



City of Fredericksburg

REGULAR CITY COUNCIL MEETING AGENDA MONDAY, NOVEMBER 5, 2018 ~ 6:00 P.M. LAW ENFORCEMENT CENTER ~ 1601 EAST MAIN STREET

Linda Langerhans, Mayor
Jerry Luckenbach, Council Member
Tom Musselman, Council Member

Gary Neffendorf, Council Member
Charlie Kiehne, Council Member
Kent Myers, City Manager

The City of Fredericksburg City Council will meet in a regular session on Monday, November 5, 2018 at 6:00 p.m. in the Law Enforcement Center, 1601 East Main Street, Fredericksburg, Texas. This is an open meeting, open to the public, subject to the Open Meetings Law of the State of Texas, and as required by law, notice is hereby posted on November 2, 2018 before 5:00 p.m., providing time, place, date and agenda thereof. The meeting facility is wheelchair accessible and accessible parking spaces are provided. Requests for accommodations or interpretative services must be made to the City Secretary 48 hours prior to this meeting.

(Please turn off all pagers and phones, except emergency on-call personnel.)

1. PLEDGE OF ALLEGIANCE

2. CALL TO ORDER

3. EMPLOYEE RECOGNITIONS

4. 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.

5. CONSENT

- A. Approval of the October 15, 2018 City Council Regular Meeting
(Agenda Packet Pages 4-10)
- B. Approval of a contract with Tyler Technologies for their Brazos E-ticketing Software program at a cost of \$53,302.00 with the credit of \$34,119.00 for a total cost to the City of \$19,183.
(Agenda Packet Pages 11-44)
- C. Approval of a Hotel Occupancy Tax Grant Agreement with the Fredericksburg Convention and Visitor Bureau (CVB) for the FY2019.
(Agenda Packet Pages 45-50)
- D. Approval of Convention and Visitors Bureau's nominations (Mary Easterling, Linda Goldsmith, and Larry Jackson) to the Convention and Visitors Bureau Board.

6. ORDINANCE

- A. Consideration and approval of Ordinance 2018-024 by the City Council of the City of Fredericksburg, Texas authorizing the issuance of “City of Fredericksburg, Texas Utility System Revenue Bonds, Series 2018”; providing for the payment of the principal of and interest on the Bonds, together with certain currently outstanding obligations, by a first and prior lien on and pledge of the net revenues of the system; providing the terms and conditions of such Bonds and resolving other matters incident and relating to the issuance, payment, security, sale, and delivery of such Bonds, including the approval and distribution of an Official Statement; authorizing the execution of a Paying Agent/Registrar Agreement and an Official Bid Form; complying with the requirements of the Depository Trust Company’s Letter of representations; and providing for an effective date.

(Agenda Packet Pages 53-126)

7. RESOLUTIONS - ACTION ITEMS

- A. Consider approval of Resolution 2018-04R approving the acquisition and financing of equipment (Water Meter System).
(Agenda Packet Pages 127-130)
- B. Consider approval of the funding for the purchase of a new advanced metering infrastructure (AMI) system from Sensus water meters.
(Agenda Packet Pages 131-141)
- C. Consider approval of Lady Bird Johnson Park Buy Board lighting quote from Musco Sports for the amount of \$345,360.
(Agenda Packet Pages 142-148)
- D. Consideration of bids relating to the Sale of Obligations designated as “City of Fredericksburg, Texas Utility System Revenue Bonds, Series 2018”; consideration and approval of Financial Advisor’s recommendation concerning this matter; and other matters in connection therewith.
(Agenda Packet Pages 149)

8. INDIVIDUAL ITEMS FOR CONSIDERATION, DISCUSSION AND POSSIBLE ACTION

- A. Receive a report on A Path to the Future Community Vision Report.
(Agenda Packet Pages 150-160)
- B. Receive an update on the proposed drainage utility fee structure and Stormwater/Vegetation Management Program.
(Agenda Packet Pages 161-163)

9. CITY MANAGER’S REPORT

- A. Annexation Update
- B. Personnel Changes

C. Sports Park

10. ITEMS FOR FUTURE AGENDA

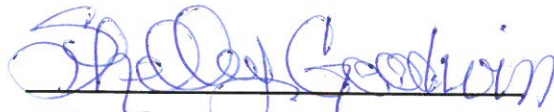
(Agenda Packet Pages 164-165)

11. COUNCIL COMMENTS

Reports about items of community interest, which no action will be taken.

12. ADJOURN

This is to certify that I, Shelley Goodwin, posted this Agenda at 2:15 p.m. on October 31, 2018 on the entrance door and bulletin board of the City of Fredericksburg City Hall, 126 W. Main St., Fredericksburg, Texas.



Shelley Goodwin, TRMC
City Secretary



CITY OF FREDERICKSBURG

MINUTES OF CITY COUNCIL REGULAR MEETING OCTOBER 15, 2018

Members Present:

Mayor Linda Langerhans
Council Member Charlie Kiehne
Council Member Jerry Luckenbach
Council Member Tom Musselman
Council Member Gary Neffendorf

Members Absent:

None

City Staff Present:

Kent Myers, City Manager
Clinton Bailey, Assistant City Manager/Director Public Works and Utilities
Daniel Jones, City Attorney
Brian Jordan, Development Services Director
Laura Hollenbeak, Director of Finance
Tammie Loth, Director of Human Resources
Russell Immel, Information Technology Director
Steve Wetz, Police Chief
Andrea Schmidt, Parks & Recreation Director
Lea Feuge, Public Information Officer
Kris Kneese, Assistant Director of Public Works and Utilities
Garrett Bonn, Assistant City Engineer
Evan Williamson, Engineering Tech
Shelley Goodwin, City Secretary

1. Pledge of Allegiance

Mayor Langerhans led the Pledge of Allegiance.

2. Call to Order

With all members of the City Council members present, Mayor Langerhans called the regular meeting of the Fredericksburg City Council to order at 6:00 p.m. on Monday, October 15, 2018, in the Law Enforcement Center, 1601 East Main Street, Fredericksburg, Texas 78624.

3. Employee Recognitions

Kent Myers, City Manager, stated he did not have any recognitions to present.

4. Public Comments

No one signed up to speak.

5. Public Hearing

- A. To receive public comments for or against a change in zoning from R-1, Single Family Residential to C-1 Neighborhood Commercial, and change the Land Use Plan from Low Density Residential to Commercial on property located at 604, 608 and 610 N. Milam Street (Z-1813).**

Mayor Langerhans announced that this Agenda Item and Item 8. E. have been pulled.

6. Consent

A. Minutes

- i. 8-29-18 City Council Special Meeting**
- ii. 9-4-18 City Council Regular Meeting**
- iii. 9-5-18 City Council Special Meeting**
- iv. 9-17-18 City Council Regular Meeting**
- v. 9-18-18 City Council Special Meeting**
- vi. 10-1-18 City Council Regular Meeting**

Mayor Langerhans stated the corrections to the Minutes were provided to the Council at the dais.

Motion: A motion was made by Council Member Musselman seconded by Council Member Luckenbach, for the approval of 8-29-18 City Council Special Meeting, 9-4-18 City Council Regular Meeting, 9-5-18 City Council Special Meeting, 9-17-18 City Council Regular Meeting, 9-18-18 City Council Special Meeting, and 10-1-18 City Council Regular Meeting with corrections. The City Council voted five (5) for and none (0) opposed. The motion carried unanimously.

7. Ordinances

- A. Consider approval of an Ordinance 28-021 adopting a change in the Comprehensive Plan specifically in the Land Use Map and Comprehensive Plan as to part of Outlot No. 28 and Ordinance 28-022 amending the Zoning Ordinance of the City and changing the Zoning District as to part of Outlot No. 28 changing said property from R-2 Mixed Residential to C-1, Neighborhood Commercial on approximately 10 acres on Friendship Lane (public hearing conducted on September 17, 2018).**

Brian Jordan, Development Services Director, stated this Ordinance is a follow up to the public hearing. He also stated the City Council previously voted to change the Land Use Plan from Medium Density Residential to Commercial and the zoning from R-2 Mixed Residential to C-1 Neighborhood Commercial.

Motion: A motion was made by Council Member Luckenbach seconded by Council Member Neffendorf, for the approval of Ordinance 28-021 adopting a change in the Comprehensive Plan specifically in the Land Use Map and Comprehensive Plan as to part of Outlot No. 28. The City Council voted five (5) for and none (0) opposed. The motion carried unanimously.

Motion: A motion was made by Council Member Luckenbach seconded by Council Member Musselman, for the approval of Ordinance 28-022 amending the Zoning Ordinance of the City and changing the Zoning District as to part of Outlot No. 28 changing said property from R-2 Mixed Residential to C-1, Neighborhood Commercial on approximately 10 acres on Friendship Lane. The City Council voted five (5) for and none (0) opposed. The motion carried unanimously.

B. Consider approval of an Ordinance 28-023 amending Article X. of Chapter 5 - Building and Building Regulations, of the Code of Ordinances, establishing a waiver of Impact Fees for affordable housing.

Kent Myers, City Manager, stated recently the City Council discussed several ways to support the development of affordable housing. He stated because of that discussion the City Attorney prepared this Ordinance.

Motion: A motion was made by Council Member Musselman seconded by Council Member Luckenbach, for the approval of Ordinance 28-023 amending Article X. of Chapter 5 - Building and Building Regulations, of the Code of Ordinances, establishing a waiver of Impact Fees for affordable housing. The City Council voted five (5) for and none (0) opposed. The motion carried unanimously.

8. Resolutions-Action Items

A. Consideration and approval of a Resolution 2018-01R relating to establishing the City's intention to reimburse itself for the prior lawful expenditure of funds relating to constructing various City improvements from the proceeds of Tax-Exempt Obligations to be issued by the City for authorized purposes; authorizing other matters incident and related thereto; and providing an effective date.

Kent Myers, City Manager, stated at the October 1st City Council meeting a proposal was presented regarding the Engineering Services for the Utility Bond Project. He stated the intent is to pay the proposed services from the proceeds of the bonds, but our Bond Counsel advised us that a Resolution expressing that intent would need to be adopted first.

Motion: A motion was made by Council Member Neffendorf seconded by Council Member Musselman, for the approval of Resolution 2018-01R relating to establishing the City's intention to reimburse itself for the prior lawful expenditure of funds relating to constructing various City improvements from the proceeds of Tax-Exempt Obligations to be issued by the City for authorized purposes; authorizing other matters incident and related thereto; and providing an effective date. The City Council voted five (5) for and none (0) opposed. The motion carried unanimously.

B. Consider approval of awarding the Professional Services Agreement to Freese and Nichols, Inc. in connection with a Water Bond Project.

Kris Kneese, Assistant Director of Public Works and Utilities, reviewed the project and the history of the projects that Freese and Nichols, Inc. has already preformed for the City.

The City Council discussed the possibilities of service interruptions, scope of the professional service agreement, and the necessity of the work.

Motion: A motion was made by Council Member Kiehne seconded by Council Member Musselman, to award the Professional Services Agreement to Freese and Nichols, Inc. in connection with a Water Bond Project. The City Council voted five (5) for and none (0) opposed. The motion carried unanimously.

C. Consider the approval of Resolution 2018-02R authorizing the execution of a Multiple Use Agreement (MUA) with TxDOT, related to construction of sidewalks over TxDOT right-of-way within the City limits.

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Garrett Bonn, Asst. City Engineer, stated in April 2016 the City entered into a Municipal Maintenance Agreement with TxDOT which details the responsibilities regarding maintenance and operation of State Highways within the City. As part of the agreement the City assumes responsibility for the sidewalks within State right-of-way and ensuring all new construction of sidewalks, ramps, and other accessibility related items shall comply with current ADA standards, He reviewed the new approval process TxDOT has implemented. The Emigrant project at the SW corner of E. Main St. and S. Washington will be the first project to go through the new process.

Motion: A motion was made by Council Member Luckenbach seconded by Council Member Musselman, for approval of Resolution 2018-02R authorizing the execution of a Multiple Use Agreement (MUA) with TxDOT, related to construction of sidewalks over TxDOT right-of-way within the City limits. The City Council voted five (5) for and none (0) opposed. The motion carried unanimously.

D. Consider approval of Resolution 2018-03R approving the acquisition and financing of equipment using financing provided by Broadway National Bank.

Laura Hollenbeck, Director of Finance, reviewed the equipment that the 2019 City Budget funded for lease purchase, which totaled to \$1,013,781.59. She stated the low bid for the financing was from Broadway National Bank with an interest rate of 2.74%. She recommended the City Council approve Resolution 2018-03R.

Motion: A motion was made by Council Member Luckenbach seconded by Council Member Kiehne, for approval of Resolution 2018-03R approving the acquisition and financing of equipment using financing provided by Broadway National Bank. The City Council voted five (5) for and none (0) opposed. The motion carried unanimously.

E. Receive Commission's recommendation and consider zoning change (Z-1813).

Mayor Langerhans announced this Agenda Item was pulled.

F. Consider awarding a contract for Professional Auditing Services for the FY2018 City Audit to ABIP, P.C.

Laura Hollenbeck, Director of Finance, stated the City Council awarded the Professional Auditing Services to Klein, Kraus and Company, but due to unforeseen circumstances they have declined the offer. She stated after reviewing the proposals staff recommends awarding the contract for professional auditing services to ABIP, P.C.

The City Council discussed the length of the contract.

Kent Myers, City Manager, stated staff contacted a couple of local companies regarding auditing services; one company declined the offer and the other company never returned their call.

Motion: A motion was made by Council Member Musselman seconded by Council Member Neffendorf, awarding a contract for Professional Auditing Services for the FY2018 City Audit to ABIP, P.C. The City Council voted five (5) for and none (0) opposed. The motion carried unanimously.

G. Consider appointing the Impact Fee Advisory Committee, as part of the water and wastewater impact fee update.

Kris Kneese, Assistant Director of Public Works and Utilities, stated as part of the process to update the Water and Wastewater Impact Fee the City Council must appoint an Impact Fee Advisory Committee. The staff recommends appointing the Planning and Zoning Commission and Kenneth Carr to the advisory committee as the ETJ resident.

Motion: A motion was made by Council Member Kiehne seconded by Council Member Luckenbach, to appoint the Planning and Zoning Commission as the Impact Fee Advisory Committee including Kenneth Carr as the ETJ resident. The City Council voted five (5) for and none (0) opposed. The motion carried unanimously.

H. Approve a Nonexclusive Installation and Service Agreement, Easement and Bulk Service Addendum with Time Warner Cable Enterprises, LLC. for cable service at the Lady Bird Johnson (LBJ) RV Park.

Andrea Schmidt, Park and Recreation Director, stated the LBJ RV Park offers cable to visitors that stay in the park. She stated it was time to renegotiate the contract due to their name change and adding of additional lots. Currently the bill is \$15.02 per site and the renegotiated amount would be \$12.00 per site; \$4.163 savings per year.

Motion: A motion was made by Council Member Luckenbach seconded by Council Member Musselman, to approve the Nonexclusive Installation and Service Agreement, Easement and Bulk Service Addendum with Time Warner Cable Enterprises, LLC. for cable service at the Lady Bird Johnson (LBJ) RV Park. The City Council voted five (5) for and none (0) opposed. The motion carried unanimously.

I. Approval of 2019 Legislative priorities.

Kent Myers, City Manager, reviewed the 8 proposed 2019 Legislative Priorities which were compiled from City Council discussions.

The City Council discussed the proposed priorities. Council Member Musselman thanked City staff for including the support to reform Statewide Funding for Public Education and inquired about regulating Small Cell Network Nodes in the City's right-of-way.

Daniel Jones, City Attorney, stated the 2017 Legislative Session passed legislation allowing nodes in the right-of-way and limiting City's authority. The City adopted an Ordinance to regulate the design and to keep out of certain areas. He also stated currently the FEC regulates the Small Cell Network Nodes and the City feels they should have be regulating authority.

Motion: A motion was made by Council Member Musselman seconded by Council Member Neffendorf, to approve the 2019 Legislation Priorities. The City Council voted five (5) for and none (0) opposed. The motion carried unanimously.

9. Individual Items For Consideration And Possible Action

A. Presentation and discussion on Bulk Trash Pickup

Garret Bonn, Assistant City Engineer, reviewed the voucher program, which allows residents to bring one 2,000-pound load to the City's Sanitary Landfill for free per year. He stated over the past year only 300 residents have utilized this program. There has been a recent increase in calls from residents regarding a curbside bulk waste program. He also stated in response to the calls, staff has researched

the cost and believe to start the program the estimated cost would be \$99,100 and the impact this would have on the Street and Sanitation Departments.

The City Council discussed the voucher program, estimated cost and the impact on the Street and Sanitation Departments. They provided directions to educate the residents on the voucher program at this time and not implement the bulk trash pickup program.

B. Presentation by Sean Thompson, Texas Municipal Retirement System (TMRS) and discussion on retirement benefits offered to City employees.

Sean Thompson, Regional Manager with Texas Municipal Retirement System, provided a presentation on the impact of the different retirement matches and the service credits. He stated the current retirement the City offers is a 5% pretax employee deduction and the City has a 2-1 ratio match. He reviewed the benefits of raising the 2-1 ratio match and the employee deduction. He also reviewed the calculations process for service credit.

The City Council discussed the current funded ratio of 90.7% and buying down the City's liability. They also discussed finding out how the employees feel about a retirement deduction; 5%, 6% or 7%.

The City Council agreed by consensus to survey the employees regarding their retirement benefits.

