bobby Watson reported on the Airport Board; Graham Pearson commented on the excellent quality of the golf course.

With no further discussion, Council Member Watson made a motion to adjourn the meeting at 8:02 PM. Council Member Neffendorf seconded the motion. Motion carried.

PASSED AND APPROVED this the 20th day of March, 2017.

SHELLEY BRITTON, CITY SECRETARY

LINDA LANGERHANS, MAYOR

* * * * *



CITY COUNCIL MEMO

DATE: March 20, 2017

TO: Mayor and City Council

FROM: Andrea Warren, Parks & Recreation Director

SUBJECT: Update rental fees for swimming pool parties

Summary:

We would like to amend the reservation fee for both swimming pools for parties outside of normal hours and add a party rental rate for groups during normal hours. The new rate for rentals outside of normal hours will simplify the reservation process and money collection. The rate for parties during normal hours will offer more flexibility for scheduling parties and include shared pool use and exclusive use of designated tables at the pools. The proposed rates are detailed in the table attached.

Recommendation:

It is recommended to consider the recreational fees ordinance which amends the section for Park and Town Pools.

Background / Analysis:

The current rental rate for pool parties is complicated because it includes three different variables. For example there is a \$40 reservation fee, plus an \$11/hour per lifeguard fee, plus \$2 per person. The per person fee is collected at the time of the rental which is inefficient as it means paying an extra staff member to collect this money. The current rate is also lengthy and confusing when explaining the cost for reserving either of the pools. Finally the per person rate can make the cost of reserving the pool for parties over thirty people very expensive when compared to nearby Parks and Recreation Departments. The new proposed rates will simplify the reservation process, allow for all the money to be collected at

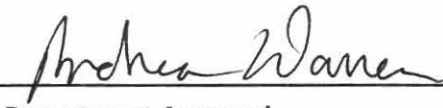
13

The City of Fredericksburg

the time of reservation and will be similar to what other nearby cities charge. We hope these changes will encourage more pool rentals. The additional rate for parties during open hours gives people more flexibility in the times they can hold their party at the pool. Parties during open hours will share the pool with regular day use customers; however, parties will have a reserved space with tables for their party. The Park Pool rate during open hours is the same as paying the daily entry rate for 25 people but they get a reserved area for the party. The Town Pool rate is less expensive than daily entry if the party group has more than 17 people; we hope this will encourage more use at Town Pool.

Attachments:

Pool Party Rental Fees Ordinance, Fee comparison tables



Department Approval



City Manager Approval

ORDINANCE NO. _____

AN ORDINANCE AMENDING APPENDIX A FEE SCHEDULE ARTICLE 24 RECREATIONAL FEES, SPECIFICALLY AMENDING SECTION 24.200 FEES FOR LADY BIRD JOHNSON PARK POOL AND TOWN POOL, ESTABLISHING AN EFFECTIVE DATE, REPEALING INCONSISTENT PROVISIONS, AND PROVIDING FOR PARTIAL INVALIDITY.

WHEREAS, The City Council of the City of Fredericksburg has determined that in order to simplify the rates and encourage use of the City's pools, the group charges for the use of City's pools which are described as follows should be set as the same are set forth below; and

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG, TEXAS THAT THE FOLLOWING ORDINANCE BE AND IS HEREBY ENACTED AND THAT APPENDIX A FEE SCHEDULE **ARTICLE 24, RECREATIONAL FEES SECTION 24.200 FEES FOR USE OF LADY BIRD JOHNSON PARK POOL AND TOWN POOL SUBSECTION (f) OF THE CODE OF ORDINANCES OF THE CITY OF FREDERICKSBURG** BE AMENDED AS FOLLOWS:

ARTICLE 24.000. RECREATIONAL FEES

Sec. 24.200.- Fees for use of Lady Bird Johnson Park Pool and Town Pool.

- (f) Group use fees shall be as follows:
 - (i) Town Pool during normal business hours for no more than 25 persons, including non-swimmers, for a maximum rental period of two (2) hours: Thirty five and no/100 (\$35.00) Dollars.
 - (ii) Lady Bird Park Pool during normal business hours for no more than 25 persons, including non-swimmers, for a maximum rental period of two (2) hours: Fifty and no/100 (\$50.00) Dollars.
 - (iii) Town Pool outside of normal business hours, for a maximum number of 100 people and a rental period of two (2) hours:
 - One hundred and no/100 (\$100.00) Dollars for 1 to 25 people, including non-swimmers,
 - One hundred twenty five and no/100 (\$125.00) Dollars for 26 to 50 people, including non-swimmers
 - One hundred fifty and no/100 (\$150.00) Dollars for 51 to 75 people, including non-swimmers
 - Two hundred and no/100 (\$200.00) Dollars for 76 to 100 people, including non-swimmers.
 - (iv) Lady Bird Johnson Park Leisure Pool and Baby Pool outside of normal business hours, for a maximum number of 100 people and a rental period of two (2) hours:
 - One hundred and no/100 (\$100.00) Dollars for 1 to 25 people, including non-swimmers,
 - One hundred twenty five and no/100 (\$125.00) Dollars for 26 to 50 people, including non-swimmers

One hundred fifty and no/100 (\$150.00) Dollars for 51 to 75 people, including non-swimmers

Two hundred and no/100 (\$200.00) Dollars for 76 to 100 people, including non-swimmers.

(v) Lady Bird Johnson Park Pool —entire facility outside of normal business hours, for a maximum number of 125 people and a rental period of two (2) hours:

One hundred twenty five and no/100 (\$125.00) Dollars for 1 to 25 people, including non-swimmers,

One hundred fifty and no/100 (\$150.00) Dollars for 26 to 50 people, including non-swimmers.

One hundred eighty and no/100 (\$180.00) Dollars for 51 to 75 people, including non-swimmers,

Two hundred thirty and no/100 (\$230.00) Dollars for 76 to 100 people, including non-swimmers,

Two hundred sixty and no/100 (\$260.00) Dollars for 101 to 125 people, including non-swimmers.

(vi) Additional conditions:

All guests attending a group gathering will be counted regardless of the length of time they stay, and whether or not they use the pool. Guests exceeding the number of guests for the reservation which must be made at least seven (7) days in advance will not be admitted.

Groups over 25 people may not utilize either pool during business hours, and must reserve the entire facility for times outside of business hours.

Groups during business hours will have reserved tables and/areas, but will use the pools with the public.

The rates set out above will be effective April 1, 2017.

-----End of Code Text-----

Severability / Invalidity.

If any provision of this ordinance or the application hereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without defeating the purpose or objective of the provisions, and to this end, the provisions of this ordinance are declared to be severable.

Repealer

All ordinances and parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

Penalties

Penalties provided for in the Code Ordinances of the city of Fredericksburg shall apply to violations hereof.

PASSED AND APPROVED this the ____ day of March, 2017.