C. Request from Rosemary Estenson to discuss

- i. Protected development areas.**
- ii. Bars on Main Street.**
- iii. Ordinance to protect our neighborhoods.**
- iv. No Max Mansions.**
- v. No more Mobile Homes**

Rosemary Estenson stated she has been a resident for more than 28 years and has grown concern with the following:

- Number of bars on Main Street; she recommends limiting the number allowed.
- Lot lines and wants to see setbacks from lot lines.
- Affordable housing; the affordability base needs to be lower than \$250,000.
- Temporary vendors; remove the loop holes and tighten the Ordinance.
- Mobile homes.

10. City Manager's Report

A. Storm Water Fees/Vegetation Management Program

Kent Myers, City Manager, reported the Storm Water Fees/Vegetation Management Program was included in the FY2019 Budget. He stated the City will hold an Open House by the end of October and public hearing at the City Council Regular Meeting scheduled for December 3, 2018. He stated there will be another update on the program in November.

B. Utility Bond Financing

Kent Myers, City Manager, updated the City Council on the Utility Bond schedule. He stated the interest rates are favorable for a closing by the end of November.

C. Texas Municipal League (TML) Conference.

Kent Myers, City Manager, stated several staff members and one City Council Member attended TML Conference in Fort Worth. He stated he attended his Resolution Committee meeting; he and staff attended sessions and visited the Exhibit Hall where they met with several vendors. He also stated Daniel, Clinton and he attended a STR program by the City of Austin.

11. Council Comments.

Council Member Luckenbach updated the City Council on the Airport. He stated sales are up which has an impact on the City.

Council Member Musselman thanked City staff for all their hard work on the Agenda Packets. He stated the City of Fredericksburg has a great City staff that is always willing to help and keep everyone informed.

12. Adjourn

Motion: A motion was made by Council Member Kiehne, seconded by Council Member Musselman, to adjourn the Monday, October 15, 2018 City Council Regular Meeting at 7:40 p.m. The City Council voted five (5) for and none (0) opposed. The motion carried unanimously.

Linda Langerhans
Mayor

ATTEST

Shelley Goodwin, TRMC
City Secretary



CITY COUNCIL MEMO

DATE: October 18, 2018

TO: Mayor and City Council

FROM: Steven Wetz, Chief of Police

SUBJECT: E- Ticketing Contract

Summary:

The current Fredericksburg Police Department E-Ticketing software company (Copsync) is in the process of Bankruptcy. Our current contract ends January 17, 2019. The Police Department needs to enter into a contract with Tyler Technologies for their Brazos E-ticketing Software program. This program, once established, would reduce our yearly service contract by \$1042.64.

Recommendation:

Accept the Tyler Technologies contract for their Brazos E-ticketing Software program at a cost of \$53,302.00 with the credit of \$34,119.00 for a total cost to the City of \$19,183.

Background / Analysis:

The Fredericksburg Police Department has been using an E-Ticketing software through Copsync Inc. for a number of years. In 2015 we received information from Copsync that their contract would be increasing the following year. In an attempt reduce cost we entered into a new software product with Tyler Technologies called Tyler Public Safety, to begin in December of 2015. A beginning payment was made of \$34,119.00 and after several months of not receiving the product we requested the contract be terminated. Tyler Agreed to provide us with a credit to other services. The Tyler E-Ticketing program that they were trying to develop was dropped when they purchased the Brazos E-Ticketing Company,

which we were already looking into. Since Brazos has been purchased by Tyler Technologies it has been designed to integrate into our Current RMS purchase over this coming year with the New World Tyler. The current FY2019 cost of the contract for the Brazos E-Ticketing start-up is \$53,302. There will be a credit of \$34,119 from the Tyler Public Safety contract, for a total cost of the FY2019 budget of \$19,183. Yearly maintenance cost From Brazos starting in FY2020 will be \$2380 which will be a reduction from CopSync of \$1042.64. This cost is covered in the FY2019 Police budget. We have researched other companies that provide E-Ticketing and feel that due to the integration with our RMS that Brazos is a single source provider.

Attachments:

Contract from Tyler Technologies

Department Approval



City Manager Approval



LICENSE AND SERVICES AGREEMENT

This License and Services Agreement is made between Tyler Technologies, Inc. and Client.

WHEREAS, Client selected Tyler to license the software products and perform the services set forth in the Investment Summary and Tyler desires to perform such actions under the terms of this Agreement;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and promises set forth in this Agreement, Tyler and Client agree as follows:

SECTION A – DEFINITIONS

1. **"Agreement"** means this License and Services Agreement.
2. **"Business Travel Policy"** means our business travel policy. A copy of our current Business Travel Policy is attached as Schedule 1 to Exhibit B.
3. **"Client"** means the City of Fredericksburg, Texas.
4. **"Credit Memo"** means the Credit Memorandum attached to this Agreement as Schedule 1 to Exhibit A.
5. **"Defect"** means a failure of the Tyler Software to substantially conform to the functional descriptions set forth in our written proposal to you, or their functional equivalent. Future functionality may be updated, modified, or otherwise enhanced through our maintenance and support services, and the governing functional descriptions for such future functionality will be set forth in our then-current Documentation.
6. **"Developer"** means a third party who owns the intellectual property rights to Third Party Software.
7. **"Documentation"** means any online or written documentation related to the use or functionality of the Tyler Software that we provide or otherwise make available to you, including instructions, user guides, manuals and other training or self-help documentation.
8. **"Effective Date"** means the date on which your authorized representative signs the Agreement.
9. **"Force Majeure"** means an event beyond the reasonable control of you or us, including, without limitation, governmental action, war, riot or civil commotion, fire, natural disaster, or any other cause that could not with reasonable diligence be foreseen or prevented by you or us.
10. **"Hosting Services"** means the hosting services we will provide for the Tyler Software as set forth in the Investment Summary, for the fees set forth therein.
11. **"Investment Summary"** means the agreed upon cost proposal for the software, products, and services attached as Exhibit A.
12. **"Invoicing and Payment Policy"** means the invoicing and payment policy. A copy of our current Invoicing and Payment Policy is attached as Exhibit B.
13. **"Maintenance and Support Agreement"** means the terms and conditions governing the provision of maintenance and support services to all of our customers. A copy of our current Maintenance and Support Agreement is attached as Exhibit C.

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14. **"SLA"** means the service level agreement. A copy of our current SLA is attached hereto as Schedule 1 to Exhibit C.
15. **"Support Call Process"** means the support call process applicable to all of our customers who have licensed the Tyler Software. A copy of our current Support Call Process is attached as Schedule 2 to Exhibit C.
16. **"Third Party Terms"** means, if any, the end user license agreement(s) or similar terms for the Third Party Software, as applicable.
17. **"Third Party Hardware"** means the third-party hardware, if any, identified in the Investment Summary.
18. **"Third Party Products"** means the Third Party Software, Third Party Hardware, and Third Party Services.
19. **"Third Party Services"** means the services provided by third parties, if any, identified in the Investment Summary.
20. **"Third Party Software"** means the third-party software, if any, identified in the Investment Summary.
21. **"Tyler"** means Tyler Technologies, Inc., a Delaware corporation.
22. **"Tyler Software"** means our proprietary software and related interfaces identified in the Investment Summary and licensed to you through this Agreement.
23. **"we", "us", "our"** and similar terms mean Tyler.
24. **"you"** and similar terms mean Client.

SECTION B – SOFTWARE LICENSE

1. License Grant and Restrictions.

- 1.1 We grant to you a license to use the Tyler Software, for the number of licenses identified in the Investment Summary, for your internal business purposes only, in the scope of the internal business purposes disclosed to us as of the Effective Date. You may make copies of the Tyler Software for backup and testing purposes, so long as such copies are not used in production and the testing is for internal use only. Your rights to use the Tyler Software are perpetual but may be revoked if you do not comply with the terms of this Agreement. You may add additional licenses at the rates set forth in the Investment Summary for twelve (12) months from the Effective Date by executing a mutually agreed addendum. If no rate is provided in the Investment Summary, or those twelve (12) months have expired, you may purchase additional licenses at our then-current list price, also by executing a mutually agreed addendum.
- 1.2 The Documentation is licensed to you and may be used and copied by your employees for internal, non-commercial reference purposes only.
- 1.3 You may not: (a) transfer or assign the Tyler Software to a third party; (b) reverse engineer, decompile, or disassemble the Tyler Software; (c) rent, lease, lend, or provide commercial hosting services with the Tyler Software; or (d) publish or otherwise disclose the Tyler Software or Documentation to third parties.

- 1.4 The license terms in this Agreement apply to updates and enhancements we may provide to you or make available to you through your Maintenance and Support Agreement.
- 1.5 The right to transfer the Tyler Software to a replacement hardware system is included in your license. You will give us advance written notice of any such transfer and will pay us for any required or requested technical assistance associated with such transfer.
- 1.6 We reserve all rights not expressly granted to you in this Agreement. The Tyler Software and Documentation are protected by copyright and other intellectual property laws and treaties. We own the title, copyright, and other intellectual property rights in the Tyler Software and the Documentation. The Tyler Software is licensed, not sold.
2. **License Fees.** You agree to pay us the license fees in the amounts set forth in the Investment Summary. Those amounts are payable in accordance with our Invoicing and Payment Policy.
3. **Escrow.** We maintain an escrow agreement with a third party under which we place the source code for each major release of the Tyler Software. You may be added as a beneficiary to the escrow agreement by completing a standard beneficiary enrollment form and paying the annual beneficiary fee directly to the escrow agent. You will be responsible for maintaining your ongoing status as a beneficiary, including payment of the then-current annual beneficiary fees. Release of source code for the Tyler Software is strictly governed by the terms of the escrow agreement.
4. **Limited Warranty.** We warrant that the Tyler Software will be without Defect(s) as long as you have a Maintenance and Support Agreement in effect. If the Tyler Software does not perform as warranted, we will use all reasonable efforts, consistent with industry standards, to cure the Defect as set forth in the Maintenance and Support Agreement.

SECTION C – PROFESSIONAL SERVICES

1. **Services.** We will provide you the services, if any, itemized in the Investment Summary. You will receive those services according to our industry-standard implementation plan, which outlines roles and responsibilities in calendar and project documentation. We will finalize that implementation plan with you upon execution of this Agreement.
2. **Professional Services Fees.** You agree to pay us the professional services fees in the amounts set forth in the Investment Summary. Those amounts are payable in accordance with our Invoicing and Payment Policy. You acknowledge that the fees stated in the Investment Summary are good-faith estimates of the amount of time and materials required for the requested services. We will bill you the actual fees incurred based on the in-scope services provided to you.
3. **Additional Services.** The Investment Summary contains the scope of services and related costs (including programming and/or interface estimates) required for the project based on our understanding of the specifications you supplied. If additional work is required, or if you use or request additional services, we will provide you with an addendum or change order, as applicable, outlining the costs for the additional work. The price quotes in the addendum or change order will be valid for thirty (30) days from the date of the quote.

4. **Cancellation.** We make all reasonable efforts to schedule our personnel for travel, including arranging travel reservations, at least two (2) weeks in advance of commitments. Therefore, if you cancel services less than two (2) weeks in advance (other than for Force Majeure or breach by us), you will be liable for all (a) non-refundable expenses incurred by us on your behalf, and (b) daily fees associated with cancelled professional services if we are unable to reassign our personnel. We will make all reasonable efforts to reassign personnel in the event you cancel within two (2) weeks of scheduled commitments.
5. **Services Warranty.** We will perform the services in a professional, workmanlike manner, consistent with industry standards. In the event we provide services that do not conform to this warranty, we will re-perform such services at no additional cost to you.
6. **Site Access and Requirements.** At no cost to us, you agree to provide us with full and free access to your personnel, facilities, and equipment as may be reasonably necessary for us to provide our services, subject to any reasonable security protocols or other written policies provided to us.
7. **Client Assistance.** You acknowledge that the provision of services for the Tyler Software is a cooperative process that may require the time and resources of your personnel. You agree to use all reasonable efforts to cooperate with and assist us as may be reasonably required. This cooperation includes at least working with us to schedule the services outlined in this Agreement. We will not be liable for failure to meet any deadlines and milestones when such failure is due to Force Majeure or to the failure by your personnel to provide such cooperation and assistance (either through action or omission).

SECTION D – MAINTENANCE AND SUPPORT

1. This Agreement includes the period of free maintenance and support services identified in the Invoicing and Payment Policy. If you have purchased ongoing maintenance and support services and continue to make timely payments for them according to our Invoicing and Payment Policy, we will provide you with maintenance and support services for the Tyler Software under the terms of our standard Maintenance and Support Agreement.
2. If you have opted not to purchase ongoing maintenance and support services or fail to make timely payment under this Agreement, the Maintenance and Support Agreement does not apply to you. Instead, you will only receive ongoing maintenance and support on the Tyler Software Products on a time and materials basis. In addition, you will: (a) receive the lowest priority under our Support Call Process; (b) be required to purchase new releases of the Tyler Software Products, including fixes, enhancements and patches; (c) be charged our then-current rates for support services, or such other rates that we may consider necessary to account for your lack of ongoing training on the Tyler Software Products; (d) be charged for a minimum of two (2) hours of support services for every support call; and, (e) not be granted access to the support website for the Tyler Software Products or the Tyler Community Forum.

SECTION E – THIRD PARTY PRODUCTS

To the extent there are any Third Party Products set forth in the Investment Summary, the following terms and conditions will apply:

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1. **Third Party Hardware.** We will sell, deliver, and install onsite the Third Party Hardware, if you have purchased any, for the price set forth in the Investment Summary. Those amounts are payable in accordance with our Invoicing and Payment Policy.
2. **Third Party Software.** Upon payment in full of the Third Party Software license fees, you will receive a non-transferable license to use the Third Party Software and related documentation for your internal business purposes only. Your license rights to the Third Party Software will be governed by the Third Party Terms.
 - 2.1 We will install onsite the Third Party Software. The installation cost is included in the installation fee in the Investment Summary.
 - 2.2 If the Developer charges a fee for future updates, releases, or other enhancements to the Third Party Software, you will be required to pay such additional future fee.
 - 2.3 The right to transfer the Third Party Software to a replacement hardware system is governed by the Developer. You will give us advance written notice of any such transfer and will pay us for any required or requested technical assistance from us associated with such transfer.
3. **Third Party Products Warranties.**
 - 3.1 We are authorized by each Developer to grant or transfer the licenses to the Third Party Software.
 - 3.2 The Third Party Hardware will be new and unused, and upon payment in full, you will receive free and clear title to the Third Party Hardware.
 - 3.3 You acknowledge that we are not the manufacturer of the Third Party Products. We do not warrant or guarantee the performance of the Third Party Products. However, we grant and pass through to you any warranty that we may receive from the Developer or supplier of the Third Party Products.
4. **Maintenance.** If you have a Maintenance and Support Agreement in effect, you may report defects and other issues related to the Third Party Software directly to us, and we will (a) directly address the defect or issue, to the extent it relates to our interface with the Third Party Software; and/or (b) facilitate resolution with the Developer, unless that Developer requires that you have a separate, direct maintenance agreement in effect with that Developer. In all events, if you do not have a Maintenance and Support Agreement in effect with us, you will be responsible for resolving defects and other issues related to the Third Party Software directly with the Developer.

SECTION F – HOSTING SERVICES

1. We will either host or engage Third Party Services in order to host the Tyler Software set forth in the Investment Summary for the fees set forth therein. You agree to pay those fees according to the Invoicing and Payment Policy. In exchange for those fees, we agree to provide the Hosting Services according to the terms and conditions set forth in this Section F, and the other applicable terms of this Agreement. If you fail to pay those fees, after advance written notice to you, we reserve the right to suspend delivery of our applicable Hosting Services.

2. We will utilize hosting services through a Third Party Services provider, Rackspace, in accordance with the terms set forth in the Investment Summary. The fees contained in the Investment Summary are subject to annual increases. You acknowledge and agree that, in our sole discretion, we may migrate the Hosting Services to a replacement system (including our own) and will undertake reasonable efforts to complete such transfer during maintenance windows as set forth in the SLA. We will undertake reasonable efforts to provide you with advance written notice of any such transfer. You agree to provide all reasonable assistance and access in connection with any such transfer. In the event the Tyler Software is transferred to our data center and we provide hosting services directly to you, the terms of the SLA will also apply.
3. Where applicable, we will perform or cause to have performed upgrades of the applications, hardware, and operating systems that support your Hosting Services. These upgrades are performed in commercially reasonable timeframes and in coordination with third-party releases and certifications. We will make available information on industry-standard minimum requirements and supported browsers for accessing the Hosting Services.

SECTION G - INVOICING AND PAYMENT; INVOICE DISPUTES

1. **Invoicing and Payment.** We will invoice you the fees for the license(s), products, and services in the Investment Summary per our Invoicing and Payment Policy, subject to Section G(2) "Invoice Disputes". We will apply any applicable credits set forth in the Credit Memo to any fees due by you under this Agreement.
2. **Invoice Disputes.** If you believe any delivered software or service does not conform to the warranties in this Agreement, you will provide us with written notice within thirty (30) days of your receipt of the applicable invoice. The written notice must contain reasonable detail of the issues you contend are in dispute so that we can confirm the issue and respond to your notice with either a justification of the invoice, an adjustment to the invoice, or a proposal addressing the issues presented in your notice. We will work with you as may be necessary to develop an action plan that outlines reasonable steps to be taken by each of us to resolve any issues presented in your notice. You may withhold payment of the amount(s) actually in dispute, and only those amounts, until we complete the action items outlined in the plan. If we are unable to complete the action items outlined in the action plan because of your failure to complete the items agreed to be done by you, then you will remit full payment of the invoice. We reserve the right to suspend delivery of all services, including maintenance and support services, if you fail to pay an invoice not disputed as described above within fifteen (15) days of notice of our intent to do so.

SECTION H – TERMINATION

1. **For Cause.** If you believe we have materially breached this Agreement, you will invoke the Dispute Resolution clause set forth in Section J(3) "Dispute Resolution". You may terminate this Agreement for cause in the event we do not cure, or create a mutually agreeable action plan to address, a material breach of this Agreement within the thirty (30) day window set forth in Section J(3). In the event of termination for cause, you will pay us for all undisputed fees and expenses related to the software, products, and/or services you have received, or we have incurred or delivered, prior to the effective date of termination.

2. **Lack of Appropriations.** If you should not appropriate or otherwise receive funds sufficient to purchase, lease, operate, or maintain the software or services set forth in this Agreement, you may unilaterally terminate this Agreement effective on the final day of the fiscal year through which you have funding. You will make every effort to give us at least thirty (30) days written notice prior to a termination for lack of appropriations. In the event of termination due to a lack of appropriations, you will pay us for all undisputed fees and expenses related to the software and/or services you have received, or we have incurred or delivered, prior to the effective date of termination. Any disputed fees and expenses must have been submitted to the Invoice Dispute process set forth in Section G(2) "Invoice Disputes" at the time of termination in order to be withheld at termination. You will not be entitled to a refund or offset of previously paid license and other fees.
3. **Force Majeure.** Except for your payment obligations, either you or we may terminate this Agreement if a Force Majeure event suspends performance of scheduled tasks for a period of forty-five (45) days or more. In the event of termination due to Force Majeure, you will pay us for all undisputed fees and expenses related to the software and/or services you have received, or we have incurred or delivered, prior to the effective date of termination. Any disputed fees and expenses must have been submitted to the Invoice Dispute process set forth in Section G(2) at the time of termination in order to be withheld at termination. You will not be entitled to a refund or offset of previously paid license and other fees.

SECTION I – INDEMNIFICATION, LIMITATION OF LIABILITY AND INSURANCE

1. **Intellectual Property Infringement Indemnification.**

- 1.1 We will defend you against any third-party claim(s) that the Tyler Software infringes that third party's patent, copyright, or trademark, or misappropriates its trade secrets, and will pay the amount of any resulting adverse final judgment (or settlement to which we consent). You must notify us promptly in writing of the claim and give us sole control over its defense or settlement. You agree to provide us with reasonable assistance, cooperation, and information in defending the claim at our expense.
- 1.2 Our obligations under this Section I(1) will not apply to the extent the claim or adverse final judgment is based on your: (a) use of a previous version of the Tyler Software and the claim would have been avoided had you installed and used the current version of the Tyler Software; (b) combining the Tyler Software with any product or device not provided, contemplated, or approved by us; (c) altering or modifying the Tyler Software, including any modification by third parties at your direction or otherwise permitted by you; (d) use of the Tyler Software in contradiction of this Agreement, including with non-licensed third parties; or (e) willful infringement, including use of the Tyler Software after we notify you to discontinue use due to such a claim.
- 1.3 If we receive information concerning an infringement or misappropriation claim related to the Tyler Software, we may, at our expense and without obligation to do so, either: (a) procure for you the right to continue its use; (b) modify it to make it non-infringing; or (c) replace it with a functional equivalent, in which case you will stop running the allegedly infringing Tyler Software immediately.

1.4 If an infringement or misappropriation claim is fully litigated and your use of the Tyler Software is enjoined by a court of competent jurisdiction, in addition to paying any adverse final judgment (or settlement to which we consent), we will, at our option, either: (a) procure the right to continue its use; (b) modify it to make it non-infringing; or (c) replace it with a functional equivalent. We will pursue those options in the order listed herein. This section provides your exclusive remedy for third party copyright, patent, or trademark infringement and trade secret misappropriation claims.

2. General Indemnification.

2.1 We will indemnify and hold harmless you and your agents, officials, and employees from and against any and all third-party claims, losses, liabilities, damages, costs, and expenses (including reasonable attorney's fees and costs) for (a) personal injury or property damage to the extent caused by our negligence or willful misconduct; or (b) our violation of a law applicable to our performance under this Agreement. You must notify us promptly in writing of the claim and give us sole control over its defense or settlement. You agree to provide us with reasonable assistance, cooperation, and information in defending the claim at our expense.

2.2 To the extent permitted by applicable law, you will indemnify and hold harmless us and our agents, officials, and employees from and against any and all third-party claims, losses, liabilities, damages, costs, and expenses (including reasonable attorney's fees and costs) for personal injury or property damage to the extent caused by your negligence or willful misconduct; or (b) your violation of a law applicable to your performance under this Agreement. We will notify you promptly in writing of the claim and will give you sole control over its defense or settlement. We agree to provide you with reasonable assistance, cooperation, and information in defending the claim at your expense.

3. **DISCLAIMER.** EXCEPT FOR THE EXPRESS WARRANTIES PROVIDED IN THIS AGREEMENT AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, WE HEREBY DISCLAIM ALL OTHER WARRANTIES AND CONDITIONS, WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES, DUTIES, OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

4. **LIMITATION OF LIABILITY.** EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, OUR LIABILITY FOR DAMAGES ARISING OUT OF THIS AGREEMENT, WHETHER BASED ON A THEORY OF CONTRACT OR TORT, INCLUDING NEGLIGENCE AND STRICT LIABILITY, SHALL BE LIMITED TO YOUR ACTUAL DIRECT DAMAGES, NOT TO EXCEED: (A) PRIOR TO FORMAL TRANSITION TO MAINTENANCE AND SUPPORT, THE TOTAL ONE-TIME FEES SET FORTH IN THE INVESTMENT SUMMARY; OR (B) AFTER FORMAL TRANSITION TO MAINTENANCE AND SUPPORT, THE THEN-CURRENT ANNUAL MAINTENANCE AND SUPPORT FEE. THE PARTIES ACKNOWLEDGE AND AGREE THAT THE PRICES SET FORTH IN THIS AGREEMENT ARE SET IN RELIANCE UPON THIS LIMITATION OF LIABILITY AND TO THE MAXIMUM EXTENT ALLOWED UNDER APPLICABLE LAW, THIS SECTION I(4) "LIMITATION OF LIABILITY" AND SECTION I(5) "EXCLUSION OF CERTAIN DAMAGES" SHALL APPLY REGARDLESS OF THE FAILURE OF AN ESSENTIAL PURPOSE OR REMEDY. THE FOREGOING LIMITATION OF LIABILITY SHALL NOT APPLY TO CLAIMS THAT ARE SUBJECT TO SECTIONS I(1) "INTELLECTUAL PROPERTY INFRINGEMENT INDEMNIFICATION" AND I(2) "GENERAL INDEMNIFICATION".

5. **EXCLUSION OF CERTAIN DAMAGES.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL WE BE LIABLE FOR ANY SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES WHATSOEVER, EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
6. **Insurance.** During the course of performing services under this Agreement, we agree to maintain the following levels of insurance: (a) Commercial General Liability of at least \$1,000,000; (b) Automobile Liability of at least \$1,000,000; (c) Professional Liability of at least \$1,000,000; (d) Workers Compensation complying with applicable statutory requirements; and (e) Excess/Umbrella Liability of at least \$5,000,000. We will add you as an additional insured to our Commercial General Liability and Automobile Liability policies, which will automatically add you as an additional insured to our Excess/Umbrella Liability policy as well. We will provide you with copies of certificates of insurance upon your written request.

SECTION J – GENERAL TERMS AND CONDITIONS

1. **Additional Products and Services.** You may purchase additional products and services at the rates set forth in the Investment Summary for twelve (12) months from the Effective Date, and thereafter at our then-current list price, by executing a mutually agreed addendum. If no rate is provided in the Investment Summary, or those twelve (12) months have expired, you may purchase additional products and services at our then-current list price, also by executing a mutually agreed addendum. The terms of this Agreement will control any such additional purchase(s), unless otherwise specifically provided in the addendum.
2. **Optional Items.** Pricing for any listed optional products and services in the Investment Summary will be valid for twelve (12) months from the Effective Date.
3. **Dispute Resolution.** You agree to provide us with written notice within thirty (30) days of becoming aware of a dispute. You agree to cooperate with us in trying to reasonably resolve all disputes, including, if requested by either party, appointing a senior representative to meet and engage in good faith negotiations with our appointed senior representative. Senior representatives will convene within thirty (30) days of the written dispute notice, unless otherwise agreed. All meetings and discussions between senior representatives will be deemed confidential settlement discussions not subject to disclosure under Federal Rule of Evidence 408 or any similar applicable state rule. If we fail to resolve the dispute, then the parties shall participate in non-binding mediation in an effort to resolve the dispute. If the dispute remains unresolved after mediation, then either of us may assert our respective rights and remedies in a court of competent jurisdiction. Nothing in this section shall prevent you or us from seeking necessary injunctive relief during the dispute resolution procedures.
4. **Taxes.** The fees in the Investment Summary do not include any taxes, including, without limitation, sales, use, or excise tax. If you are a tax-exempt entity, you agree to provide us with a tax-exempt certificate. Otherwise, we will pay all applicable taxes to the proper authorities and you will reimburse us for such taxes. If you have a valid direct-pay permit, you agree to provide us with a copy. For clarity, we are responsible for paying our income taxes, both federal and state, as applicable, arising from our performance of this Agreement.

5. **Non-discrimination.** We will not discriminate against any person employed or applying for employment concerning the performance of our responsibilities under this Agreement. This discrimination prohibition will apply to all matters of initial employment, tenure, and terms of employment, or otherwise with respect to any matter directly or indirectly relating to employment concerning race, color, religion, national origin, age, sex, sexual orientation, ancestry, disability that is unrelated to the individual's ability to perform the duties of a particular job or position, height, weight, marital status, or political affiliation. We will post, where appropriate, all notices related to nondiscrimination as may be required by applicable law.
6. **E-Verify.** We have complied, and will comply, with the E-Verify procedures administered by the U.S. Citizenship and Immigration Services Verification Division for all of our employees assigned to your project.
7. **Subcontractors.** We will not subcontract any services under this Agreement without your prior written consent, not to be unreasonably withheld.
8. **Binding Effect; No Assignment.** This Agreement shall be binding on, and shall be for the benefit of, either your or our successor(s) or permitted assign(s). Neither party may assign this Agreement without the prior written consent of the other party; provided, however, your consent is not required for an assignment by us as a result of a corporate reorganization, merger, acquisition, or purchase of substantially all of our assets.
9. **Force Majeure.** Except for your payment obligations, neither party will be liable for delays in performing its obligations under this Agreement to the extent that the delay is caused by Force Majeure; provided, however, that within ten (10) business days of the Force Majeure event, the party whose performance is delayed provides the other party with written notice explaining the cause and extent thereof, as well as a request for a reasonable time extension equal to the estimated duration of the Force Majeure event.
10. **No Intended Third-Party Beneficiaries.** This Agreement is entered into solely for the benefit of you and us. No third party will be deemed a beneficiary of this Agreement, and no third party will have the right to make any claim or assert any right under this Agreement. This provision does not affect the rights of third parties under any Third Party Terms.
11. **Entire Agreement; Amendment.** This Agreement represents the entire agreement between you and us with respect to the subject matter hereof, and supersedes any prior agreements, understandings, and representations, whether written, oral, expressed, implied, or statutory. Purchase order or similar documents submitted by you, if any, are for your internal administrative purposes only and any terms and conditions contained therein will have no force or effect on the terms and conditions of this Agreement. This Agreement may only be modified by a written amendment signed by an authorized representative of each party.
12. **Severability.** If any term or provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement will be considered valid and enforceable to the fullest extent permitted by law.
13. **No Waiver.** In the event that the terms and conditions of this Agreement are not strictly enforced by either party, such non-enforcement will not act as or be deemed to act as a waiver or

modification of this Agreement, nor will such non-enforcement prevent such party from enforcing each and every term of this Agreement thereafter.

14. **Independent Contractor.** We are an independent contractor for all purposes under this Agreement.
15. **Notices.** All notices or communications required or permitted as a part of this Agreement, such as notice of an alleged material breach for a termination for cause or a dispute that must be submitted to dispute resolution, must be in writing and will be deemed delivered upon the earlier of the following: (a) actual receipt by the receiving party; (b) upon receipt by sender of a certified mail, return receipt signed by an employee or agent of the receiving party; (c) upon receipt by sender of proof of email delivery; or (d) if not actually received, five (5) days after deposit with the United States Postal Service authorized mail center with proper postage (certified mail, return receipt requested) affixed and addressed to the other party at the address set forth on the signature page hereto or such other address as the party may have designated by proper notice. The consequences for the failure to receive a notice due to improper notification by the intended receiving party of a change in address will be borne by the intended receiving party.
16. **Client Lists.** You agree that we may identify you by name in client lists, marketing presentations, and promotional materials.
17. **Confidentiality.** Both parties recognize that their respective employees and agents, in the course of performance of this Agreement, may be exposed to confidential information and that disclosure of such information could violate rights to private individuals and entities, including the parties. Confidential information is nonpublic information that a reasonable person would believe to be confidential and includes, without limitation, personal identifying information (e.g., social security numbers) and trade secrets, each as defined by applicable state law. Each party agrees that it will not disclose any confidential information of the other party and further agrees to take all reasonable and appropriate action to prevent such disclosure by its employees or agents. The confidentiality covenants contained herein will survive the termination or cancellation of this Agreement. This obligation of confidentiality will not apply to information that:
 - (a) is in the public domain, either at the time of disclosure or afterwards, except by breach of this Agreement by a party or its employees or agents;
 - (b) a party can establish by reasonable proof was in that party's possession at the time of initial disclosure;
 - (c) a party receives from a third party who has a right to disclose it to the receiving party; or
 - (d) is the subject of a legitimate disclosure request under the open records laws or similar applicable public disclosure laws governing this Agreement; provided, however, that in the event you receive an open records or other similar applicable request, you will give us prompt notice and otherwise perform the functions required by applicable law.
18. **Business License.** In the event a local business license is required for us to perform services hereunder, you will promptly notify us and provide us with the necessary paperwork and/or contact information so that we may timely obtain such license.

19. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Texas, including applicable U.S. federal laws, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.
20. **Multiple Originals and Authorized Signatures.** This Agreement may be executed in multiple originals, any of which will be independently treated as an original document and taken together, shall constitute a single instrument. Any electronic, faxed, scanned, photocopied, or similarly reproduced signature on this Agreement or any amendment hereto will be deemed an original signature and will be fully enforceable as if an original signature. Each party represents to the other that the signatory set forth below is duly authorized to bind that party to this Agreement.
21. **Cooperative Procurement.** To the maximum extent permitted by applicable law, we agree that this Agreement may be used as a cooperative procurement vehicle by eligible jurisdictions. We reserve the right to negotiate and customize the terms and conditions set forth herein, including but not limited to pricing, to the scope and circumstances of that cooperative procurement.
22. **Contract Documents.** This Agreement includes the following exhibits:
- | | |
|-----------|--|
| Exhibit A | Investment Summary
Schedule 1: Credit Memorandum |
| Exhibit B | Invoicing and Payment Policy
Schedule 1: Business Travel Policy |
| Exhibit C | Maintenance and Support Agreement
Schedule 1: Service Level Agreement
Schedule 2: Support Call Process |

[Remainder of page is intentionally left blank; signature page to follow]

IN WITNESS WHEREOF, a duly authorized representative of each party has executed this Agreement as of the date(s) set forth below.

TYLER TECHNOLOGIES, INC.:

By: _____

Name: _____

Title: _____

Date: _____

Address for

Notices: Tyler Technologies, Inc.
One Tyler Drive
Yarmouth, ME 04096
Attention: Chief Legal Officer

With copy to:

Tyler Technologies, Inc.
5101 Tennyson Parkway
Plano, TX 75024
Attention: Legal Department

THE CITY OF FREDERICKSBURG, TEXAS:

By: _____

Name: _____

Title: _____

Date: _____

Address for

Notices: The City of Fredericksburg

Attention: _____

Agenda Packet Item 25



EXHIBIT A
Investment Summary

The following Investment Summary details the software, products, and services to be delivered by Tyler Technologies, Inc. to you under your License and Services Agreement. This Investment Summary is effective as of the Effective Date. Capitalized terms not otherwise defined will have the meaning assigned to such terms in your License and Services Agreement.