Linda Langerhans, Mayor
City of Fredericksburg

ATTEST:

APPROVED AS TO FORM:

Shelley Britton, City Secretary

Pat McGowan, City Attorney
3/3/17

Pool Party Rental Fees

Fredericksburg Parks and Recreation



Rental Rates for Parties outside of normal hours (2 hr rental):

Park Pool		Size of Party (includes non-swimmers)	Current Rates (only charge swimmers?)	Nearby Comparisons	
Leisure Pool + Baby Pool	Entire facility			Boerne 3.5 hr rental	Marble Falls 2 hr rental
\$100	\$125	1-25	\$156	\$250/\$300	\$100
\$125	\$150	26-50	\$228	\$250/\$300	\$120
\$150	\$180	51-75	\$300	\$325/\$375	\$140
\$200	\$230	76-100	\$372	\$325/\$375	\$160
Not available	\$260	101-125	\$444	\$325/\$375	\$180

Town Pool	Size of Party (includes non-swimmers)
\$100	1-25
\$125	26-50
\$150	51-75
\$200	76-100
Not available	101-125

Rental Rates for Parties during open hours (2 hr rental):

Includes pool use (shared) and exclusive use of party section at facility

Park Pool	Town Pool	Size of Party (includes non-swimmers)	Nearby Comparisons
\$50	\$35	1-25	Boerne \$75

Special Notes:

- All party guests that attend will be counted regardless of length of stay and use of pool. Extra guests will not be allowed in.
- Parties over 100 people are only allowed at Park Pool outside of open hours and must reserve the entire facility. Parties may not exceed more than 125 guests.
- Parties during open hours may not exceed 25 guests.



CITY COUNCIL MEMO

DATE: March 14, 2017

TO: Mayor and City Council

FROM: Eric Whiting, IT Systems Administrator

SUBJECT: Lease purchase agreement with VAR Technology Financial

Summary:

The City of Fredericksburg Police Department is proposing to purchase laptop/equipment for the patrol cars that was approved in the budget for FY 2016-2017. The purchase process was discussed during budget meetings to execute a lease purchase with VAR financial for a period of 3 years. Under the City of Fredericksburg Financial Management Policy (Section 7 Paragraph M-Lease/Purchase Agreements) the City Council is required to approve lease purchases regardless of the dollar amount.

Recommendation:

The City of Fredericksburg Police Department. recommends that the Council approve the 3 year lease purchase of equipment from VAR Technology Financial.

Background / Analysis:

The equipment will be purchased through Buy Board from Centre Technologies.



The City of Fredericksburg

Attachments:

VAR Technology Financial Contract



Department Approval



City Manager Approval

20

The City of Fredericksburg

126 W. Main St. • Fredericksburg, Texas 78624-3708 • (830) 997-7521 • Fax (830) 997-1861

**City of Fredericksburg, TX
126 W Main St
Fredericksburg, TX 78624-3708**

**February 15, 2017
20282228**

Thank you for the opportunity to provide services to City of Fredericksburg, TX. To facilitate a smooth documentation process please complete the following steps:

Reviewing and Signing – Review and Sign the Enclosed Documents

1. **Lease Agreement:** Ensure it is signed by an authorized signer**
2. **Insurance Form:** Complete the insurance form and provide a Certificate of Insurance
3. **Federal Tax ID:** Provide the Federal Tax ID for City of Fredericksburg, TX:
4. **Driver's License:** Provide a copy of the signer's driver's license
5. **Additional Documents:** Non-Appropriation Addendum

Return the Signed Documents

- Email to team6@vartechologyfinance.com
OR
- Fax to (972) 755 8210 (Attn: Mike Coke)

Once we approve the scanned documents, we will email you a UPS label for you to return the original documents (not scanned or copied).

****Please note the following:**

- ***Do not use white out or make any cross outs on any document.***
- ***Signatures must be original; stamped signatures will not be accepted.***
- ***Print each page of the document as a single page. We cannot accept double sided documents.***
- ***If your company is tax exempt, please provide a copy of your state Sales Tax Exemption Certificate with your scanned or faxed copy of the documents.***
- ***Please do not fill in the commencement date on the Exhibit A. This date is determined when the lease funds.***

If you have any questions about this process, please contact mcoke@vartechologyfinance.com or call (972) 755 8200. We're excited to have you as a customer and look forward to growing our business relationship with you.

Approval Date: 02/15/17
Expiration Date: 04/16/17

This is a non-cancellable, legally binding contract"

Master Lease Number: 20282228

MASTER LEASE AGREEMENT



Lessor:
VAR Technology Finance
2330 Interstate 30
Mesquite, TX 75150
Phone: (972) 755 8200
Fax: (972) 755 8210

Lessee Name: City of Fredericksburg, TX
Street Address: 126 W Main St,
City, ST & Zip Code: Fredericksburg, TX, 78624-3708
Telephone: 830 990-2022
Federal Tax ID#: _____

Signatures

Lessee has reviewed this page and the rest of this Lease
City of Fredericksburg, TX

Lessor has reviewed this page and the rest of this Lease
VAR Technology Finance (Lessor)

Authorized Signature

Authorized Signature

Steven Wetz

Chief of Police

Print Name

Title

Date

Print Name

Title

Date

Terms and Conditions

In this Master Lease Agreement ("Master Agreement"), the words "You" and "Your" mean the Lessee named above. "We," "Us" "Our" and "Lessor" mean VAR Technology Finance. "Schedule" means the form of lease schedule attached hereto as Exhibit A. "Supplier" means the equipment supplier supplying the Equipment (defined below) leased under a Schedule. ***This Master Agreement, together with each Schedule entered into pursuant hereto and the related and supporting documents entered into directly with Us in connection with the transaction represented in a Schedule ("Other Documents"), represent the final and only agreement between You and Us regarding the leasing of the Equipment identified in such Schedule and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements. There are no unwritten oral agreements between You and Us. Neither this Master Agreement nor any Schedule may be changed except by a written agreement between You and Us. Other agreements not stated in this Master Agreement, Schedules and Other Documents (including those contained in any purchase agreement or order between You and the Supplier) are not binding on Us.***

1. LEASE OF EQUIPMENT. Each Schedule executed by You represents your agreement to lease from Us the equipment listed therein (together with all existing and future accessories, embedded software programs, attachments, replacements, additions and repairs) (the "Equipment"), upon the terms stated in such Schedule and this Master Agreement. Each Schedule shall be substantially in the form of **Exhibit A** and shall be deemed to be a separate lease transaction (a "Lease") between You and Us. In the event of any conflict between the provisions of this Master Agreement and the provisions of any Schedule, the provisions of the Schedule shall control. You promise to pay to Us the Lease Payments shown on each Schedule in accordance with the payment schedule set forth therein, plus all other amounts stated herein and therein. Each Schedule is binding on You as of the date You sign it. After You sign a Schedule, We may (i) insert the Lease number thereon and any other information missing in such Schedule, and (ii) change the Lease Payment amount by not more than 15% due to a change in the Equipment configuration, cost or tax amount, or a payment miscalculation. No Schedule is binding on Us until We sign it. If You are other than a sole proprietorship, Your signature on this Master Agreement and on each Schedule constitutes Your representation that the execution and delivery by You of this Master Agreement, the Schedule and the Other Documents, and the performance of Your obligations hereunder and thereunder, have been authorized by all necessary company action, and that the person(s) signing this Master Agreement, the Schedule and the Other Documents has been duly authorized to do so.