[Remainder of page is intentionally left blank; Investment Summary follows immediately behind]



Quoted By: Kimberly Gerner
 Quote Expiration: 10/31/2018
 Quote Name: City of Fredericksburg - Initial 10-BZ
 Quote Number: QUO-77071-Q1W9W3
 Quote Description: Required New World Services:
 Setup & Config Service Hrs Details:
 eCitation \$2320
 TOW - \$1160

Sales Quotation For
 City of Fredericksburg

****Special Pricing Extended****
 Previously quoted pricing honored with a fully
 executed contract by 10/31/18

****See Comments Section Below for Hosting and
 Annual Maintenance Fee Details**

Shipping Address
 126 W Main St
 Fredericksburg, TX 78624-3708

Billing Address
 126 W Main St
 Fredericksburg, TX 78624-3708

Software

Description	Quantity	License	Software Total	Annual Maintenance
INTERFACE: CMS - Tyler Incode	1.0	\$0.0000	\$0	\$0.00
INTERFACE: CMS - Tyler Odyssey	1.0	\$0.0000	\$0	\$0.00
INTERFACE: RMS - New World	1.0	\$0.0000	\$0	\$0.00
LIC: REF License - PDA	10.0	\$850.0000	\$8,500	\$2,380.00
TASK: Criminal Trespass Warn	1.0	\$3,000.0000	\$3,000	\$0.00
TASK: Driver Exchange Module	1.0	\$3,000.0000	\$3,000	\$0.00
TASK: Tow Report (standard)	1.0	\$3,000.0000	\$3,000	\$0.00

Total: \$17,500.00 \$2,380.00

Professional Services

Description	Quantity	Cost	Services Total	Annual Services
SERVICE: Set Up & Configuration	1.0	\$9,000.0000	\$9,000	
Training: Standard Train-The-Trainer	1.0	\$2,000.0000	\$2,000	
SERVICE: Project Management	2.0	\$1,000.0000	\$2,000	
SERVICE: Set Up & Configuration for New World Interface	1.0	\$3,480.0000	\$3,480	

Total: \$16,480.00 \$0.00

Third-party Hardware and Software

Part Number	Description	Quantity	Price	Third-party Total
SG-TC7X-STYLUS-03	Zebra EVM, Acc-HH, TC70, Stylus-tethered (3 pack)	4.0	\$26.0000	\$104.00
BTRY-TC7X-46MAH-01	Zebra EVM, Acc-HH, TC7X Battery	10.0	\$55.0000	\$550.00
SSE-TC75XX-30	Zebra EVM, Warranty, TC75, 3 year	10.0	\$303.0000	\$3,030.00
TC75EK-2MB22AB-US	Zebra EVM, HH, TC75X	10.0	\$1,409.0000	\$14,090.00
23844-00-00R	Zebra EVM, Acc-HH, TC7X, MC67, US AC Line Cord (23844-00-00R)	5.0	\$7.0000	\$35.00
CBL-DC-382A1-01	Zebra EVM, Acc-HH, TC7X, MC67, US DC Line Cord, Multi-Slot CRD (CBL-DC-382A1-01)	3.0	\$15.0000	\$45.00
PWR-BGA12V50W0WW	Zebra EVM, Acc-HH, TC7X, Power Supply for Battery Charger (PWR-BGA12V50W0WW)	3.0	\$28.0000	\$84.00
PWR-BGA12V108W0WW	Zebra EVM, Acc-HH, TC7X, Power Supply, Multi-Slot CRD (PWR-BGA12V108W0WW)	2.0	\$57.0000	\$114.00
SAC-TC7X-4BTYP-01	Zebra EVM, Acc-HH, TC7X, 4 Slot Battery Charger	3.0	\$138.0000	\$414.00
CRD-TC7X-SE5EU1-01	Zebra EVM, Acc-HH, TC7X, 5 Bay Ethernet Cradle	2.0	\$419.0000	\$838.00
CBL-DC-375A1-01	Zebra EVM, Acc-HH, US DC Line Cord for Battery Charger (CBL-DC-375A1-01)	3.0	\$6.0000	\$18.00

Total: \$19,322.00

Summary**One Time Fees****Recurring Fees**

Total Tyler Software

\$17,500.00

\$2,380.00

Total Tyler Services

\$16,480.00

\$0.00

Total Hardware

\$19,322.00

Total Taxes

\$0.00

Contract Total**\$53,302.00****Comments**

Annual Maintenance Fee Details:

Annual Maintenance Fee; \$1,785

Brazos Hosting Fee- \$595

Annual Maintenance Fee Total: \$2,380

Agenda Packet Item 28



EXHIBIT A

Schedule 1: Credit Memorandum

[Remainder of page is intentionally left blank; Credit Memorandum follows immediately behind]

Agenda Packet Item 29



Empowering people who serve the public®

Remittance:
Tyler Technologies, Inc.
(FEIN 75-2303820)
P.O. Box 203556
Dallas, TX 75320-3556

Credit Memo

Invoice No	Date	Page
025-234597	08/28/2018	1 of 1

Questions:

Tyler Technologies - Local Government
Phone: 1-800-772-2260 Press 2, then 2
Email: ar@tylertech.com



Bill To: Fredericksburg, TX, City of
Attn: Accounts Payable
126 W. Main St
Fredericksburg, TX 78624-3708

Ship To: Fredericksburg, TX, City of
Attn: Accounts Payable
126 W. Main St
Fredericksburg, TX 78624-3708

Customer No.	Ord No	PO Number	Currency	Terms	Due Date
43038			USD	RECEIPT	08/28/2018
Date	Description	Units	Rate	Extended Price	
	Public Safety Suite Subscription Fees	1	(34,119.00)	34,119.00	

Comments: Applied to #025-142297

ATTENTION

Order your checks and forms from
Tyler Business Forms at 877-749-2090 or
tylerbusinessforms.com to guarantee
100% compliance with your software.

Subtotal	(34,119.00)
Sales Tax	0.00
Invoice Total	(34,119.00)

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EXHIBIT B

Invoicing and Payment Policy

Tyler Technologies, Inc. will provide you with the software, products, and services set forth in the Investment Summary of your License and Services Agreement. Capitalized terms not otherwise defined will have the meaning assigned to such terms in your License and Services Agreement.

Invoicing: We will invoice you for the applicable license fees, products, and services in the Investment Summary as set forth below. We will apply any applicable credit to all fees due under this Agreement as set forth in the Credit Memo. Your rights to dispute any invoice are set forth in your License and Services Agreement.

1. Tyler Software.

1.1 License Fees: License fees are invoiced upon the Effective Date.

1.2 Maintenance and Support Fees: Maintenance and support fees for the first annual term are included in the license fees. Subsequent maintenance and support fees, at Tyler's then-current rates, are invoiced annually in advance on the anniversary of the Effective Date.

2. Professional Services.

2.1 Professional Services: Professional services are billed as delivered and invoiced as incurred. Payment for Professional Services are due 45 days after the date of invoice.

2.2 Requested Modifications to the Tyler Software: Requested modifications to Tyler Software are invoiced 50% upon delivery of specifications and 50% upon delivery of the applicable modification. You must report any failure of the modification to conform to the specifications within thirty (30) days of delivery; otherwise, the modification will be deemed to be in compliance with the specifications after the 30-day window has passed.

3. Other Services and Fees.

3.1 Hosting Fees: Hosting Fees for the Tyler Software identified on the Investment Summary are invoiced annually in advance on the Effective Date and will renew automatically for additional one (1) year terms at our then-current Hosting Services fee, unless terminated in writing by either party at least thirty (30) days prior to the end of the then-current term.

4. Third Party Products.

4.1 Third Party Software License Fees: License fees for Third Party Software are invoiced when we make it available to you for downloading.

4.2 Third Party Software Maintenance: The first year maintenance for the Third Party Software is invoiced when we make it available to you for downloading.

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4.3 Third Party Hardware: Third Party Hardware costs are invoiced upon delivery.

4.4 Third Party Services: Third Party Services fees are invoiced upon delivery.

5. **Expenses.** The service rates in the Investment Summary do not include travel expenses. Expenses will be billed as incurred and only in accordance with our then-current Business Travel Policy, plus a 10% travel agency processing fee. Our current Business Travel Policy is attached to this Exhibit B at Schedule 1. Copies of receipts will be provided on an exception basis for an administrative fee. Receipts for mileage or miscellaneous items less than twenty-five dollars are not available.

Payment. We prefer to receive payments electronically. Our electronic payment information is:

Bank:	Wells Fargo Bank, N.A. 420 Montgomery San Francisco, CA 94104
ABA:	121000248
Account:	4124302472
Beneficiary:	Tyler Technologies, Inc. – Operating

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EXHIBIT B

Schedule 1: Business Travel Policy

1. Air Travel

A. Reservations & Tickets

Tyler's Travel Management Company (TMC) will provide an employee with a direct flight within two hours before or after the requested departure time, assuming that flight does not add more than three hours to the employee's total trip duration and the fare is within \$100 (each way) of the lowest logical fare. If a net savings of \$200 or more (each way) is possible through a connecting flight that is within two hours before or after the requested departure time and that does not add more than three hours to the employee's total trip duration, the connecting flight should be accepted.

Employees are encouraged to make advanced reservations to take full advantage of discount opportunities. Employees should use all reasonable efforts to make travel arrangements at least two (2) weeks in advance of commitments. A seven (7) day advance booking requirement is mandatory. When booking less than seven (7) days in advance, management approval will be required.

Except in the case of international travel where a segment of continuous air travel is six (6) or more consecutive hours in length, only economy or coach class seating is reimbursable. Employees shall not be reimbursed for "Basic Economy Fares" because these fares are non-refundable and have many restrictions that outweigh the cost-savings.

B. Baggage Fees

Reimbursement of personal baggage charges are based on trip duration as follows:

- Up to five (5) days = one (1) checked bag
- Six (6) or more days = two (2) checked bags

Baggage fees for sports equipment are not reimbursable.

2. Ground Transportation

A. Private Automobile

Mileage Allowance – Business use of an employee's private automobile will be reimbursed at the current IRS allowable rate, plus out of pocket costs for tolls and parking. Mileage will

be calculated by using the employee's office as the starting and ending point, in compliance with IRS regulations. Employees who have been designated a home office should calculate miles from their home.

B. Rental Car

Employees are authorized to rent cars only in conjunction with air travel when cost, convenience, and the specific situation reasonably require their use. When renting a car for Tyler business, employees should select a "mid-size" or "intermediate" car. "Full" size cars may be rented when three or more employees are traveling together. Tyler carries leased vehicle coverage for business car rentals; except for employees traveling to Alaska and internationally (excluding Canada), additional insurance on the rental agreement should be declined.

C. Public Transportation

Taxi or airport limousine services may be considered when traveling in and around cities or to and from airports when less expensive means of transportation are unavailable or impractical. The actual fare plus a reasonable tip (15-18%) are reimbursable. In the case of a free hotel shuttle to the airport, tips are included in the per diem rates and will not be reimbursed separately.

D. Parking & Tolls

When parking at the airport, employees must use longer term parking areas that are measured in days as opposed to hours. Park and fly options located near some airports may also be used. For extended trips that would result in excessive parking charges, public transportation to/from the airport should be considered. Tolls will be reimbursed when receipts are presented.

3. Lodging

Tyler's TMC will select hotel chains that are well established, reasonable in price, and conveniently located in relation to the traveler's work assignment. Typical hotel chains include Courtyard, Fairfield Inn, Hampton Inn, and Holiday Inn Express. If the employee has a discount rate with a local hotel, the hotel reservation should note that discount and the employee should confirm the lower rate with the hotel upon arrival. Employee memberships in travel clubs such as AAA should be noted in their travel profiles so that the employee can take advantage of any lower club rates.

"No shows" or cancellation fees are not reimbursable if the employee does not comply with the hotel's cancellation policy.

Tips for maids and other hotel staff are included in the per diem rate and are not reimbursed separately.

Employees are not authorized to reserve non-traditional short-term lodging, such as Airbnb, VRBO, and HomeAway. Employees who elect to make such reservations shall not be reimbursed.

4. Meals and Incidental Expenses

Employee meals and incidental expenses while on travel status within the continental U.S. are in accordance with the federal per diem rates published by the General Services Administration. Incidental expenses include tips to maids, hotel staff, and shuttle drivers and other minor travel expenses. Per diem rates are available at www.gsa.gov/perdiem.

Per diem for Alaska, Hawaii, U.S. protectorates and international destinations are provided separately by the Department of Defense and will be determined as required.

A. Overnight Travel

For each full day of travel, all three meals are reimbursable. Per diems on the first and last day of a trip are governed as set forth below.

Departure Day

Depart before 12:00 noon	Lunch and dinner
Depart after 12:00 noon	Dinner

Return Day

Return before 12:00 noon	Breakfast
Return between 12:00 noon & 7:00 p.m.	Breakfast and lunch
Return after 7:00 p.m.*	Breakfast, lunch and dinner

*7:00 p.m. is defined as direct travel time and does not include time taken to stop for dinner.

The reimbursement rates for individual meals are calculated as a percentage of the full day per diem as follows:

- Breakfast 15%
- Lunch 25%
- Dinner 60%

B. Same Day Travel

Employees traveling at least 100 miles to a site and returning in the same day are eligible to claim lunch on an expense report. Employees on same day travel status are eligible to claim dinner in the event they return home after 7:00 p.m.*

*7:00 p.m. is defined as direct travel time and does not include time taken to stop for dinner.

5. Internet Access – Hotels and Airports

Employees who travel may need to access their e-mail at night. Many hotels provide free high speed internet access and Tyler employees are encouraged to use such hotels whenever possible. If an employee's hotel charges for internet access it is reimbursable up to \$10.00 per day. Charges for internet access at airports are not reimbursable.

6. International Travel

All international flights with the exception of flights between the U.S. and Canada should be reserved through TMC using the "lowest practical coach fare" with the exception of flights that are six (6) or more consecutive hours in length. In such event, the next available seating class above coach shall be reimbursed.

When required to travel internationally for business, employees shall be reimbursed for photo fees, application fees, and execution fees when obtaining a new passport book, but fees related to passport renewals are not reimbursable. Visa application and legal fees, entry taxes and departure taxes are reimbursable.

The cost of vaccinations that are either required for travel to specific countries or suggested by the U.S. Department of Health & Human Services for travel to specific countries, is reimbursable.

Section 4, Meals & Incidental Expenses, and Section 2.b., Rental Car, shall apply to this section.



EXHIBIT C

Maintenance and Support Agreement

We will provide you with the following maintenance and support services for the Tyler Software. Capitalized terms not otherwise defined will have the meaning assigned to such terms in the Agreement.

1. **Term.** We provide maintenance and support services on an annual basis. The initial term commences on the Effective Date and remains in effect for one (1) year. The term will renew automatically for additional one (1) year terms unless terminated in writing by either party at least thirty (30) days prior to the end of the then-current term. We will adjust the term to match your first use of the Tyler Software in live production if that event precedes the one (1) year anniversary of the Effective Date.
2. **Maintenance and Support Fees.** Your year 1 maintenance and support fees for the Tyler Software are listed in the Investment Summary, and your payment obligations are set forth in the Invoicing and Payment Policy. We reserve the right to suspend maintenance and support services if you fail to pay undisputed maintenance and support fees within thirty (30) days of our written notice. We will reinstate maintenance and support services only if you pay all past due maintenance and support fees, including all fees for the periods during which services were suspended.
3. **Maintenance and Support Services.** As long as you are not using the Help Desk as a substitute for our training services on the Tyler Software, and you timely pay your maintenance and support fees, we will, consistent with our then-current Support Call Process:
 - 3.1 perform our maintenance and support obligations in a professional, good, and workmanlike manner, consistent with industry standards, to resolve Defects in the Tyler Software (limited to the then-current version and the immediately prior version); provided, however, that if you modify the Tyler Software without our consent, our obligation to provide maintenance and support services on and warrant the Tyler Software will be void;
 - 3.2 provide telephone support during our established support hours;
 - 3.3 maintain personnel that are sufficiently trained to be familiar with the Tyler Software and Third Party Software, if any, in order to provide maintenance and support services;
 - 3.4 provide you with a copy of all major and minor releases to the Tyler Software (including updates and enhancements) that we make generally available without additional charge to customers who have a maintenance and support agreement in effect; and
 - 3.5 provide non-Defect resolution support of prior releases of the Tyler Software in accordance with our then-current release life cycle policy.

4. **Client Responsibilities.** We will use all reasonable efforts to perform any maintenance and support services remotely. Currently, we use a third-party secure unattended connectivity tool called Bomgar, as well as GotoAssist by Citrix. Therefore, you agree to maintain a high-speed internet connection capable of connecting us to your PCs and server(s). You agree to provide us with a login account and local administrative privileges as we may reasonably require to perform remote services. We will, at our option, use the secure connection to assist with proper diagnosis and resolution, subject to any reasonably applicable security protocols. If we cannot resolve a support issue remotely, we may be required to provide onsite services. In such event, we will be responsible for our travel expenses, unless it is determined that the reason onsite support was required was a reason outside our control. Either way, you agree to provide us with full and free access to the Tyler Software, working space, adequate facilities within a reasonable distance from the equipment, and use of machines, attachments, features, or other equipment reasonably necessary for us to provide the maintenance and support services, all at no charge to us. We strongly recommend that you also maintain a VPN for backup connectivity purposes.

5. **Hardware and Other Systems.** If you are a self-hosted customer and, in the process of diagnosing a software support issue, it is discovered that one of your peripheral systems or other software is the cause of the issue, we will notify you so that you may contact the support agency for that peripheral system. We cannot support or maintain Third Party Products except as expressly set forth in the Agreement.

In order for us to provide the highest level of software support and with respect to hardware and software, you shall be responsible for: (a) all infrastructure executing Tyler Software shall be managed by you; (b) maintaining support contracts for all non-Tyler software associated with Tyler Software (including operating systems and database management systems, but excluding Third-Party Software, if any); and, (c) performing daily database backups and verify that those backups are successful.

6. **Other Excluded Services.** Maintenance and support fees do not include fees for the following services: (a) initial installation or implementation of the Tyler Software; (b) onsite maintenance and support (unless Tyler cannot remotely correct a Defect in the Tyler Software, as set forth above); (c) application design; (d) other consulting services; (e) maintenance and support of an operating system or hardware, unless you are a hosted customer; (f) support outside our normal business hours as listed in our then-current Support Call Process; or (g) installation, training services, or third party product costs related to a new release. Requested maintenance and support services such as those outlined in this section will be billed to you on a time and materials basis at our then current rates. You must request those services with at least one (1) weeks' advance notice.

7. **Current Support Call Process.** Our current Support Call Process for the Tyler Software is attached to this Exhibit C at Schedule 2.



EXHIBIT C

Schedule 1: Service Level Agreement

Agreement Overview

This SLA outlines the information technology service levels that Tyler will provide to Client to ensure the availability of the Hosting Services that Client has requested Tyler to provide. All other support services are documented in the applicable Support Call Process. All defined terms not defined below have the meaning set forth in the Agreement.

Definitions

Attainment: The percentage of time a service is available during a billing cycle, with percentages rounded to the nearest whole number.

Client Error Incident: Any service unavailability resulting from Client's applications, content or equipment, or the acts or omissions of any of Client's service users or third-party providers over whom Tyler exercises no control.

Downtime: Those minutes during which the applicable software products are materially unavailable for Client's use. Downtime does not include those instances in which only a Defect is present.

Service Availability: The total number of minutes in a billing cycle that a given service is capable of receiving, processing, and responding to requests, excluding maintenance windows, Client Error Incidents and Force Majeure.

Service Availability

The Service Availability of the applicable software products is intended to be 24/7/365. Tyler sets Service Availability goals and measures whether Tyler has met those goals by tracking Attainment.

Client Responsibilities

Whenever Client experiences Downtime, Client must make a support call according to the procedures outlined in the applicable Support Call Process exhibit. Client may escalate through the hosting hotline. Client will receive a support incident number. Any Downtime is measured from the time Tyler intakes Client's support incident.

To track attainment, Client must document, in writing, all Downtime that Client has experienced during a billing cycle. For purposes of this Service Level Agreement, billing cycle shall be based on each calendar quarter. Client must deliver such documentation to Tyler within thirty (30) days of a billing cycle's end.

The documentation Client provides must substantiate the Downtime. It must include, for example, the support incident number(s) and the date, time and duration of the Downtime(s).

Tyler Responsibilities

When Tyler's support team receives a call from Client that a Downtime has occurred or is occurring, Tyler will work with Client to identify the cause of the Downtime (including whether it may be the result of a Client Error Incident or Force Majeure). Tyler will also work with Client to resume normal operations.

Upon timely receipt of Client's Downtime report, outlined above, Tyler will compare that report to Tyler's own outage logs and support tickets to confirm that a Downtime for which Tyler was responsible indeed occurred.

Tyler will respond to Client's Downtime report within thirty (30) days of receipt. To the extent Tyler has confirmed Downtime for which Tyler is responsible, Tyler will provide Client with the relief set forth below.

Client Relief

When a Service Availability goal is not met due to Client's confirmed Downtime, Tyler will provide Client with relief that corresponds to the percentage amount by which that goal was not achieved, as set forth in the Client Relief Schedule below.

Notwithstanding the above, the total amount of all relief that would be due under this SLA will not exceed 5% of the fee for any one billing cycle. Issuing of such credit does not relieve Tyler of its obligations under the Agreement to correct the problem which created the service interruption. A correction may occur in the billing cycle following the service interruption. In that circumstance, if service levels do not meet the corresponding goal for that later billing cycle, Client's total credits will be doubled, with equal relief being provided in that later billing cycle.

Client Relief Schedule

Targeted Attainment	Actual Attainment	Client Relief
100%	98-99%	Remedial action will be taken at no additional cost to Client.
100%	95-97%	Remedial action will be taken at no additional cost to Client. 4% credit of fee for affected billing cycle will be posted to next billing cycle
100%	<95%	Remedial action will be taken at no additional cost to Client. 5% credit of fee for affected billing cycle will be posted to next billing cycle

Client may request a report from Tyler that documents the preceding billing cycle's Service Availability, Downtime, any remedial actions that have been/will be taken, and any credits that may be issued. That report is available by contacting the hosting hotline through the support portal(s).

Applicability

The commitments set forth in this SLA do not apply during maintenance windows, Client Error Incidents, and Force Majeure.

Tyler performs maintenance during limited windows that are historically known to be reliably low-traffic times. If and when maintenance is predicted to occur during periods of higher traffic, Tyler will provide advance notice of those windows and will coordinate to the greatest extent possible with Client. When maintenance is scheduled to occur, Tyler will provide approximately two (2) weeks' advance written notice to the contact information that Client supplies on Client notification form. When emergency maintenance is scheduled, Client will receive an email at that same contact point.

Force Majeure

Client will not hold Tyler responsible for meeting service levels outlined in this SLA to the extent any failure to do so is caused by Force Majeure. In the event of Force Majeure, Tyler will file with Client a signed request that said failure be excused. That writing will include the details and circumstances supporting Tyler's request for relief with clear and convincing evidence pursuant to this provision. Client will not unreasonably withhold its acceptance of such a request.



EXHIBIT C

Schedule 2: Support Call Process

Support Channels

Tyler Technologies, Inc. provides the following channels of software support:

- (1) Tyler Community – an on-line resource, Tyler Community provides a venue for all Tyler clients with current maintenance agreements to collaborate with one another, share best practices and resources, and access documentation.
- (2) On-line submission (portal) – for less urgent and functionality-based questions, users may create unlimited support incidents through the customer relationship management portal available at the Tyler Technologies website.
- (3) Email – for less urgent situations, users may submit unlimited emails directly to the software support group.
- (4) Telephone – for urgent or complex questions, users receive toll-free, unlimited telephone software support.

Support Resources

A number of additional resources are available to provide a comprehensive and complete support experience:

- (1) Tyler Website – www.tylertech.com – for accessing client tools and other information including support contact information.
- (2) Tyler Community – available through login, Tyler Community provides a venue for clients to support one another and share best practices and resources.
- (3) Knowledgebase – A fully searchable depository of thousands of documents related to procedures, best practices, release information, and job aides.
- (4) Program Updates – where development activity is made available for client consumption.

Support Availability

Tyler Technologies support is available during the local business hours of 8 AM to 5 PM (Monday – Friday) across four US time zones (Pacific, Mountain, Central and Eastern). Clients may receive coverage across these time zones.

Tyler's Brazos eCitations solutions offers 24/7 support of the product and software.

Tyler's holiday schedule is outlined below. There will be no support coverage on these days.

New Year's Day	Thanksgiving Day
Memorial Day	Day after Thanksgiving
Independence Day	Christmas Day
Labor Day	

Issue Handling

Incident Tracking

Every support incident is logged into Tyler's Customer Relationship Management System and given a unique incident number. This system tracks the history of each incident. The incident tracking number is used to track and reference open issues when clients contact support. Clients may track incidents, using the incident number, through the portal at Tyler's website or by calling software support directly.

Incident Priority

Each incident is assigned a priority number, which corresponds to the client's needs and deadlines. The client is responsible for reasonably setting the priority of the incident per the chart below. The goal of this structure is to help the client clearly understand and communicate the importance of the issue and to describe expected responses and resolutions.

Priority Level	Characteristics of Support Incident	Resolution Targets
1 Critical	Support incident that causes (a) complete application failure or application unavailability; (b) application failure or unavailability in one or more of the client's remote location; or (c) systemic loss of multiple essential system functions.	Tyler shall provide an initial response to Priority Level 1 incidents within one (1) business hour of receipt of the support incident. Tyler shall use commercially reasonable efforts to resolve such support incidents or provide a circumvention procedure within one (1) business day. Tyler's responsibility for lost or corrupted data is limited to assisting the client in restoring its last available database.
2 High	Support incident that causes (a) repeated, consistent failure of essential functionality affecting more than one user or (b) loss or corruption of data.	Tyler shall provide an initial response to Priority Level 2 incidents within four (4) business hours of receipt of the support incident. Tyler shall use commercially reasonable efforts to resolve such support incidents or provide a circumvention procedure within ten (10) business days. Tyler's responsibility for loss or corrupted data is limited to assisting the client in restoring its last available database.
3 Medium	Priority Level 1 incident with an existing circumvention procedure, or a Priority Level 2 incident that affects only one user or for which there is an existing circumvention procedure.	Tyler shall provide an initial response to Priority Level 3 incidents within one (1) business day of receipt of the support incident. Tyler shall use commercially reasonable efforts to resolve such support incidents without the need for a circumvention procedure with the next published maintenance update or service pack. Tyler's responsibility for lost or corrupted data is limited to assisting the client in restoring its last available database.

Priority Level	Characteristics of Support Incident	Resolution Targets
4 Non-critical	Support incident that causes failure of non-essential functionality or a cosmetic or other issue that does not qualify as any other Priority Level.	Tyler shall provide an initial response to Priority Level 4 incidents within two (2) business days. Tyler shall use commercially reasonable efforts to resolve such support incidents, as well as cosmetic issues, with a future version release.

Incident Escalation

Tyler Technology's software support consists of four levels of personnel:

- (1) Level 1: front-line representatives
- (2) Level 2: more senior in their support role, they assist front-line representatives and take on escalated issues
- (3) Level 3: assist in incident escalations and specialized client issues
- (4) Level 4: responsible for the management of support teams for either a single product or a product group

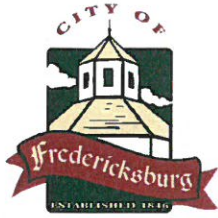
If a client feels they are not receiving the service needed, they may contact the appropriate Software Support Manager. After receiving the incident tracking number, the manager will follow up on the open issue and determine the necessary action to meet the client's needs.

On occasion, the priority or immediacy of a software support incident may change after initiation. Tyler encourages clients to communicate the level of urgency or priority of software support issues so that we can respond appropriately. A software support incident can be escalated by any of the following methods:

- (1) Telephone – for immediate response, call toll-free to either escalate an incident's priority or to escalate an issue through management channels as described above.
- (2) Email – clients can send an email to software support in order to escalate the priority of an issue
- (3) On-line Support Incident Portal – clients can also escalate the priority of an issue by logging into the client incident portal and referencing the appropriate incident tracking number.

Remote Support Tool

Some support calls require further analysis of the client's database, process or setup to diagnose a problem or to assist with a question. Tyler will, at its discretion, use an industry-standard remote support tool. Support is able to quickly connect to the client's desktop and view the site's setup, diagnose problems, or assist with screen navigation. More information about the remote support tool Tyler uses is available upon request.



CITY COUNCIL MEMO

DATE: October 29, 2018

TO: Mayor and City Council

FROM: Kent Myers, City Manager

SUBJECT: Annual Contract-Convention and Visitor's Bureau

Summary:

The annual contract with the Convention and Visitor's Bureau (CVB) is being submitted for your consideration.

Recommendation:

It is recommended that the annual contract with the CVB be approved.

Background / Analysis:

Every year the City enters into a contract with the CVB for services that will be tourism-related services that will be provided that are funded by the City and County HOT proceeds. This year there are no changes from the previous contract with the funding from City HOT revenues remaining the same.

Attachments:

Annual HOT Contract


Department Approval


City Manager Approval

The City of Fredericksburg

Agenda Packet Item 45

HOTEL OCCUPANCY TAX GRANT AGREEMENT – 2018/2019

This Hotel Occupancy Tax Grant Agreement (“Agreement”) is entered into by and between the City of Fredericksburg (“City”), a political subdivision of the State of Texas with an address of 126 W. Main Street, Fredericksburg, Texas, 78624, and the Fredericksburg Convention and Visitor Bureau, Inc. (“Grantee”), with an address of 302 E. Austin Street, Fredericksburg, Texas, 78624.

NOW, THEREFORE, the City and Grantee hereby agree as follows:

1. **Term.** Unless terminated earlier as provided herein, this Agreement shall commence on October 1, 2018, and terminate on September 30, 2019.
2. **Grantee Activities.**
 - (a) **Services.** Grantee shall conduct activities or hold programs or events (to be known collectively as “Services”) as follows:
 - i. Conduct a continuing program of advertising and promotion for the purpose of attracting visitors, tourists, and conventions to the local area and to the City of Fredericksburg, by publishing and distributing brochures and community information packets, by advertising in various tourist publications and general media publications which are appropriate, by representing the City of Fredericksburg and its vicinity at travel shows and other such events, by participating with state and regional agencies in tourist development programs of benefit to the local area and to the City of Fredericksburg, and by using all appropriate means to increase the traveling public’s awareness of the resort and recreational advantages of the local area and the City of Fredericksburg; and
 - ii. Provide tourist-related information about the City of Fredericksburg and its vicinity upon request, and serve as an advisory body to the City, upon request, in matters related to enhancing and promoting tourism and the convention and hotel industry within the City; and
 - iii. Provide employees, equipment, supplies and other administrative support or materials as may be necessary to perform the Grantee’s duties and obligation under this Agreement, and to accomplish the purposes of this Agreement.
 - (b) **Promotion of Tourism.** The Services shall directly enhance and promote tourism and the convention and hotel industry within the City, and shall comply with the requirements set forth in Chapter 351 of the Texas Tax Code.

3. **Grant of funds.** As consideration for Grantee’s promise to perform the Services, City shall pay

a disbursement of municipal Hotel Occupancy Tax revenue (“HOT Funds”) to Grantee. The Grantee shall only expend the HOT Funds in compliance with Chapter 351 of the Texas Tax Code, for expenses incurred by Grantee in the performance of the Services and for actual administrative costs incurred in day-to-day operations, including supplies, salaries, office rental, travel expenses, and other administrative costs, if same have been previously approved by City in the budget and if directly related to the promotion of tourism and the convention and hotel industry.

The City shall pay HOT Funds to the Grantee in the amount of Two Million, Three Hundred and Thirty Thousand and NO/100 Dollars (\$2,330,000.00), to be paid as follows:

Date of payment	Amount of payment
October 1, 2018	\$582,500.00
January 1, 2019	\$582,500.00
April 1, 2019	\$582,500.00
July 1, 2019	\$582,500.00

4. **Grantee Budget, Recordkeeping and Reporting.**

- (a) **Budget.** Prior to disbursement of any HOT Funds to Grantee under this Agreement, Grantee shall provide to the City a proposed budget for the term of this Agreement, and said budget must be approved by the City Council of the City of Fredericksburg (“City Council”). The Parties agree and acknowledge that a fiduciary duty is created in the Grantee with respect to disbursement and expenditure of HOT Funds in accordance with the approved budget, and any budget amendments shall be approved in advance by the City Council.
- (b) **Recordkeeping.** Grantee shall maintain complete and accurate financial records (“HOT Records”) of each expenditure of HOT Funds received by Grantee under this Agreement. Grantee shall retain HOT Records required under this Agreement for a period of two (2) years from the date of expenditure, and shall promptly make said HOT Records available for inspection and review by City upon request. Grantee shall maintain HOT Funds in a segregated bank account established for the sole purpose of holding HOT Funds, and Grantee shall not commingle HOT Funds with any other funds.
- (c) **Reports.** Grantee shall provide to the City a quarterly financial report (“HOT Report”), listing the activities that are conducted by Grantee using HOT Funds received under this Agreement. The quarterly HOT Report shall be submitted to the City on or before January 31st, April 30th, July 31st, and October 31st of each year. Grantee shall provide to the City an audited annual financial statement, on or before October 31, 2019, listing all expenditures of HOT Funds by Grantee under this Agreement.

5. **Termination.**

- (a) **Breach.** This Agreement may be terminated by the non-defaulting party upon a breach of a material term or condition of this Agreement, when said breach is not cured by defaulting party within ninety (90) calendar days of receiving written notice of breach from the non-defaulting party.
 - (b) **Non-appropriation.** This Agreement is subject to the availability and appropriation of budgeted HOT Funds by City. In the event receipt of HOT Funds by the City are inadequate to meet the payment schedule set forth in this Agreement, the City agrees that it will utilize any available unallocated funds within the Hotel Occupancy Tax account of the City to make such payments, and if said available unallocated funds are inadequate, the City will pro-rate the available HOT Funds among all recipients thereof. In the event that receipt of HOT Funds by the City are inadequate to meet the payment schedule set forth in this Agreement, any delinquent HOT Funds collected by the City will be paid to the Grantee when received by City, up to the amount set forth in Paragraph 3 of this Agreement. Upon an occurrence of non-availability of HOT funds to City, for any reason, this Agreement shall terminate and the City shall not be obligated to pay any City funds to the Grantee.
6. **Survival upon Termination.** Upon termination of this Agreement, the provisions set forth in Section 4(b) and Section 10(h) of this Agreement shall survive termination of this Agreement.
7. **Relationship of Parties.** The Parties agree and acknowledge that Grantee is not an employee or agent of City. City shall not be liable for employment or withholding taxes for Grantee. Grantee is solely liable for Grantee's expenses incurred in performing the Services. Grantee shall not, by reason of this Agreement, acquire any benefits, privileges or rights under any benefit offered by City or its subsidiaries or affiliates for the benefit of City employees or volunteers. Grantee agrees and acknowledges that Grantee is not authorized to enter into any contract or obligation on behalf of, or as an agent of, the City.
8. **Force Majeure.** A defaulting party shall not be liable for delays in the performance of its obligations hereunder when the default is caused by acts of God, inability to obtain labor or materials or reasonable substitutes therefor, governmental restrictions or regulations, acts of war, civil unrest, fire or other casualty, or any causes beyond the reasonable control of the defaulting party.
9. **Assignment.** This Agreement may not be assigned by Grantee without the prior written consent of City, which consent may be withheld in the sole discretion of City. This Agreement shall inure to the benefit of City and its successors or assigns. Grantee may contract with regional or state tourism programs or agencies for participation in joint

promotion programs.