2. UNCONDITIONAL OBLIGATION TO PERFORM. With respect to each Schedule, You agree that: (a) You, not We, selected the Equipment and the Supplier, (b) We are a separate company from the Supplier, manufacturer and any other vendor (collectively, "Vendors"), the Vendors are NOT Our agents, and no statement, representation or warranty by any Vendor is binding on Us, (c) Your duty to perform Your obligations under the Master Agreement and the Schedule is unconditional despite any equipment failure, the existence of any law restricting the use of the Equipment, or any other adverse condition whatsoever, (d) if You are a party to any maintenance, service, supplies or other contract with any Vendor, We are NOT a party thereto, such contract is NOT part of any Lease (even though We may, as a convenience to You and a Vendor, bill and collect monies owed by You to such Vendor), and no breach by any Vendor will excuse You from fully performing Your payment and other obligations to Us, and (e) if the Equipment is unsatisfactory or if any Vendor fails to provide any service or maintenance or fulfill any other obligation to You, You shall not make any claim against Us and shall continue to perform your payment and other obligations to Us.

3. ORIGINAL TERM; END OF TERM OPTIONS; RENEWAL PROVISIONS. The original term of each Lease represented by a Schedule will begin on a date designated by Us after We accept such Schedule (the "Commencement Date") and will continue for the number of months shown in the Schedule ("Original Term"). As used herein, "Present Term" means the term presently in effect, whether it is the Original Term or a Renewal Term (as defined below). **With respect to each Schedule, unless You notify Us in writing at least 90 days but not more than 120 days before the end of a Present Term that, at the end**

of such Present Term, You intend to (i) return the Equipment, or (ii) exercise the purchase option, if any, specified in the Schedule, then: (a) the Schedule will automatically renew for an additional three-month Term (each, a "Renewal Term"), and (b) the Lease Payment amount and the other terms of the Schedule and of this Master Agreement and Other Documents will continue to apply. If You do notify Us in writing within the time set forth above that You intend to return the Equipment or purchase the Equipment at the end of such Present Term, then, immediately upon the expiration of such Term, You shall return the Equipment subject to the Schedule pursuant to Section 13 of this Master Agreement or purchase the Equipment pursuant to Section 10 of the Schedule, as applicable.

4. ACCEPTANCE OF EQUIPMENT; LEASE PAYMENTS. With respect to each Schedule, You will inspect and test the operation of the Equipment upon its delivery and You will notify Us within ten (10) days of delivery if the Equipment is not satisfactory. **YOU AGREE THAT IF YOU FAIL TO NOTIFY US THAT THE EQUIPMENT IS NOT SATISFACTORY WITHIN TEN (10) DAYS OF DELIVERY THEN THE EQUIPMENT SHALL BE IRREVOCABLY AND UNCONDITIONALLY ACCEPTED BY YOU.** If requested, You will sign a separate Equipment delivery and acceptance certificate for each Schedule. We may at Our discretion verify by telephone such information regarding delivery and acceptance of the Equipment as we deem appropriate and any such telephone verification of Your acceptance will have the same effect as a written delivery and acceptance certificate signed by You. With respect to each Schedule, Customer agrees to pay a prorated Lease Payment for the period between the Equipment delivery date (i.e. the date of the related delivery and acceptance certificate) and the Commencement Date. This prorated or partial payment will be based on the Lease Payment shown on the related Schedule prorated on a 30-day calendar month and will be added to the Customer's first invoice. With respect to each Schedule, Lease Payments plus applicable taxes and other charges provided for herein are payable in advance periodically as stated herein and therein. Restrictive endorsements on checks will not be binding on Us. All payments received will be applied to past due amounts and then to the current amount due, in such order as We determine. We may add finance charges to any amount We advance on Your behalf, including, without limitation, taxes and insurance premiums, if any. Any security deposit or estimated future Governmental Charge (as defined in Section 10 below) that You pay is non-interest bearing, may be commingled with Our funds, may be applied by Us at any time to past-due amounts, and the unused portion will be returned to You within 90 days after the end of the final Present Term of the applicable Schedule. **If We do not receive a payment in full on or before its due date, You shall pay (i) a fee equal to the greater of 10% of the amount that is late or \$29.00, plus (ii) interest on the part of the payment that is late in the amount of 1.5% per month ("Time-Value Interest") from the due date to the date paid.** If any check is dishonored, You shall pay Us a fee of \$20.00.

5. DELIVERY, LOCATION, OWNERSHIP, USE, MAINTENANCE OF EQUIPMENT. We are not responsible for delivery or installation of the Equipment relating to any Schedule. You are responsible for Equipment maintenance. You shall not remove the Equipment from the Equipment Location designated in the applicable Schedule unless You first get Our permission. You shall give Us access to each Equipment Location so that We may inspect the Equipment, and You agree to pay Our costs in connection therewith, whether performed prior to or after the Commencement Date of the applicable Schedule. **We will own and have title to all Equipment (excluding any software) throughout the Term of each Schedule.** If the Equipment includes any software, You agree that (i) We don't own the software, (ii) You are responsible for entering into any necessary software license agreements with the owners or licensors of such software, (iii) You shall comply with the terms of all such agreements, if any, and (iv) any default by You under any such agreements shall also constitute a default by You under the applicable Lease. You agree that all Equipment is and shall remain personal property. You shall not permit it to become (i) attached to real property or (ii) subject to liens or encumbrances of any kind whatsoever. **You represent that all Equipment will be used solely for commercial purposes and not for personal, family or household purposes.** You shall use all Equipment in accordance with all laws, operation manuals, service contracts

No schedule may be terminated early. The terms of this master lease are continued on the reverse or next page.

(if any) and insurance requirements, and shall not make any permanent alterations. At Your own cost, You shall keep the Equipment in good working order and warrantable condition, ordinary wear and tear excepted ("Good Condition").

6. NO WARRANTIES; FINANCE LEASE. WITH RESPECT TO EACH SCHEDULE, WE ARE LEASING THE EQUIPMENT TO YOU "AS IS". WE HAVE NOT MADE AND HEREBY DISCLAIM ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, ARISING BY APPLICABLE LAW OR OTHERWISE, INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. You agree that the transaction represented by each Schedule is a "finance lease" as defined in Article 2A of the Uniform Commercial Code ("UCC"). To the extent permitted by law, **You hereby waive any and all rights and remedies conferred upon You under UCC Sections 2A-303 and 2A-508 through 522.** If it is determined that the transaction represented by any Schedule is other than a "lease" as defined in Article 2A, then You hereby grant to Us a security interest in the Equipment and all proceeds thereof. You authorize Us to record (and amend, if appropriate) a UCC financing statement to protect Our interests. With respect to any one or more Schedules, You may be entitled under Article 2A to the promises and warranties (if any) provided to Us by the Vendor(s) in connection with or as part of the contract(s), if any, by which We acquire the Equipment. You may contact the Vendor(s) for an accurate and complete statement of those promises and warranties (if any), including any disclaimers and limitations of them or of remedies. We hereby transfer to You, **without recourse to Us**, all automatically transferable promises and warranties, if any, made to Us by the Vendor(s).

7. LIABILITY; INDEMNIFICATION. We are not liable for any claims, actions, damages (whether direct, indirect, incidental or consequential), liabilities, losses or costs made against or incurred by You relating to the delivery, installation, possession, use, return, loss of use, defect or malfunction of any Equipment (collectively, "Equipment Matters") with respect to any Schedule. You shall indemnify and defend Us against, and hold Us harmless for, any and all claims, actions, damages, liabilities, losses, and costs (including reasonable attorneys' fees) made against or incurred by Us relating to Equipment Matters.