10. **Miscellaneous.**

- (a) This Agreement shall be governed by the laws of the State of Texas. Any litigation or other legal action under this Agreement shall be filed in a court of proper jurisdiction in Gillespie County, Texas.
- (b) This Agreement may only be amended or modified by a written amendment executed by the Parties.
- (c) All notices and other communications hereunder shall be in writing and shall be given by certified mail, return receipt requested, postage prepaid, addressed and sent to the party's address as set forth in the first paragraph of this Agreement, or to such other address as either party may have furnished to the other party. Notices and communications are deemed effective upon deposit with the U.S. Mail.
- (d) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. This Agreement may be executed in counterparts that together shall constitute a single agreement.
- (e) The failure of City at any time to enforce performance by Grantee of any provisions of this Agreement shall in no way affect City's rights thereafter to enforce the same, nor shall the waiver by City of any breach of any provision hereof be held to be a waiver of any other breach of the same or any other provision.
- (f) It is expressly agreed by the Parties that this Agreement does not bind the City in the future as to any action of the City Council in connection with the alteration, repeal, or amendment of the City's Hotel Occupancy Tax Ordinance (Chapter 41, Article IV). It is expressly agreed by the Parties that in the event that HOT funds are not collected by the City under the provisions of the City's Hotel Occupancy Tax Ordinance, for any reason, the City shall not be obligated under this Agreement to pay any funds of the City to the Grantee. It is expressly agreed by the Parties that Grantee shall have no right or demand upon the City for funds payable under this Agreement if HOT funds are not available, for any reason.
- (g) Grantee shall carry general liability insurance with minimum coverage limits of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00) for each occurrence and ONE MILLION AND NO/100 DOLLARS (1,000,000.00) cumulative. Said insurance policy shall name the City as an additional insured, and an insurance certificate evidencing coverage shall be filed with the City.
- (h) **GRANTEE SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS CITY**

AND ITS OFFICERS, DIRECTORS, AGENTS, EMPLOYEES AND VOLUNTEERS, FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, LOSSES, DAMAGES, COSTS AND EXPENSES INCLUDING REASONABLE ATTORNEYS' FEES, ARISING OUT OF OR RELATING TO GRANTEE'S PERFORMANCE UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO GRANTEE'S ACTS OR OMISSIONS, INCLUDING NEGLIGENT OR WILLFUL ACTS OR OMISSIONS BY GRANTEE OR ANYONE GRANTEE HAS ENGAGED TO PERFORM ANY PORTION OF THE SERVICES, GRANTEE'S BREACH OF THIS AGREEMENT, OR ANY CLAIM FOR TAXES THAT MIGHT ARISE OR BE IMPOSED DUE TO THIS AGREEMENT OR THE GRANTEE'S PERFORMANCE OF SERVICES HEREUNDER.

- (i) This Agreement shall in all cases be construed simply, as a whole, and in accordance with its fair meaning. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. In the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement shall not be interpreted or construed against the party preparing it.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date set forth below.

City

Grantee

By: _____

Kent Myers, City Manager

Date: _____

By: _____

Printed Name: _____

Title: _____

Date: _____



CITY COUNCIL MEMO

DATE: October 29, 2018
TO: Mayor and City Council
FROM: Kent Myers, City Manager
SUBJECT: CVB Board Appointments

Summary:

The Convention and Visitor's Bureau has requested that the City Council approve the appointment of three new members to their Board of Directors.

Recommendation:

As requested by the CVB, it is recommended that the following individuals be appointed to the CVB Board of Directors:

Mary Easterling of Easterling Custom Boots- reappointment to a 3-year term

Linda Goldsmith with Luckenbach, Texas-reappointment to a 3-year term

Larry Jackson with Larry Jackson Fine Arts and Antiques-appointment to a 3-year term

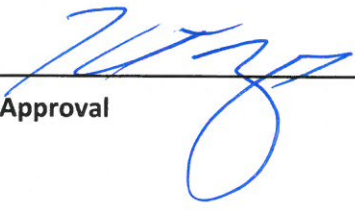
Background / Analysis:

Attachments:

Agenda Packet Item 51

The City of Fredericksburg

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



Department Approval

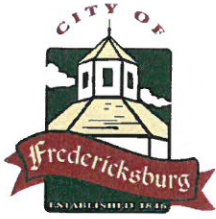


City Manager Approval

Agenda Packet Item 52

The City of Fredericksburg

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



CITY COUNCIL MEMO

DATE: October 29, 2018

TO: Mayor and City Council

FROM: Kent Myers, City Manager

SUBJECT: Ordinance Authorizing the Issuance of Utility Revenues Bonds

Summary:

The City is proposing to issue utility revenue bonds to fund needed improvements to the City's water system.

Recommendation:

It is recommended that the attached ordinance authorizing the issuance of utility system revenue bonds be approved.

Background / Analysis:

The City Council has been fully briefed at several recent meetings about improvements needed to the City water system. This includes the construction of three new water tanks, new water main and associated improvements to the City water pumps. These are all improvements that have been identified in the City Utility Master Plan. If the ordinance is approved, then our Financial Advisor will proceed with taking bids for the purchase of the bonds. It is expected that the purchase of the bonds will be completed with the City receiving the bond proceeds by November 28.

Attachments:

Ordinance Approving the Issuance of Bonds

Agenda Packet Item 53

The City of Fredericksburg



Department Approval



City Manager Approval

Agenda Packet Item 54

The City of Fredericksburg

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



NORTON ROSE FULBRIGHT

October 30, 2018

Via E-Mail
Via Federal Express

Mr. Kent Myers
City Manager
City of Fredericksburg, Texas
126 West Main Street
Fredericksburg, Texas 78624

Norton Rose Fulbright US LLP
300 Convent Street, Suite 2100
San Antonio, Texas 78205-3792
United States

W. Jeffrey Kuhn
Partner
Direct line +1 210 270 7131
w.jeffrey.kuhn@nortonrosefulbright.com

Tel +1 210 224 5575
Fax +1 210 270 7205
nortonrosefulbright.com

Re: City of Fredericksburg, Texas Utility System Revenue Bonds, Series 2018

Dear Kent:

I enclose the following documents pertaining to the captioned financing for execution at the November 5, 2018 regular meeting of the City Council:

1. Ordinance authorizing issuance of the Bonds (one copy and five signature pages). **Please have both sets of signature pages executed;**
2. City Secretary's Certificate pertaining to the above Ordinance (two copies and five signature pages);
3. Paying Agent/Registrar Agreement (one copy and five signature pages);
4. General Certificate (one copy and five signature pages);
5. Signature and No-Litigation Certificate (one copy and five signature pages). **This document must be notarized;**
6. Certificate as to Official Statement (one copy and five signature pages);
7. Certificate as to Tax Exemption (one copy and five signature pages);
8. IRS Form 8038-G (one copy and five signature pages);
9. Instruction Letter to the Comptroller of Public Accounts (one copy and five signature pages);
10. Instruction Letter to the Paying Agent/Registrar (one copy and five signature pages);
11. Receipt (one copy and five signature pages);
12. Initial Bond (one original and two signature pages; and

Agenda Packet Item 55

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

73344830.1

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com.

13. Definitive Bond (one original and five signature pages).

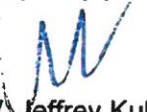
Please return one completed copy of the City Secretary's Certificate, and all executed signature pages to me. The completed copies of the aforementioned documents should be retained for the files of the City.

We will send the appropriate revised documents to the City when the "winning bidder" is determined. We will coordinate with the Paying Agent/Registrar to obtain its execution pages. Mr. Dan Wegmiller will coordinate the revisions to the Official Bid Form and getting it executed by the City and the winning bidder. In addition, Mr. Wegmiller will ensure that the winning bidder completes, executes, and files the HB 1295 form with the Texas Ethics Commission, if necessary.

I look forward to seeing you on November 5, 2018.

Thank you, in advance, for your prompt attention to this matter. If I can provide any additional assistance concerning this matter, please do not hesitate to contact me.

Very truly yours,



W. Jeffrey Kuhn

WJK/jcq
Enclosures

cc: Mr. Clinton Bailey (City of Fredericksburg, Texas)
Mr. Kris Kneese (City of Fredericksburg, Texas)
Ms. Shelley Goodwin (City of Fredericksburg, Texas)
Mr. Daniel Jones (City of Fredericksburg, Texas)
Mr. Dan Wegmiller (Specialized Public Finance Inc.)
Ms. Kristin Merz (Specialized Public Finance Inc.)
Ms. Monica Melvin (Specialized Public Finance Inc.)
Mr. Clay Binford (Firm)
Ms. Stephanie V. Leibe (Firm)
Mr. Adam Harden (Firm)
Mr. Arnold Cantu III (Firm)
Ms. Lauren N. Ferrero (Firm)
Mr. John D. Hall (Firm)
Mr. Matthew A. Lee (Firm)

ORDINANCE NO. 2018-024

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG, TEXAS AUTHORIZING THE ISSUANCE OF "CITY OF FREDERICKSBURG, TEXAS UTILITY SYSTEM REVENUE BONDS, SERIES 2018"; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS, TOGETHER WITH CERTAIN CURRENTLY OUTSTANDING PREVIOUSLY ISSUED BONDS, BY A FIRST AND PRIOR LIEN ON AND PLEDGE OF THE PLEDGED REVENUES OF THE CITY'S COMBINED UTILITY SYSTEM; PROVIDING THE TERMS AND CONDITIONS OF SUCH BONDS; RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL AND DISTRIBUTION OF AN OFFICIAL STATEMENT; 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 FOR AN EFFECTIVE DATE

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ORDINANCE NO. 2018-024

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF FREDERICKSBURG, TEXAS AUTHORIZING THE ISSUANCE OF “CITY OF FREDERICKSBURG, TEXAS UTILITY SYSTEM REVENUE BONDS, SERIES 2018”; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS, TOGETHER WITH CERTAIN CURRENTLY OUTSTANDING PREVIOUSLY ISSUED BONDS, BY A FIRST AND PRIOR LIEN ON AND PLEDGE OF THE PLEDGED REVENUES OF THE CITY’S COMBINED UTILITY SYSTEM; PROVIDING THE TERMS AND CONDITIONS OF SUCH BONDS; RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL AND DISTRIBUTION OF AN OFFICIAL STATEMENT; 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 FOR AN EFFECTIVE DATE

WHEREAS, the City Council (the *City Council*) of the City of Fredericksburg, Texas (the *City*) has determined that revenue bonds (the *Bonds*) payable from and equally and ratably secured, together with the currently outstanding revenue bonds (hereinafter defined as the *Previously Issued Bonds*) solely by a first and prior lien on and pledge of the Pledged Revenues (hereinafter defined) of the City’s combined water and wastewater system (as further defined and described herein, the *System*) should be issued for the purposes hereinafter described; and

WHEREAS, the City is empowered by the provisions of Chapter 1502, as amended, Texas Government Code and the City’s Home Rule Charter to issue the Bonds; and

WHEREAS, the City intends to utilize the proceeds of the Bonds for the purpose of acquiring, purchasing, constructing, improving, extending, renovating, enlarging, equipping, or repairing the System and to pay the costs of issuing the Bonds; and

WHEREAS, the City Council hereby finds and determines that the Bonds can and should be issued as Additional Prior Lien Obligations (hereinafter defined) on a parity with the Previously Issued Bonds in that (i) the City is not in default as to any covenant, obligation or agreement contained in any ordinance or other proceeding relating to any obligations of the City payable from and secured by a lien on and pledge of the Net Revenues of the System that would materially affect the security or payment of such obligations and payments into all special funds or accounts created and established for the payment and security of all outstanding obligations payable from and secured by a lien on and pledge of the Net Revenues of the System have been made and that the

amounts on deposit in such special funds or accounts are the amounts then required to be on deposit therein, (ii) the laws of the State of Texas provide for the issuance of the Bonds, (iii) the City Manager or Director of Finance executes a certificate to the effect that, according to the books and records of the City, the Net Earnings of the System, for the Fiscal Year (hereinafter defined) next preceding the date that the Bonds are to be issued are equal to at least (i) 1.20 times the Average Annual Debt Service (hereinafter defined) after the issuance of the Bonds; (iv) the Bonds mature on February 15; and (v) this Ordinance provides that the amount to be accumulated and maintained in the Reserve Fund, if any, shall be in an amount equal to not less than the Required Reserve after giving effect to the issuance of the Bonds, and provides that any additional amount to be maintained in the Reserve Fund shall be accumulated within sixty (60) months from the date the Bonds are delivered; and

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

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

SECTION 1: Authorization - Designation - Principal Amount - Purpose. Revenue bonds of the City shall be and are hereby authorized to be issued in the aggregate principal amount of _____ THOUSAND AND NO/100 DOLLARS (\$ _____), to be designated and bear the title of "CITY OF FREDERICKSBURG, TEXAS UTILITY SYSTEM REVENUE BONDS, SERIES 2018" (the *Bonds*), pursuant to an ordinance adopted by the City Council (the *Ordinance*) for the purpose of (i) acquiring, purchasing, constructing, improving, extending, renovating, enlarging, equipping, or repairing the City's System and (ii) paying the costs of issuing the Bonds. The Bonds shall be payable from and equally and ratably secured, together with the currently outstanding Previously Issued Bonds, solely by a first and prior lien on and pledge of the Pledged Revenues (hereinafter defined) of the System. The Bonds are authorized to be issued pursuant to the authority conferred by and in conformity with the laws of the State of Texas, particularly Chapter 1502, as amended, Texas Government Code, the City's Home Rule Charter, and the Ordinance.

SECTION 2: Fully Registered Obligations - Authorized Denominations - Stated Maturities - Interest Rates – Bond Date. The Bonds are issuable in fully registered form only; shall be dated November 28, 2018 (the *Bond Date*), and shall be in denominations of \$5,000 or any integral multiple thereof and shall be lettered "R" and numbered consecutively from One (1) upward. The Bonds 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, 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>Year of Stated Maturity</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
2019		
2020		
2021		

<u>Year of Stated Maturity</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		

The Bonds shall bear interest on the unpaid principal amount thereof at the per annum rates shown above, computed on the basis of a 360-day year of twelve 30-day months, and interest thereon shall be payable on February 15 and August 15 of each year (each, an *Interest Payment Date*), commencing February 15, 2019, while the Bonds are Outstanding.

SECTION 3: Payment of Bonds - Interest Payments - Paying Agent/Registrar. The principal of, premium, if any, and interest on the Bonds, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable, without exchange or collection charges to the Holder (as hereinafter defined), appearing on the registration and transfer books maintained by the Paying Agent/Registrar (hereinafter defined), 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 and interest on the Bonds shall be without exchange or collection charges to the Holder (as hereinafter defined) of the Bonds.

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 Bonds 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 Bonds, 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 the City may prescribe. The City covenants to maintain and provide a Paying Agent/Registrar at all times while the Bonds 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 Bonds 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 Bonds, due and payable by reason of Stated Maturity, redemption or otherwise, shall be payable only to the registered owner of the Bonds appearing on the Security Register (the *Holder* or *Holders*) 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 Bonds for purposes of receiving payment of principal thereof upon redemption of the Bonds or at the Bonds' Stated Maturity or upon redemption of the Bonds, 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 Bond 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 Bonds shall be payable only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its corporate trust office. Interest on the Bonds 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 Bonds (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 Bonds 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 Bonds 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 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 of Bonds. The Bonds stated to mature on February 15, 20__ are referred to herein as the "Term Bonds". The Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Bond 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 Bonds
Stated to Mature
on February 15, 20__

<u>Year</u>	<u>Principal Amount (\$)</u>
-------------	----------------------------------

*

*Payable at Stated Maturity.

The principal amount of a Term Bond 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 Bonds 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 cancelled by the Paying Agent/Registrar at the request of the City with money in the Bond Fund (and not the Reserve Fund), 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 Bonds 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 Bonds (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 Bonds, 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 Bonds shall be entered in the minutes of the governing body of the City.

(d) Selection of Bonds for Redemption. If less than all Outstanding Bonds 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 Bonds to be redeemed, provided that if less than the entire principal amount of a Bond is to be redeemed, the Paying Agent/Registrar shall treat such Bond then subject

to redemption as representing the number of Bonds Outstanding which is obtained by dividing the principal amount of such Bond by \$5,000.

(e) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, the Paying Agent Registrar shall cause a notice of redemption to 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 Bond 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. 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*).

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds 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 Bonds, 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 Bonds, 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 Bond 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 Bond (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 Bonds (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 said Bonds (or the principal amount thereof to be redeemed) called for redemption shall cease to accrue, and such Bonds shall not be deemed to be Outstanding in accordance with the provisions of this Ordinance.

(f) Transfer/Exchange. Neither the City nor the Paying Agent/Registrar shall be required to (i) transfer or exchange any Bond during a period beginning forty-five (45) days prior to the date fixed for redemption of the Bonds or (ii) to transfer or exchange any Bond 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 Bond which is subject to redemption in part.

SECTION 5: Execution - Registration. The Bonds shall be executed on behalf of the City by its Mayor or Mayor Pro Tem, its seal reproduced or impressed thereon, and attested by its City Secretary. The signature of any of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who were, at the time of the Bond 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 Bonds to the Purchasers

(hereinafter defined), all as authorized and provided in Chapter 1201, as amended, Texas Government Code.

No Bond shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Bond 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 Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified or registered and delivered.

SECTION 6: Registration - Transfer - Exchange of Bonds - Predecessor Bonds. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of every owner of the Bonds, or, if appropriate, the nominee thereof. Any Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for Bonds of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Bond 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 Bond 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 Bonds of authorized denomination and having the same Stated Maturity and of a like interest rate and aggregate principal amount as the Bond or Bonds surrendered for transfer.

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

All Bonds issued upon any transfer or exchange of Bonds 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 Bonds surrendered upon such transfer or exchange.

All transfers or exchanges of Bonds 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 fee, tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be Predecessor Bonds, evidencing all or a portion, as the case may be, of the

same debt evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term Predecessor Bonds shall include any Bond registered and delivered pursuant to Section 30 in lieu of a mutilated, lost, destroyed, or stolen Bond which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

SECTION 7: Initial Bond. The Bonds herein authorized shall be issued initially either as a single fully-registered Bond in the total principal amount of \$_____ with principal installments to become due and payable as provided in Section 2 and numbered T-1, or as one (1) fully-registered Bond 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 Bond*) and, in either case, the Initial Bond shall be registered in the name of the Purchasers or the designee thereof. The Initial Bond shall be the Bonds 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 Bond, the Paying Agent/Registrar, upon written instructions from the Purchasers or their designee, shall cancel the Initial Bond delivered hereunder and exchange therefor definitive Bonds 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 Bonds, 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 Bonds 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 Bonds, or any Stated Maturities thereof, are insured 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 referenced)) thereon as may, consistent herewith, be established by the City or determined by the officers executing the Bonds as evidenced by their execution thereof. Any portion of the text of any Bond may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The definitive Bonds 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 Bonds as evidenced by their execution thereof, but the Initial Bond submitted to the Attorney General of the State of Texas may be typewritten or photocopied or otherwise reproduced.

(b) Form of Definitive Bond.

REGISTERED
NO.

REGISTERED
PRINCIPAL AMOUNT
\$ _____

United States of America
State of Texas
County of Gillespie
CITY OF FREDERICKSBURG, TEXAS
UTILITY SYSTEM REVENUE BONDS,
SERIES 2018

Bond Date:
November 28, 2018

Interest Rate:

Stated Maturity:

CUSIP No.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Fredericksburg, Texas (the *City*), a body corporate and municipal corporation in the County of Gillespie, State of Texas, for value received, 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 (computed on the basis of a 360-day year of twelve 30-day months) from the Closing Date specified above, or from the most recent Interest Payment Date 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; such interest being payable on February 15 and August 15 of each year (each, an *Interest Payment Date*) commencing February 15, 2019.

Principal and premium, if any, of the Bond 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 Bond (or one or more Predecessor Bonds, 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 Bond 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 Bond is one of the series specified in its title issued in the aggregate principal amount of \$ _____ (the *Bonds*) pursuant to an ordinance adopted by the governing body of the City

(the *Ordinance*), for the purpose of (i) acquiring, purchasing, constructing, improving, extending, renovating, enlarging, equipping, or repairing the City's System (defined herein) and (ii) paying the costs of issuing the Bonds. The Bonds are authorized to be issued pursuant to the authority conferred by and in conformity with the laws of the State of Texas, particularly Chapter 1502, as amended, Texas Government Code, the City's Home Rule Charter, and the Ordinance.

The Bonds stated to mature on February 15, 20__ are referred to herein as the "Term Bonds". The Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Bond 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 Bonds
Stated to Mature
on February 15, 20__

<u>Year</u>	<u>Principal Amount (\$)</u>
-------------	----------------------------------

*

*Payable at Stated Maturity.

The principal amount of a Term Bond 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 Bonds 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 with money in the Bond Fund (and not the Reserve Fund), or (3) shall have been redeemed pursuant to the optional redemption provisions set forth below and not theretofore credited against a mandatory redemption requirement.

The Bonds stated to mature on and after February 15, 2027 may be redeemed prior to their Stated Maturities, at the option of the City, on February 15, 2026, or on any date thereafter, in 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, together with accrued interest to the date of redemption, and upon thirty (30) days prior written notice being given by United States Mail, first-class postage prepaid, to Holders of the Bonds to be redeemed, and subject to the terms and provisions relating thereto contained in the Ordinance. If this Bond 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 Bond to the Paying Agent/Registrar at its corporate trust office, a new Bond or Bonds 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 Bond (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 Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if 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 Bond 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 Bond 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 Bonds of this series are special obligations of the City payable from and equally and ratably secured, together with the currently outstanding Previously Issued Bonds, solely by a first and prior lien on and pledge of the Pledged Revenues, comprised primarily of Net Revenues of the City derived from its ownership and operation of the City's combined water and wastewater system (as further described and defined in the Ordinance, the *System*). In the Ordinance, the City retains the right to issue Additional Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, or Limited Pledge Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions set forth in the Ordinance as may be applicable thereto under law or otherwise. The Bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the City or System, except with respect to the Pledged Revenues.

The Holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

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 and nature of the Pledged Revenues of the System pledged for the payment of the Bonds; the terms and conditions under which the City may issue Additional Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Limited Pledge Obligations; the terms and conditions relating to the transfer or exchange of the Bonds; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Bond 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 Bond, 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 Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued 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 Bond 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 Bond in order to render the same a legal, valid, and binding special 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 Bonds does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a pledge of and lien on the Pledged Revenues of the System. In case any provision in this Bond 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 Bond and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

[The remainder of this page intentionally left blank.]

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

CITY OF FREDERICKSBURG, TEXAS

By _____
Mayor

ATTESTED:

City Secretary

(CITY SEAL)

Agenda Packet Item 72

(c) *Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Bond Only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and 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 Bond.

(d) Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds Only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been duly issued under the provisions of the within-mentioned Ordinance; the Bond or Bonds 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

Agenda Packet Item 73

(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 Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond 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 Bond in every particular.

Signature guaranteed:

(f) The Initial Bond shall be in the form set forth in paragraph B of this Section, except that the form of a single fully registered Initial Bond shall be modified as follows:

(i) immediately under the name of the Bond 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, hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount specified above 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)

Agenda Packet Item 74

(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 November 28, 2018) or from the most recent Interest Payment Date (hereinafter defined) 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 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, 2019.

Principal of this Bond shall be payable to the Registered Owner hereof (the *Holder*), upon its presentation and surrender, 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 Bond 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 Bond 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.

[END OF FORM]

(g) Insurance Legend. If bond insurance is obtained by the Purchasers or the City for the Bonds, the definitive Bonds and the Initial Bond(s) 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: the terms defined in this Section have the meanings assigned to them in this Section, and certain terms used in Sections 32 and 47 of this Ordinance have the meanings assigned to them in Sections 32 and 47, and all such terms include the plural as well as the singular; 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 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 Prior Lien Obligations* shall mean (i) any bonds, notes, warrants, certificates of obligation, or other evidences of indebtedness which the City reserves the right to issue or enter into, as the case may be, in the future under the terms and conditions provided in Section 18 of this Ordinance and which are equally and ratably secured, together with the Bonds and currently outstanding Previously Issued Bonds, solely by a prior and first lien on and pledge of the Pledged Revenues of the System and (ii) any obligations hereafter issued to refund any of the foregoing if issued in a manner so as to be payable from and secured by a prior and first lien on and pledge of the Pledged Revenues as determined by the City Council in accordance with applicable law

(b) The term *Authorized Official* shall mean the Mayor, Mayor Pro Tem, City Manager, Director of Finance, and/or City Secretary.

(c) The term *Average Annual Debt Service Requirements* shall mean that average amount which, at the time of computation, will be required to pay the Debt Service Requirements on the Bonds when due (either at Stated Maturity or mandatory redemption) and derived by dividing the total of such Debt Service Requirements by the number of Fiscal Years then remaining before Stated Maturity of such Bonds. For purposes of this definition, a fractional period of a Fiscal Year shall be treated as an entire Fiscal Year. Capitalized interest payments provided from any bond proceeds shall be excluded in making the aforementioned computation.

(d) The term *Bond Fund* shall mean the special Fund or account created and established by the provisions of Section 13 of this Ordinance.

(e) The term *Bonds* shall mean the "City of Fredericksburg, Texas Utility System Revenue Bonds, Series 2018", dated November 28, 2018, authorized by this Ordinance.

(f) The term *Bonds Similarly Secured* shall mean the Bonds, the Previously Issued Bonds, and any Additional Prior Lien Obligations hereafter issued by the City or bonds issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured by a first and prior lien on and pledge of the Pledged Revenues of the System.

(g) The term *City* shall mean the City of Fredericksburg located in the County of Gillespie, Texas and, where appropriate, the City Council of the City.

(h) The term *Closing Date* shall mean the date of physical delivery of the Initial Bonds for the payment in full by the Purchasers.

(i) 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 calculated by assuming (i) that the interest rate for every 12-month period on such bonds is equal to the rate of interest reported in the most recently published edition of The Bond Buyer (or its successor) at the time of calculation as the "Revenue Bond Index" or, if such Revenue Bond Index is no longer being maintained by The Bond Buyer (or its successor) at the time of calculation, such interest rate shall be assumed to be 80% of the rate of interest then being paid on United States Treasury obligations of like maturity and (ii) that the principal of such bonds is amortized such that annual debt service is substantially level over the remaining stated life of such bonds, 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.

(j) The term *Depository* shall mean an official depository bank of the City.

(k) The term *Fiscal Year* shall mean the twelve month accounting period used by the City in connection with the operation of the System, currently ending on September 30th of each year, which may be any twelve consecutive month period established by the City, but in no event may the Fiscal Year be changed more than one time in any three calendar year period.

(l) The term *Government Securities* 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 Bonds.

(m) The term *Gross Revenues* shall mean all income, receipts, and revenues of every nature derived or received from the operation and ownership of the System excluding refundable meter deposits, restricted gifts, and grants in aid of construction, but including earnings and income derived from the investment or deposit of money (except the Construction Fund established pursuant to Section 31 hereof) in any special fund or account created, established, and maintained for the payment, security, or benefit of the Bonds Similarly Secured.

(n) The term *Holder* or *Holder*s shall mean the registered owner, whose name appears in the Security Register, for any Bond.

(o) “*Insurance Policy*” – The municipal bond insurance policy issued by the Insurer insuring the payment when due of the principal of and interest on the Bonds as provided therein.

(p) “*Insurer*” – _____ or any successor thereto or assignee thereof.

(q) The term *Interest Payment Date* shall mean the date semiannual interest is payable on the Bonds, being February 15 and August 15 of each year, commencing February 15, 2019, while any of the Bonds remain Outstanding.

(r) The term *Junior Lien Obligations* shall mean (i) any bonds, notes, warrants, certificates of obligation or other obligations hereafter issued by the City payable wholly or in part from and equally and ratably secured by a junior and inferior lien and pledge of the Net Revenues of the System, that is junior and inferior to the first lien thereon and pledge thereof that is a part of the Pledged Revenues that secures the payment of the Bonds Similarly Secured, all as further provided in Section 19 of this Ordinance, and (ii) any obligations issued to refund the foregoing that are payable from and secured by such a junior and inferior lien on and pledge of the Net Revenues of the System as determined by the City Council in accordance with any applicable law.

(s) The term *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 pledge of and lien on Net Revenues of the System which pledge of revenues is limited pursuant to Section 1502.052, as amended, Texas Government Code, all as further provided in Section 19 of this Ordinance and (ii) any obligations hereafter issued to refund any of the foregoing as determined by the City Council in accordance with any applicable law.

(t) The term *Maintenance and Operating Expenses* shall mean all current expenses of operating and maintaining the System as authorized by the provisions of Chapter 1502, as amended, Texas Government Code, including, but not limited to, all salaries, labor, materials, repairs and extensions necessary to render efficient service; provided, however, that only such repairs and extensions, as in the judgment of the City Council, reasonably and fairly exercised, are necessary to maintain the operations and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair obligations payable from Net Revenues shall be deducted in determining Net Revenues. Depreciation, amortization, or other expenditures which, under standard accounting practice, should be charged to capital non-cash expenditures shall not constitute or be regarded as Maintenance and Operating Expenses of the System. Payments required to be made by the City for water supply or water facilities, sewer services or sewer facilities, or fuel supply, or similar payments, which payments under law constitute operation and maintenance expenses of any part of the System, shall constitute and be regarded as Maintenance and Operating Expenses of the System under this Ordinance.

(u) The term *Net Earnings* shall be the meaning assigned to such term in Section 18 hereof.

(v) The term *Net Revenues* shall mean Gross Revenues of the System, with respect to any period, after deducting the System's Maintenance and Operating Expenses during such period.

(w) The term *Ordinance* shall mean this ordinance adopted by the City Council on November 5, 2018.

(x) The term *Outstanding* shall mean when used in this Ordinance with respect to Bonds means, as of the date of determination, all Bonds theretofore issued and delivered under this Ordinance, except:

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

(2) those Bonds for which payment has been duly provided by the City in accordance with the provisions of Section 34 of this Ordinance by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or Government Securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to this Ordinance or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived; and

(3) those Bonds that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 30 hereof.

(y) The term *Pledged Revenues* shall mean (1) a first lien on and pledge of the Net Revenues, plus (2) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, for the benefit of the System which hereafter are pledged by the City to the payment of the Bonds Similarly Secured or any Additional Prior Lien Obligations hereafter issued by the City, and excluding those revenues excluded from Gross Revenues.

(z) The term *Previously Issued Bonds* shall mean the outstanding and unpaid (1) City of Fredericksburg, Texas Utility System Revenue Bonds, Series 2013, dated August 1, 2013, and originally issued in the principal amount of \$6,500,000.

(aa) The term *Purchasers* shall mean the initial purchaser or purchasers of the Bonds named in Section 31 of this Ordinance.

(bb) The term *Required Reserve Amount* shall mean the amount required to be deposited and maintained in the Reserve Fund under the provisions of Section 14 of this Ordinance.

(cc) The term *Required Reserve Fund Deposits* shall mean the monthly deposit required to be deposited and maintained in the Reserve Fund under the provisions of Section 14 of this Ordinance.

(dd) The term *Stated Maturity* shall mean the annual principal payments of the Bonds payable on February 15 of each year, as set forth in Section 2 of this Ordinance.

(ee) The term *Subordinate Lien Obligation* 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 subordinate and inferior lien on and pledge of the Net Revenues of the System that is subordinate and inferior to the lien thereon and pledge thereof securing the payment of the Bonds Similarly Secured (as a result of such first and prior lien on and pledge of Net Revenues being made a part of the Pledged Revenues) and any Junior Lien Obligations hereafter issued by the City, all as further provided in Section 19 of this Ordinance and (ii) any obligations issued to refund the foregoing that are payable from and equally and ratably secured by a subordinate and inferior lien on and pledge of the Net Revenues of the System as determined by the City Council in accordance with any applicable law.

(ff) The term *Surety Policy* shall mean a surety bond, insurance policy, letter of credit, or other agreement or instrument whereby the issuer is obligated to provide funds up to and including the maximum amount and under the conditions specified in such agreement or instrument.

(gg) The term *System* shall mean all properties, facilities and plants currently owned, operated, and maintained by the City for the supply, treatment, and transmission of treated potable water, for the collection and treatment of wastewater, together with all future extensions,

improvements, replacements and additions thereto, whether situated within or without the limits of the City, and the City expressly reserves the right at its sole discretion to include additional utility (including electric), telecommunications, technology, or similar enterprise services as components of the System (though such additional components are not at this time included); provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall not mean to include facilities of any kind which are declared not to be a part of the System and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of "Special Facilities Bonds," which are hereby defined as being special revenue obligations of the City which are not payable from Net Revenues, but which are payable from and equally and ratably secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Bonds Similarly Secured including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

SECTION 10: Pledge of Pledged Revenues. (a) The City hereby covenants and agrees that the Pledged Revenues of the System are hereby irrevocably pledged to the payment and security of the Bonds Similarly Secured including the establishment and maintenance of the special funds or accounts created and established for the payment and security thereof, all as hereinafter provided; and it is hereby ordained that the Bonds Similarly Secured, and the interest thereon, shall constitute a first and prior lien on and pledge of the Pledged Revenues of the System and be valid and binding without any physical delivery thereof or further act by the City, and the lien created hereby on the Net Revenues of the System resulting from this lien on and pledge of the Pledged Revenues for the payment and security of the Bonds Similarly Secured shall be prior in right and claim as to the lien on and pledge of the Net Revenues securing payment of any Junior Lien Obligations, Subordinate Lien Obligations, or Limited Pledge Obligations hereafter issued by the City.

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

SECTION 11: Rates and Charges. For the benefit of the Holders of the Bonds Similarly Secured and in addition to all provisions and covenants in the laws of the State of Texas and in this Ordinance, the City hereby expressly stipulates and agrees, while any of the Bonds Similarly Secured are Outstanding, to establish and maintain rates and charges for facilities and services afforded by the System that are reasonably expected, together with any other lawfully available funds, on the basis of available information and experience and with due allowance for contingencies, to produce Gross Revenues in each Fiscal Year sufficient:

(a) To pay all Maintenance and Operating Expenses, or any expenses required by statute to be a first claim on and charge against the Gross Revenues of the System;

(b) To produce Pledged Revenues, together with any other lawfully available funds, sufficient to pay (1) 1.20 times the Average Annual Debt Service Requirements on the Bonds Similarly Secured and (2) the amounts required to be deposited in any reserve or contingency fund or account created for the payment and security of the Bonds Similarly Secured, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured solely by a prior and first lien on an pledge of the Net Revenues of the System;

(c) To produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest on any Junior Lien Obligations hereafter issued by the City as the same become due and payable and to deposit the amounts required to be deposited in any special fund or account created and established for the payment and security of any Junior Lien Obligations hereafter issued by the City, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured solely by a junior lien on and pledge of the Net Revenues of the System;

(d) To produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest on any Subordinate Lien Obligations hereafter issued by the City as the same become due and payable and to deposit the amounts required to be deposited in any special fund or account created and established for the payment and security of any Subordinate Lien Obligations hereafter issued by the City, and any other obligations or evidences of indebtedness issued or incurred that are payable from equally and ratably secured, in part, by a subordinate and inferior lien on and pledge of the Net Revenues of the System;

(e) To produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest on any Limited Pledge Obligations hereafter issued by the City as the same become due and payable and to deposit the amounts required to be deposited in any special fund or account created and established for the payment and security of any Limited Pledge Obligations, and any other obligations or evidences of indebtedness issued or incurred that are payable from equally and ratably secured, in part, by a lien on and pledge of a limited amount of the Net Revenues of the System; and

(f) To pay, together with any other lawfully available funds, any other legally incurred indebtedness payable from the Net Revenues of the System and/or secured by a lien on the System.