8. LOSS; DAMAGE; INSURANCE. You shall, during the Term, (i) bear the risk of loss and damage to all Equipment leased under all Schedules and shall continue performing all Your obligations to Us even if it becomes damaged or suffers a loss, (ii) keep all Equipment insured against all risks of damage and loss ("Property Insurance") in an amount equal to its replacement cost, with Us named as sole "loss payee," and (iii) carry public liability insurance covering bodily injury and property damage ("Liability Insurance") in an amount acceptable to Us, with Us named as "additional insured." You have the choice of satisfying these insurance requirements by providing Us with satisfactory evidence of Property and Liability Insurance ("Insurance Proof"), within 30 days of the Commencement Date of each Lease. Such Insurance Proof must provide for at least 30 days prior written notice to Us before it may be cancelled or terminated and must contain other terms satisfactory to Us. **If You do not provide Us with Insurance Proof within 30 days of the Commencement Date of a Schedule, or if such Insurance terminates for any reason, then (a) You agree that We have the right, but not the obligation, to obtain such Insurance in such forms and amounts from an insurer of Our choosing in order to protect Our interests ("Other Insurance"), and (b) You agree that We may charge You a periodic Insurance Charge for such Other Insurance.** The Insurance Charge will include reimbursement for premiums advanced by Us to purchase Other Insurance, a finance charge of up to 18% per annum (or the maximum rate allowed by law, if less) on any advances We make for premiums, billing and tracking fees, charges for Our processing costs associated with the Other Insurance, and other related fees. We and/or one or more of Our affiliated companies or agents will receive a portion of the Insurance Charge, which may include a profit. We are not obligated to obtain and may cancel Other Insurance at any time without notice to You. Any Other Insurance need not name You as an insured or protect Our interests. The Insurance Charge may be higher than if You obtained Property and Liability Insurance on Your own.

9. ASSIGNMENT; YOU SHALL NOT SELL, TRANSFER, ASSIGN, PLEDGE OR OTHERWISE ENCUMBER (collectively, "Transfer") THIS MASTER AGREEMENT OR ANY SCHEDULE, OR TRANSFER OR SUBLEASE ANY EQUIPMENT, IN WHOLE OR IN PART. We may, without notice to You, Transfer Our interests in this Master Agreement, any one or more Schedules and/or any or all Equipment leased thereunder, in whole or in part, to a third party (a "New Owner"), in which case the New Owner will, to the extent of such Transfer, have all of Our rights and benefits but will not have to perform any of Our obligations (if any). You agree not to assert against the New Owner any claim, defense or offset You may have against Us or any predecessor in interest.

10. TAXES AND OTHER FEES. You are responsible for all taxes (including, without limitation, sales, use and personal property taxes, and excluding only taxes based on Our income), levies, assessments and license and registration fees and other governmental charges relating to each Lease and the ownership, leasing, sale, possession or use of the Equipment leased under each Schedule (collectively, "Governmental Charges"). We may periodically bill you for, and You agree to promptly pay, estimated future Governmental Charges. You authorize Us to pay any Governmental Charges when and as they may become due, and You agree to reimburse Us promptly upon demand for the full amount (less any estimated amounts previously paid by You). You hereby appoint Us as Your attorney-in-fact to sign Your name to any document for the purpose of filing tax returns. You agree to pay Us a fee for preparing and filing personal property tax returns. With respect to each Schedule, You also agree to pay Us upon demand (i) for all costs of filing, amending and releasing UCC financing statements and a fee for each filing and (ii) a processing fee of \$75.00 for each Lease to cover Our investigation, documentation and other administrative costs in originating the Lease. **You agree that the fees set forth in this Master Agreement and in the Schedules may include a profit component.**

11. SAVINGS CLAUSE. If it is determined that any amount charged or collected with respect to a Lease is greater than the amount allowed by law, including, without

limitation, any amount that is determined to exceed applicable usury limits (an "Excess Amount"), then (i) any Excess Amount charged but not yet paid will be waived by Us and (ii) any Excess Amount collected will be applied to any amount then due and owing by You with respect to such Lease, adjusted to conform with applicable law, or, if there is no such amount then due and owing by You, will be refunded to You.

12. DEFAULT. You will be in default under a Schedule if, with respect to such Schedule, this Master Agreement or any other Schedule or agreement between You and Us, You fail to pay any amount within 15 days of the due date or fail to perform or observe any other obligation. If You are in default, We may do any one or more of the following, at Our option, concurrently or separately: (A) cancel the Lease represented by such Schedule and any one or more Lease(s) represented by any other Schedules, (B) require You to return the Equipment leased under any one or more Schedule(s) pursuant to Section 13 of this Master Agreement, (C) take possession of and/or render unusable the Equipment leased under such Schedule(s), and for such purposes You hereby authorize Us and Our designees to enter Your premises, with or without prior notice or other process of law, (D) with respect to any one or more Schedules, require You to pay to Us, on demand, an amount equal to the sum of (i) all Lease Payments and other amounts then due and past due, (ii) all Lease Payments for the then-remaining Present Term(s) of such Schedules plus Our residual interest in the Equipment as indicated by Our records, discounted at a rate of 6% per annum (or the lowest rate permitted by law, whichever is higher), (iii) interest at the rate of Time-Value Interest on the amounts specified in clauses "i" and "ii" above from the date of demand to the date paid, and (iv) all other amounts that may thereafter become due hereunder to the extent that We will be obligated to collect and pay such amounts to a third party (such amounts specified in sub-clauses "i" through "iv" referred to below as the "Balance Due"), and/or (E) exercise any other remedy available to Us under law. You also agree to reimburse Us on demand for all reasonable expenses of collection and enforcement (including, without limitation, reasonable attorneys' fees and other legal costs) and reasonable expenses of repossessing, holding, preparing for disposition, and disposition ("Remarketing") of the Equipment, plus Time-Value Interest on the foregoing amounts from the date of demand to the date paid. In the event We are successful in Remarketing the Equipment with respect to any Schedule, We shall give You a credit against the Balance Due under such Schedule in an amount equal to the present value of the proceeds received and to be received from Remarketing minus the above-mentioned costs (the "Net Proceeds"). If the Net Proceeds are greater than the Balance Due, We shall pay You such surplus. If the Net Proceeds are less than the Balance Due, You shall be liable for such deficiency. Any delay or failure to enforce Our rights under the Lease shall not constitute a waiver thereof.

13. RETURN OF EQUIPMENT. If You are required to return the Equipment under any Schedule, You shall, at Your expense, send the Equipment to any location(s) that We may designate. The Equipment must be properly packed for shipment, freight prepaid and fully insured, and must be received in Good Condition (as defined in Section 5 of this Master Agreement). If You are required to return the Equipment under Section 12 of this Master Agreement, You shall do so promptly upon demand. If You are required to return the Equipment under Section 3 of this Master Agreement, then (i) it must be received by Us in Good Condition within 15 days after the expiration of the then Present Term, (ii) if it is not received within 15 days of the date of demand, You agree to continue paying Lease Payments and all other amounts due hereunder until it is received and accepted by Us in Good Condition, and (iii) You agree to pay a handling and restocking fee of \$250.00 promptly upon demand. If You are required to return the Equipment under any provision of this Master Agreement and it is not in Good Condition when it is received by Us, You agree to pay Our reasonable costs that We incur in connection with repairing or restoring the Equipment to Good Condition (as defined in Section 5 of this Master Agreement).

14. APPLICABLE LAW; VENUE; JURISDICTION. Each Lease shall be governed by, enforced and construed in accordance with the laws of the state of Lessor's principal place of business or, with respect to any Lease that Lessor assigns to a New Owner, the laws of the state of the New Owner's principal place of business, and any dispute concerning a Lease shall be adjudicated in a federal or state court in such state or in any other court or courts having jurisdiction over You or Your assets, all at the sole election of Lessor or the New Owner. You hereby irrevocably submit generally and unconditionally to the jurisdiction of such courts and irrevocably waive any defense of an inconvenient forum to the maintenance of any such action or proceeding. **YOU AND WE HEREBY WAIVE YOUR AND OUR RESPECTIVE RIGHTS TO A TRIAL BY JURY IN ANY LEGAL ACTION.** Each provision of this Master Agreement and of each Schedule shall be interpreted to the maximum extent possible so as to be enforceable under applicable law. If any provision is construed to be unenforceable, such provision shall be ineffective only to the extent of such unenforceability without invalidating the remainder of the Lease.

15. MISCELLANEOUS. You represent and covenant to Us that this Master Agreement is, and each Schedule will be, enforceable against You in accordance with its terms, and You acknowledge that this representation and covenant was a material inducement to Us to acquire the Equipment to be leased under each Schedule and to enter into this Master Agreement and each Schedule. This Master Agreement and any one or more Schedules may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute the same document; provided, however, only the counterpart which is marked "Original" and is in Our possession shall constitute chattel paper under the UCC. You acknowledge that You have received a copy of this Master Agreement, and You agree that a facsimile or other copy of this Master Agreement and of any Schedule and Other Document containing Your faxed, copied or electronically transmitted signature may be treated as an original and will be admissible as evidence of this Master Agreement, any Schedule and Other Document. You waive notice of receipt of a copy of this Master Agreement, any Schedule and Other Document with Our original signature.

Non-Appropriation Addendum

Lessee/Renter/Customer: City of Fredericksburg, TX	Title of lease, rental or other agreement: dated
Lessor or Lender: VAR TECHNOLOGY FINANCE	Lease, rental or contract #:

This Non-Appropriation Addendum (this "**Addendum**") is made by and between the above-referenced state or local governmental entity ("**Customer**") and the above-referenced lessor or lender ("**Creditor**").

Introduction: Customer and Creditor are simultaneously herewith entering into the above-referenced lease or other credit agreement ("**Agreement**"); and Customer and Creditor wish to modify the terms of the Agreement to provide for terms that will apply in the event of the non-appropriation of funds by Customer's legislature or other governing body. This Addendum shall be effective as of the same date as the Agreement (the "**Effective Date**").

1. Incorporation and Effect. This Addendum is hereby made a part of, and incorporated into, the Agreement as though fully set forth therein. As modified or supplemented by the terms set forth herein, the provisions of the Agreement shall remain in full force and effect, *provided that*, in the event of a conflict between any provision of this Addendum and any provision of the Agreement, the provision of this Addendum shall control.

2. Definitions. Capitalized terms herein that are not otherwise specifically defined herein shall have the same meanings as set forth in the Agreement. As used in this Addendum, the following terms shall have the following-described meanings:

"Agreement Related Documents" means all solicitations, requests for proposal, invitations for bid, proposals, bids, contract awards, service level agreements, statements of work, service agreements, maintenance agreements, purchase orders or other documents or specifications related to the transaction contemplated in the Agreement but not issued or entered into by Creditor.

"Goods" shall have the same meaning as the term "Equipment," "Leased Equipment," "Goods," "Property" or "Collateral" (or a similar term) as defined and used in the Agreement.

"Non-Appropriation of Funds" means any failure of Customer's legislature or other governing body to appropriate funds for the payment of amounts due and to become due to Creditor under the Agreement in a given fiscal year during the term thereof.

"Non-Appropriation Notice" means a written notice delivered to Creditor from Customer certifying that (i) a Non-Appropriation of Funds has occurred, and (ii) Customer has exhausted all funds appropriated for payment of amounts due and to become due under the Agreement.

3. Non-Appropriation. Customer intends, to the extent permitted by law, to remit to Creditor all sums due and to become due under the Agreement for the full term thereof, provided funds are appropriated for such purpose. Notwithstanding the foregoing, the Agreement does not constitute an obligation payable in any fiscal year beyond the last fiscal year for which related funds are lawfully appropriated. In the event of a Non-Appropriation of Funds, Customer may, **subject to the terms hereof**, terminate the Agreement as of the last day of the fiscal year for which appropriations were received and thereafter return the affected Goods as set forth below. In order to invoke Customer's rights under this provision, Customer agrees that: (a) to the extent permitted by law, at least thirty (30) days prior to the end of the fiscal period for which funds were last appropriated with respect to the Agreement, Customer shall provide Creditor with a Non-Appropriation Notice, and (b) upon expiration of such fiscal period, Customer shall return the Goods to Creditor to any location Creditor designates in the continental United States, insured, freight prepaid by Customer, in good and working order and immediately available for sale by Creditor to a third party buyer, user, renter or lessee, other than Customer, without the need for any repair or refurbishment. Customer shall pay all costs to repair Goods not returned in conformity herewith.

4. Non-Substitution. In the event Customer terminates the Agreement due to a Non-Appropriation of Funds, Customer agrees (to the extent permitted by law) that, for a period of one (1) year from the date of such termination, Customer shall not purchase, lease or rent equipment performing functions similar to those performed by the Goods, for use at the site where the Goods are located, except for the public health, safety or welfare of the Customer; *provided, however*, that **this section shall not be applicable to the extent that these restrictions are unlawful or would adversely affect the validity or enforceability of the Agreement.**

5. Additional Representations and Warranties. In addition to the representations and warranties made by Customer as set forth in the Agreement, Customer hereby represents and warrants that the Agreement: (a) is a valid and legally binding contract, entered into in compliance with all applicable laws, including, without limitation, laws relating to open meetings, public bidding,

procurement and appropriations, (b) conforms with, **but does not incorporate**, the terms and conditions of any applicable Agreement Related Documents and is the sole governing contract with respect to the Customer's acquisition or use of the Goods, and (c) constitutes a current expense (and not debt under state law) and does not constitute a pledge of Customer's tax or general revenues. Customer

further represents and warrants that sufficient unencumbered funds have been appropriated for Customer to fulfill all of its payment obligations under the Agreement during Customer's current fiscal year. Customer acknowledges and agrees that Agreement Related Documents are **not** a part of the Agreement and that the terms and conditions of the Agreement supersede and control over any additional or conflicting terms set forth in any Agreement Related Documents.

6. Choice of Law; Affect on Default and Indemnity Provisions. Notwithstanding anything in the Agreement to the contrary, the Agreement shall be governed by, construed and enforced in accordance with the laws of the state in which Customer is located. To the extent Creditor's remedies for a Customer default under the Agreement include any right to accelerate amounts to become due under the Agreement, such acceleration shall be limited to amounts to become due during the then-current fiscal year of Customer. Nothing contained in this Section shall be deemed to otherwise limit or affect any of Creditor's rights or remedies under the Agreement. To the extent Customer is or may be obligated to indemnify, defend or hold harmless Creditor under the terms of the Agreement, such potential indemnity obligation shall only arise to the extent permitted by applicable law. Customer's monetary obligation with respect to such potential indemnity obligation (if any) shall be limited solely to sums lawfully appropriated for such purpose and shall be available only in the amount and pursuant to such administrative or legal procedures as required by law. **Nothing contained in this Addendum or the Agreement shall be deemed to obligate Creditor to appropriate or otherwise make available funds to satisfy any indemnity or other obligation to the extent such obligation would be unlawful or would adversely affect the validity or enforceability of the Agreement.** Nothing contained in this Section shall be deemed to otherwise limit or affect any of Creditor's rights or remedies under the Agreement.

7. Miscellaneous. This Addendum, together with the provisions of the Agreement not expressly inconsistent herewith, constitutes the entire agreement between the parties with respect to the matters addressed herein, and shall supersede all prior oral or written negotiations, understandings and commitments. This Addendum may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall be deemed to constitute one and the same agreement. A facsimile or other copy of this Addendum with facsimile or copied signatures shall have the full force and effect of the original for all purposes, including the rules of evidence applicable to court proceedings.

Customer:	Accepted by Creditor:
By: 	
Print: Steven Wetz	Print:
Title: Chief of Police	Title:

Exhibit A

Equipment Lease Schedule No. 1

This Equipment Lease Schedule (this "**Schedule**") is made and entered into as of the ____ day of _____, by and between **VAR Technology Finance** (hereinafter "**We**," "**Us**" or "**Our**") and **City of Fredericksburg, TX** (hereinafter "**You**" or "**Your**"). This Schedule is entered into subject to that certain Master Lease Agreement No. 20282228 (the "**Master Agreement**") between You and Us. All of the terms and conditions set forth in the Master Agreement are hereby reaffirmed and incorporated in and made part of this Schedule, as if fully set forth herein. *The Master Agreement, together with this Schedule and the related and supporting documents entered into in connection with this Schedule, represent the final and only agreement between You and Us regarding the leasing of the Equipment identified below and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements. There are no unwritten oral agreements between You and Us relating to the leasing of the Equipment. This Schedule may not be changed except by way of a written agreement between You and Us. Other agreements (including, without limitation, those contained in any purchase agreement or order between You and the Supplier of Equipment) not stated in the Master Agreement or in the Schedule or other supporting documents are not binding on Us.* This Schedule, inclusive of the terms and conditions set forth in the Master Agreement, constitutes a separate lease between You and Us. Any amendment to the Master Agreement subsequent to the date of this Schedule shall be ineffective as to this Schedule unless otherwise expressly stated in such amendment. This Schedule may not be modified except in a writing signed by You and Us.

We hereby agree to lease to You, and You hereby agree to lease from Us, the following-described Equipment upon the terms and conditions set forth in this Schedule and in the Master Agreement:

Description of Equipment – **INCLUDE MAKE, MODEL AND SERIAL NUMBERS (ATTACH ADDITIONAL PAGE IF NECESSARY)**

See attached Schedule A

Equipment Supplier: VAR Technology Finance

Equipment Location Address: 126 W Main St., Fredericksburg, TX 78624-3708

Original Term: 36 Months

Commencement Date of this Lease: _____

Lease Payment Option: \$1,332.31 per: ☒ Month ☐ Quarter
☐ Year ☐ Other:

Check here ☐ if Lease Payment amount includes sales/use tax

\$0.00 Lease Payment(s) is(are) due at the time this Schedule is signed, which shall be applied to the:

☐ First Lease Payment ☐ First and Last Lease Payments ☒ Other: Zero advance payments, payments due in arrears

Security Deposit: \$ _____

Purchase Option at end of Original Term: ☐ None ☒ Fair Market Value as of end of Original Term
☐ One Dollar (\$1.00) ☐ Other:

The above equipment purchase options may be exercised by You only at the end of the Original Term. If you are in default under the Master Agreement or this Schedule at the time you desire to exercise a purchase option, You must cure such default to Our satisfaction before having the right to exercise such option. If the "One Dollar" purchase option is checked above, then the last two sentences of Section 3 of the Master Agreement shall not apply to this Lease (in other words, the "automatic renewal" provisions in Section 3 shall not apply to this Lease). If the "Fair Market Value" option is checked above, then the purchase price will be the fair market retail value of the Equipment, as determined by Us in our sole but reasonable judgment, as of the end of the Original Term.

This Schedule is not binding upon Us unless and until We accept this Schedule by signing below. A facsimile copy of this Schedule shall have the same force and effect as the original. **This Schedule is non-cancelable and may not be terminated early.**

VAR Technology Finance

By: X _____

Date: _____

You: City of Fredericksburg, TX

By: X _____

Name (Print): Steven Wetz

Title: Chief of Police

Date Signed: _____

Schedule A

City of Fredericksburg, TX

Quantity	Manufacturer	Description
25	Microsoft	Microsoft Surface Pro 4 Tablet - 12.3" 3:2 Multi-touch Screen - 2736 x 1824 - PixelSense - Intel Core i7 (6th Gen) i7-6600U Dual-core (2Core) 2.60 GHz - 16 GB - 256 GB SSD - Silver - microSD MemoryCard Supported - Wireless LAN - Bluetooth - Intel HD Gra
25		Surface Pro Complete 3 Year Warranty
25		Microsoft Type Cover Keyboard/Cover Case for Tablet - Black - Bump Resistant, Scratch Resistant - 8.5" Height x 11.6" Width x 0.2"Depth

Lessee: City of Fredericksburg, TX

Signature: _____

Title: Chief of Police

Insurance Form

Date: February 15, 2017

To: City of Fredericksburg, TX

Pursuant to the terms of the agreement, the equipment on lease must be insured against All Risk of loss (Property Insurance) and Liability Insurance for Bodily Injury and Property Damage. See details below:

Please note, if these instructions are not followed in full, you will be charged in accordance with paragraph 8 of your lease agreement.

Please send the following information:

Please make arrangements with your insurance agent to email a **binder** or **certificate of insurance** showing the names and interests listed below to certificate@vartechologyfinance.com

1. VAR Technology Finance, its successors and assigns' must be listed as the Lender's Loss Payee and Additional Insured.
2. 'Special Form' including theft (All Risk) replacement cost coverage.
3. Liability insurance must be provided **as well as** Property insurance
4. Lease number: 20282228 must be listed in the description.
5. The insured address must be: 126 W Main St , Fredericksburg, TX 78624-3708
6. **Certificate Holder needs to read:**

VAR Technology Finance, 2330 Interstate 30, Mesquite, TX 75150 and/or its successors and assigns'

Please complete the following information:

Insurance Company: _____

Telephone: _____

Insurance Agency: _____

Contact Email: _____

Contact: _____

Effective Date: _____

How long have you had insurance through this company? _____

Policy Number: _____

VAR Technology Finance
2330 Interstate 30
Mesquite, TX 75150

Phone (972) 755 8200
Fax (972) 755 8210
www.vartechologyfinance.com



Authorization Agreement for Automatic Payments

****For your convenience, we have included an ACH form. This is optional, not a requirement.****

With the Automatic Payment Plan, all your payments to us will be deducted from your checking account and paid to VAR Technology Finance on the payment due date as shown on your regular invoice. Your regular invoice will also display the amount to be deducted.

Customer Name: City of Fredericksburg, TX hereby authorizes to initiate debit entries to our checking account indicated below at the depository named below, hereinafter called "DEPOSITORY", and authorizes the DEPOSITORY to debit the same to such account for amounts due pursuant to the terms of the Agreement(s) dated _____ between City of Fredericksburg, TX and VAR Technology Finance

_____ Depository Name/Branch	_____ City, State & Zip Code
_____ Routing Number	_____ Account Number



The authorization is to remain in full force and effect until **City of Fredericksburg, TX** has received written notification from us of its termination in such time and in such manner as to afford **City of Fredericksburg, TX** and DEPOSITORY a reasonable opportunity to act on it. You agree that a facsimile copy of this agreement bearing signatures may be treated as an original.

_____ Signature of Authorized Representative	_____ Date
_____ Title of Authorized Representative	_____ Company Name

PLEASE ATTACH A VOIDED CHECK AND FAX TO US AT (972) 755 8210

- **Important:** Your advance payment check will be used for verification of your checking account.
- Please fax a copy of the documents and a voided check to: (972) 755 8200 for initial verification.
- After verification, please return the original signed documents using our UPS account, #RV8392 via priority overnight to VAR Technology Finance, 2330 Interstate 30, Mesquite, TX 75150

ADDENDUM TO MASTER LEASE AGREEMENT EARNEST MONEY CONTRACT
BY AND BETWEEN
CITY OF FREDERICKSBURG (LESSEE)
and
VAR TECHNOLOGY FINANCE (LESSOR)
FOR THE PURCHASE OF MICROSOFT TABLETS AND COVERS

SPECIAL PROVISIONS

Notwithstanding anything in the Contract to the contrary, the following provisions are agreed to by the parties. Numbering corresponds to the numbering of the paragraphs in the said Master Lease Agreement, and the paragraphs as written below supersede those of said Master Lease Agreement:

7. LIABILITY; INDEMNIFICATION. We are not liable for any claims, actions, damages (whether direct, indirect, incidental or consequential), liabilities, losses or costs made against or incurred by You relating to the delivery, installation, possession, use, return, loss of use, defect or malfunction of any Equipment (collectively, "Equipment Matters") with respect to any Schedule.

10. TAXES AND OTHER FEES. You are responsible for all taxes (including, without limitation, sales, use and personal property taxes, and excluding only taxes based on Our income levels), levies, assessments and license and registration fees and other governmental charges, relating to each Lease and the ownership, leasing, sale, possession or use of the Equipment leased under each Schedule (collectively, "Governmental Charges"). We may periodically bill you for, and You agree to promptly pay, estimated future Governmental Charges. You authorize Us to pay any Governmental Charges when and as they may become due, and You agree to reimburse Us promptly upon demand for the full amount (less any estimated amounts previously paid by You). You agree to pay Us a fee for preparing and filing personal property tax returns. With respect to each Schedule, You also agree to pay Us upon demand (i) for all costs of filing, amending and releasing UCC financing statements and a fee for each filing and (ii) a processing fee of \$75.00 for each Lease to cover Our investigation, documentation and other administrative costs in originating the Lease. **You agree that the fees set forth in this Master Agreement and in the Schedule may include a profit component.**

14. APPLICABLE LAW; VENUE; JURISDICTION. Each Lease shall be governed by, enforced and construed in accordance with the laws of the state of Texas, and any dispute concerning a Lease shall be adjudicated in a federal or state court in such state with venue in Gillespie County, Texas. You hereby irrevocably submit generally and unconditionally to the jurisdiction of such courts and irrevocably waive any defense of an inconvenient forum to the maintenance of any such action or proceeding. Each provision of this Master Agreement and of each Schedule shall be interpreted to the maximum extent possible so as to be enforceable under applicable

law. If any provision is construed to be unenforceable, such provision shall be ineffective only to the extent of such enforceability without invalidating the remainder of the Lease.

15. **MISCELLANEOUS.** This Master Agreement and any one or more Schedules may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute the same document; provided, however, only the counterpart which is marked "Original" and is in Our possession shall constitute chattel Paper under the UCC. You acknowledge that You have received a copy of this Master Agreement and of any Schedule and Other Document containing Your faxed, copied or electronically transmitted signature may be treated as an original and will be admissible as evidence of this Master Agreement, any Schedule and Other Document. You waive notice of receipt of a copy of this Master Agreement, any Schedule and Other Document with Our original signature.

VAR Technology Finance

City of Fredericksburg

By: _____

By: _____

Date: _____

Date: _____



CITY COUNCIL MEMO

DATE: March 15, 2017

TO: Mayor and City Council

FROM: Kent Myers

SUBJECT: Ordinance Authorizing Issuance of City of Fredericksburg, Texas Combination Tax and Limited Revenue Certificates of Obligation, Series 2017

Summary:

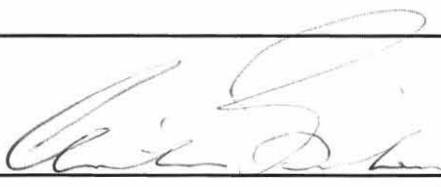
As you will recall, the Council recently passed a resolution stating your intent to issue certificates of obligation for the purchase of the 52.23 acre tract of land on Highway 16 from the Bill Ham estate. During the 30 day appeal period following adoption of this resolution we did not receive any petitions opposing this financing.

Therefore, the attached ordinance provides final approval of this financing. This financing includes land purchase costs, financing costs survey costs and other incidental expenses. It is recommended for approval.

Our financial advisor, Dan Wegmiller, is soliciting bids for this financing. He will have a bid tabulation and recommendation to share at the meeting.

Attachments:

Ordinance


Department Approval


City Manager Approval

AN ORDINANCE AUTHORIZING THE ISSUANCE OF "CITY OF FREDERICKSBURG, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017"; 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 CITY'S PARKS AND RECREATIONAL FACILITIES; 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 Fredericksburg, Texas (the *City*) has caused notice to be given of its intention to issue certificates of obligation in the maximum principal amount of \$3,555,000 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) acquiring land for the City's parks and recreational purposes and (2) the payment of professional services related to the design, construction, project management, and financing of the aforementioned capital improvements. 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 FREDERICKSBURG, 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 FREDERICKSBURG, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017" (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) acquiring land for the City's parks and recreational purposes and (2) the payment of professional services related to the design, construction, project management, and financing of the aforementioned capital improvements, 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 April 1, 2017 (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 15 in each of the years and in principal amounts (the *Stated Maturities*) and bear interest on the unpaid principal amounts from the Closing Date (anticipated to be on or about April 20, 2017), 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>
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		

2036		
2037		

The Certificates shall bear interest on the unpaid principal amounts from the Closing Date (anticipated to be on or about April 20, 2017), 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 15 and August 15 in each year (each, an *Interest Payment Date*), while the Certificates are Outstanding, commencing February 15, 2018.

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 The Bank of New York Mellon Trust Company, N.A., Dallas, 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 last business 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 15, 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 15 in each of the years as set forth below:

Term Certificates
Stated to Mature
on February 15, 20__

<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 15, 2027 shall be subject to redemption prior to Stated Maturity, at the option of the City, on February 15, 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 Closing 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.

B. Form of Definitive Certificate.

REGISTERED
NO. _____

REGISTERED
PRINCIPAL AMOUNT
\$ _____

United States of America
State of Texas
County of Gillespie
CITY OF FREDERICKSBURG, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2017

Certificate Date: Interest Rate: Stated Maturity: CUSIP No.
April 1, 2017

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

The City of Fredericksburg, Texas (the *City*), a body corporate and municipal corporation in the County of Gillespie, 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 Closing Date (anticipated to be on or about April 20, 2017), 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 15 and August 15 of each year (each, an *Interest Payment Date*) commencing February 15, 2018.

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 last business 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) acquiring land for the City's parks and recreational purposes and (2) the payment of professional services related to the design, construction, project management, and financing of the aforementioned capital improvements, 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 15, 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 15 in each of the years as set forth below:

Term Certificates
Stated to Mature
on February 15, 20__

<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 15, 2027 shall be subject to redemption prior to Stated Maturity, at the option of the City, on February 15, 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 parks and recreational facilities (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. 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 FREDERICKSBURG, TEXAS

By _____
Mayor

ATTEST:

City Secretary

(CITY SEAL)

C. *Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Certificate Only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

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

WITNESS my signature and seal of office this _____

Comptroller of Public Accounts
of the State of Texas

(SEAL)

*NOTE TO PRINTER: Not to appear on printed Certificates.

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

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

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

Registered this date: THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., Dallas, Texas, as
Paying Agent/Registrar

By: _____
Authorized Signature

*NOTE TO PRINTER: Print on Definitive Certificates.

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 Fredericksburg, Texas (the *City*), a body corporate and municipal corporation
in the County of Gillespie, 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 fifteenth 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:

Years of
Stated Maturity

Principal
Amounts (\$)

Interest
Rates (%)

(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 Closing Date (anticipated to be on or about April 20, 2017), 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 15 and August 15 of each year (each, an *Interest Payment Date*), commencing February 15, 2018.

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 The Bank of New York Mellon Trust Company, N.A., Dallas, 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 last business 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 City Manager, the Director of Finance, and/or the City Secretary.

C. The term *Certificates* shall mean the \$_____ "CITY OF FREDERICKSBURG, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017" 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 Fredericksburg, located in Gillespie 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 income and revenues received by the City by virtue of its ownership and operation of the System, including, but not limited to, its rentals, fees, and other revenues resulting from the ownership of the System.

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 15 and August 15 of each year, commencing February 15, 2018, 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 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 *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.

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

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

S. 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.

T. 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.

U. 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.

V. 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.

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

X. The term *Stated Maturity* shall mean the annual principal payments of the Certificates payable on February 15 of each year the Certificates are Outstanding as set forth in Section 2 of this Ordinance.

Y. 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 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.

Z. The term *System* shall mean all properties, athletic facilities and fields, and the City's municipal golf course currently owned, operated, and maintained by the City for the parks and recreational purposes, and which are located within or without the City limits, *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 2017, 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 any prior lien on and pledge of the Net Revenues of the System to the payment and security of (i) 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 Certificates, 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. Revenue 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 FREDERICKSBURG, TEXAS PARKS AND RECREATIONAL FACILITIES REVENUE FUND" (the *Revenue Fund*). All money deposited in the Revenue 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 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 Revenue 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 Revenue 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 Certificates, any amounts budgeted to be paid therefrom in such Fiscal Year.

Accrued interest, if any, 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 parks and recreational services 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 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 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 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 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), shall not in any event be construed to be payable from the Pledged Revenues authorized by this Ordinance to be budgeted and appropriated for the payment of the Certificates. However, the lien on and pledge of the limited amount of Net Revenues securing, in part, the payment of the Certificates, 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 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 ordinance authorizing the issuance of the Certificates.

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 March 20, 2017, 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 [net] original issue reoffering premium of \$_____ (including the Purchasers' compensation of \$_____), and no accrued interest 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, if any, 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 Construction 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 March 20, 2017, 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 or except to the extent the City complies with Subsection J of this Section:

(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. No Rebate Required. The City need not comply with the covenants and duties imposed by the provisions of Subsection H. of this Section if:

- (1) the City is a governmental unit with general taxing powers;
- (2) 95% of the Net Proceeds of the Certificates and all income from the investment thereof will be used for the governmental activities of the City;
- (3) the aggregate face amount, within the meaning of Section 1.148-8(c)(1) of the Regulations, of all debt obligations (other than private activity bonds) issued or expected to be issued by the City or any subordinate entity in the calendar year in which the Certificates are issued is not reasonably expected to exceed \$5,000,000; and

(4) the City otherwise satisfies the requirements of paragraph (4)(c) of section 148(f) of the Code and Section 1.148-8 of the Regulations and rulings thereunder.

K. 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.

L. 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.

M. 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 2017 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 2017, 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 and/or the City Manager, or their designees, to take all actions necessary to execute any necessary financial advisory contracts with Specialized Public Finance 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 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. 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.

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PASSED, APPROVED, AND ADOPTED on the 20th day of March, 2017.

CITY OF FREDERICKSBURG, TEXAS

Mayor

ATTEST:

City Secretary

(CITY SEAL)

I, the undersigned, City Attorney of the City of Fredericksburg, 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 Fredericksburg,
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 B

OFFICIAL BID FORM

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 B, but for the most recently concluded fiscal year.

(2) The quantitative financial information and operating data of the City of the general type in the Official Statement under Tables 1 through 5 and 7 through 9.

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. __



CITY COUNCIL MEMO

DATE: March 20, 2017

TO: Mayor and City Council

FROM: Clinton Bailey, P.E., Assistant City Manager/Director of Public Works and Utilities

SUBJECT: City of Fredericksburg Water Supply Update

Summary:

This agenda item will include a joint presentation and discussion by City Staff and Hill Country Underground Water Conservation District Manager Paul Tybor regarding the City of Fredericksburg Water Supply. The main purpose of this water supply update is to provide the Mayor and City Council with updated information regarding the City's current and future water supply as a basis for making a decision in the near future whether to terminate the current drought response stage and associated watering restrictions (Stage 3 and once per week outside watering) and initiate a less restrictive drought response stage and associated watering restrictions (Stage 2 and twice per week outside watering or Stage 1 and 7 days per week outside watering). A follow up discussion regarding moving from Stage 3 to Stage 2 or Stage 1 is tentatively scheduled for one of the two regular City Council meetings scheduled in April of this year.

Recommendation:

n/a

Background / Analysis:

City Staff will provide brief presentation on the status of the City of Fredericksburg water supply including:

1. Discussion of current Statewide and City of Fredericksburg drought conditions and water supply
2. Update on recently completed Water/Wastewater/Reclaimed Water Re-Use Master Plan
3. Discussion of current local drought index, the corresponding watering restrictions and moving to less restrictive watering restrictions

Paul Tybor will provide history and background on the creation of the Hill Country Underground Water Conservation District (HCUWCD) including its purpose and function followed by a discussion of the following:

1. Regional and US Seasonal weather forecast outlook for 2017
2. 2017 State Water Plan
3. Future water demands

Attachments: none


Department Approval
City Manager Approval