SECTION 12: System Fund. The City hereby reaffirms its covenant and agreement that the Gross Revenues of the System shall be deposited, as collected and received, into a separate Fund or account to be created, established, and maintained with the Depository known as the "City of Fredericksburg, Texas Utility System Fund" (the *System Fund*) and that the Gross Revenues of the System shall be kept separate and apart from all other funds of the City. All Gross Revenues deposited into the System Fund shall be pledged and appropriated to the extent required for the following uses and in the order of priority shown:

FIRST: to the payment of all necessary and reasonable Maintenance and Operating Expenses as defined herein or required by statute, including, but not

limited to, Chapter 1502, as amended, Texas Government Code, to be a first charge on and claim against the Gross Revenues of the System.

SECOND: to the payment of the amounts required to be deposited into the special funds and accounts created and established for the payment, security and benefit of any Bonds Similarly Secured.

THIRD: to the payment of the amounts that must be deposited in any special funds and accounts created and established for the payment, security and benefit of any Junior Lien Obligations hereafter issued by the City.

FOURTH: to the payment of the amounts that must be deposited in any special funds and accounts created and established for the payment, security, and benefit of any Subordinate Lien Obligations hereafter issued by the City.

FIFTH: to the payment of the amounts that must be deposited in any special funds and accounts created and established for the payment, security, and benefit of any Limited Pledge Obligations hereafter issued by the City.

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

SECTION 13: Bond Fund; Excess Bond Proceeds. For purposes of providing funds to pay the principal of and interest on the Bonds Similarly Secured as the same become due and payable, the City reaffirms the creation and agrees to maintain, at the Depository, a separate and special Fund or account to be created and known as the "City of Fredericksburg, Texas Utility System Revenue Bonds, Series 2018 Interest and Sinking Fund" (the *Bond Fund*). The City covenants that there shall be deposited into the Bond Fund prior to each principal and interest payment date from the available Pledged Revenues an amount equal to one hundred percent (100%) of the amount required to fully pay the interest on and the principal of the Bonds Similarly Secured then falling due and payable, such deposits to pay maturing principal and accrued interest on the Bonds Similarly Secured to be made in substantially equal monthly installments on or before the tenth day of each month, beginning on or before the tenth day of the month next following the delivery of the Bonds to the Purchasers. If the Pledged Revenues in any month are insufficient to make the required payments into the Bond Fund, then the amount of any deficiency in such payment shall be added to the amount otherwise required to be paid into the Bond Fund in the next month.

The required monthly deposits to the Bond Fund for the payment of principal of and interest on the Bonds Similarly Secured shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in the Bond Fund and Reserve Fund is equal to the amount required to fully pay and discharge all Outstanding Bonds Similarly Secured (principal and interest) or (ii) the Bonds are no longer Outstanding.

Accrued interest and premium, if any, received from the Purchasers shall be taken into consideration and reduce the amount of the monthly deposits hereinabove required to be deposited into the Bond Fund from the Pledged Revenues of the System. Additionally, any proceeds of the Bonds, and investment income thereon, not expended for authorized purposes shall be deposited

into the Bond Fund and shall be taken into consideration and reduce the amount of monthly deposits required to be deposited into the Bond Fund from the Pledged Revenues of the System.

SECTION 14: Reserve Fund. To accumulate and maintain a reserve for the payment of the Bonds Similarly Secured (the "Required Reserve Amount") equal to the lesser of (i) the Average Annual Debt Service Requirements (calculated on a Fiscal Year basis and determined as of the date of issuance of the Bonds or the most recently issued series of Additional Prior Lien Obligations then Outstanding) for the Bonds Similarly Secured or (ii) the maximum amount in a reasonably required reserve fund for the Bonds Similarly Secured from time to time that can be invested without restriction as to yield pursuant to section 148 of the Code (as defined in Section 32), the City agrees to create, establish, and maintain a separate and special fund or account known as the "City of Fredericksburg, Utility System Revenue Bond Reserve Fund" (the *Reserve Fund*), which fund or account shall be maintained at the Depository. All funds deposited into the Reserve Fund (excluding earnings and income derived or received from deposits or investments which will be transferred to the System Fund established in Section 12 of this Ordinance during such period as there is on deposit in the Reserve Fund the Required Reserve Amount) shall be used solely for the payment of the principal of and interest on the Bonds Similarly Secured, when and to the extent other funds available for such purposes are insufficient, and, in addition, may be used to retire the last stated maturity or interest on the Bonds Similarly Secured.

In accordance with the provisions of the ordinance authorizing the issuance of the Previously Issued Bonds, the total amount currently required to be accumulated and maintained in the Reserve Fund is \$ _____. By reason of the issuance of the Bonds, the total amount required to be accumulated and maintained in the Reserve Fund is hereby determined to be \$ _____, which shall be accumulated, if necessary (and subject to the further conditions on funding such Reserve Fund as provided in this Section), in the following manner. Beginning on or before the tenth day of the month next following the delivery of the Bonds to the Purchasers and on or before the tenth day of each following month until the Required Reserve Amount has been accumulated in the Reserve Fund, the City covenants and agrees to deposit to the Reserve Fund from the Net Revenues of the System, at the level of priority specified in Section 12, or any other lawfully available funds, an amount not less than \$ _____, being the Required Reserve Fund Deposits (and equaling the minimum amount necessary to cause the accumulation of the Required Reserve Amount to occur over a period of 60 months).

As and when Additional Prior Lien Obligations are delivered or incurred, the Required Reserve Amount shall be increased, if required, to an amount calculated in the manner provided in the first paragraph of this Section. Any additional amount required to be maintained in the Reserve Fund shall be so accumulated by the deposit of the necessary amount of the proceeds of the issue or other lawfully available funds in the Reserve Fund immediately after the delivery of the then proposed Additional Prior Lien Obligations, or, at the option of the City, by the deposit of monthly installments, made on or before the tenth day of each month following the month of delivery of the then proposed Additional Prior Lien Obligations, of not less than 1/60th of the additional amount to be maintained in the Reserve Fund by reason of the issuance of the Additional Prior Lien Obligations then being issued (or 1/60th of the balance of the additional amount not deposited immediately in cash), thereby ensuring the accumulation of the appropriate Required Reserve Amount.

When and so long as the cash and investments in the Reserve Fund equal the Required Reserve Amount, no deposits need be made to the credit of the Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Required Reserve Amount (other than as the result of the issuance of Additional Prior Lien Obligations as provided in the preceding paragraph), the City covenants and agrees to cure the deficiency in the Required Reserve Amount by resuming the Required Reserve Fund Deposits to said Fund or account from the Net Revenues of the System, or any other lawfully available funds, such monthly deposits to be in amounts equal to not less than 1/60th of the Required Reserve Amount covenanted by the City to be maintained in the Reserve Fund with any such deficiency payments being made on or before the tenth day of each month until the Required Reserve Amount has been fully restored. The City further covenants and agrees that, the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount and to cure any deficiency in such amounts as required by the terms of this Ordinance and any other ordinance pertaining to the issuance of any Additional Prior Lien Obligations.

During such time as the Reserve Fund contains the Required Reserve Amount, the City may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve Amount and deposit such surplus in the System Fund.

The City, at its option and consistent with the provisions of this Section may fund the Reserve Fund at the Required Reserve Amount by purchasing an insurance policy that will unconditionally obligate the insurance company or other entity to pay all, or any part thereof, of the Required Reserve Amount in the event funds on deposit in the Bond Fund are not sufficient to pay the debt service requirements on the Bonds Similarly Secured. All ordinances adopted after the date hereof authorizing the issuance of Additional Prior Lien Obligations shall contain a provision to this effect. The City reserves the right to use Gross Revenues of the System to fund the payment of (1) periodic premiums on the insurance policy or Surety Policy as a part of the payment of Maintenance and Operating Expenses and (2) any repayment obligation incurred by the City (including interest) to the issuer of the insurance policy or Surety Policy, the payment of which will result in the reinstatement of such insurance policy or Surety Policy, prior to making payments required to be made to the Reserve Fund pursuant to the provisions of this Section to restore the balance in such fund to the Required Reserve Amount for the Bonds Similarly Secured.

In the event an insurance policy or other Surety Policy issued to satisfy all or part of the City's obligation with respect to the Reserve Fund causes the amount then on deposit in the Reserve Fund to exceed the Required Reserve Amount, the City may transfer such excess amount to any fund or account established for the payment of or security for the Bonds Similarly Secured (including any escrow established for the final payment of any such obligations pursuant to Chapter 1207, as amended, Texas Government Code) or use such excess amount for any lawful purpose now or hereafter provided by law; provided, however, to the extent that such excess amount represents Bond proceeds, then such amount must be transferred to the Bond Fund or as otherwise permitted in accordance with then applicable Texas law.

Notwithstanding anything to the contrary contained in this Section, the requirements set forth above to fund the Reserve Fund in the amount of the Required Reserve Amount shall be suspended for any Bonds Similarly Secured (including with respect to the Bonds) for such time as the Pledged Revenues for each Fiscal Year are equal to at least 135% of the Average Annual Debt

Service Requirements. In the event that the Pledged Revenues for any Fiscal Year are less than 135% of the Average Annual Debt Service Requirements, the City will be required to commence making the deposits to the Reserve Fund, as provided above, and to continue making such deposits until the earlier of (i) such time as the Reserve Fund contains the Required Reserve Amount or (ii) the Pledged Revenues in each of two consecutive Fiscal Years have been equal to not less than 135% of the Average Annual Debt Service Requirements.

SECTION 15: Deficiencies; Excess Net Revenues. (a) If on any occasion there shall not be sufficient Pledged Revenues of the System (after making all payments pertaining to the currently Outstanding Bonds Similarly Secured) to make the required deposits into the Bond Fund and the Reserve Fund, then such deficiency shall be cured as soon as possible from the next available unallocated Net Revenues of the System, or from any other sources available for such purpose, and such payments shall be in addition to the amounts required to be paid into these Funds or accounts during such month or months.

(b) Subject to making the required deposits to the Bond Fund and the Reserve Fund when and as required by this Ordinance, or any ordinance authorizing any Bonds Similarly Secured (or any Junior Lien Obligations, Subordinate Lien Obligations, or Limited Pledge Obligations hereafter issued), the excess Net Revenues of the System may be used by the City for any lawful purpose, including but not limited to, the redemption of any Bonds Similarly Secured.

SECTION 16: Payment of Bonds. While any of the Bonds Similarly Secured are outstanding, an Authorized Official shall cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Bond Fund, and, if necessary, in the Reserve Fund, amounts sufficient to fully pay and discharge promptly each installment of interest on and principal of the Bonds Similarly Secured as such installment accrues or matures or comes due by reason of redemption prior to maturity; such transfer of funds must be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds Similarly Secured at the close of the business day next preceding the date a debt service payment is due on the Bonds Similarly Secured.

SECTION 17: Investments. Funds held in any Fund or account created, established, or maintained pursuant to this Ordinance, 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, or any other law (collateralized pursuant to the Public Funds Collateral Act, as amended, Chapter 2257, Texas Government Code), and secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, 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 any Fund or account will be available at the proper time or times. Such investments (except State and Local Government Series investments held in book entry form, which shall at all times be valued at cost) shall be valued in terms of current market value within 45 days of the close of each Fiscal Year and, with respect to investments held for the account of the Reserve Fund, within 30 days of the date of passage of each ordinance authorizing the issuance of any Additional Prior Lien Obligations. All interest and income derived from deposits and investments in the Bond Fund immediately shall be credited to, and any losses debited to, the Bond Fund. All interest and interest income derived from deposits in and investments of the Reserve Fund shall, subject to the limitations provided in Section 14, be credited to and deposited in the System Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

SECTION 18: Issuance of Additional Prior Lien Obligations. Subject to the provisions hereinafter appearing as to conditions precedent which must be satisfied, the City hereby expressly reserves the right to hereafter issue, from time to time as needed, Additional Prior Lien Obligations for any lawful purpose. Such Additional Prior Lien Obligations may be issued in such form and manner as now or hereafter authorized by the laws of the State of Texas for the issuance of evidences of indebtedness or other instruments, and should new methods or financing techniques be developed that differ from those now available and in normal use, the City reserves the right to employ the same in its financing arrangements provided only that each of the following conditions precedent for the authorization and issuance of the same are satisfied, to wit:

(a) the Director of Finance of the City (or other official of the City, including the City Manager, having primary responsibility for the fiscal affairs of the City) shall have executed a certificate stating that (i) except for a refunding to cure a default, or the deposit of a portion of the proceeds of any Additional Prior Lien Obligations to satisfy the City's obligations under this Ordinance, the City is not then in default as to any covenant, obligation, or agreement contained in any ordinance or other proceedings relating to any obligations of the City payable from and secured by a first and prior lien on and pledge of the Pledged Revenues of the System and (ii) all payments into all special funds or accounts created and established for the payment and security of all outstanding obligations payable from and secured by a first and prior lien on and pledge of the Pledged Revenues of the System have been duly made and that the amounts on deposit in such special funds or accounts are the amounts then required to be deposited therein;

(b) the City has secured a certificate from the Director of Finance of the City (or other official of the City, including the City Manager, having primary responsibility for the fiscal affairs of the City) to the effect that, according to the books and records of the City, the Net Earnings of the System, for the preceding Fiscal Year or for any 12 consecutive months out of the 18 months immediately preceding the month the ordinance authorizing the Additional Prior Lien Obligations is adopted, are at least equal to one and one-fifth (1-1/5) (1.20) times the Average Annual Debt Service Requirements for the payment of principal of and interest on all outstanding Bonds Similarly Secured after giving effect to the Additional Prior Lien Obligations then proposed. In making a determination of the Net Earnings, the Director of Finance may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least sixty (60) days prior to the last day of the period for which Net Earnings are to be determined and, for purposes of satisfying the above Net Earnings test, make a pro forma determination of the Net Earnings for the period of time covered by his certification based on such

change in rates and charges being in effect for the entire period covered by the Director of Finance's certificate;

(c) As used in this Section, the term "Net Earnings" shall mean the Gross Revenues of the System after deducting the Maintenance and Operating Expenses of the System, but not depreciation charges or expenditures which, under generally accepted accounting principles, should be charged to capital expenditures.

(d) The Additional Prior Lien Obligations shall be scheduled to mature or be payable as to principal on February 15 or August 15 (or both) in each year the same are to be outstanding or during the term thereof;

(e) the ordinance authorizing the issuance of the Additional Prior Lien Obligations provides for deposits to be made to the Bond Fund in amounts sufficient to pay the principal of and interest on such Additional Prior Lien Obligations as same mature; and

(f) the ordinance authorizing the issuance of the Additional Prior lien Obligations provides that the amount to be accumulated and maintained in the Reserve Fund (subject, however, to any funding suspension mechanism that may at such time be in effect) shall be in an amount equal to not less than the Average Annual Debt Service Requirements for the payment of any Bonds Similarly Secured then Outstanding after giving effect to the issuance of the proposed Additional Prior Lien Obligations, and provides that any additional amount to be maintained in the Reserve Fund shall be accumulated within sixty (60) months from the date the Additional Prior Lien Obligations are delivered.

All calculations of principal and interest requirements made pursuant to this Section are made as of and from the date of the Additional Prior Lien Obligations then proposed to be issued.

SECTION 19: Obligations of Inferior Lien and Pledge. The City hereby reserves the right to issue, at any time, obligations including, but not limited to, Junior Lien Obligations, Subordinate Lien Obligations, and/or Limited Pledge Obligations payable from and equally and ratably secured, in whole or in part, by a lien on and pledge of the Net Revenues of the System, subordinate and inferior in rank and dignity to the lien on and pledge of such first lien on and pledge of Net Revenues of the System included in the Pledged Revenues securing the payment of the Bond Similarly Secured, as may be authorized by the laws of the State of Texas upon satisfying any conditions precedent contained in the ordinances authorizing the issuance of any Bonds Similarly Secured.

SECTION 20: Refunding Bonds. The City reserves the right to issue refunding bonds to refund all or any part of the Outstanding Bonds Similarly Secured, pursuant to any law then available, upon such terms and conditions as the City Council of the City may deem to be in the best interest of the City and its inhabitants, and if less than all such Outstanding Bonds Similarly Secured are refunded, the conditions precedent prescribed, for the issuance of Additional Prior Lien Obligations, set forth in Section 18 of this Ordinance shall be satisfied and the certificate required in subparagraph (b) shall give effect to the Debt Service Requirements of the proposed refunding bonds (but shall not give effect to the Debt Service Requirements of the bonds being refunded following their cancellation or provision being made for their payment); provided,

however, if the refunding of any then-Outstanding Bonds Similarly Secured (in whole or in part) produces an aggregate net present value debt service savings, then the certificate identified in Section 18(b) above shall not be required as a condition to the issuance of such refunding obligations (notwithstanding the fact that, upon issuance, such refunding obligations shall be Bonds Similarly Secured for all purposes) .

SECTION 21: Maintenance of System - Insurance. The City covenants, agrees, and affirms its covenants that while the Bonds Similarly Secured remain outstanding it will maintain and operate the System with all possible efficiency and maintain casualty and other 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 (which may include an adequate program of self-insurance); 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, shall be retained for the benefit of the holders of the Bonds 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 22: Records and Accounts – Annual Audit. The City covenants, agrees, and affirms its covenants that so long as any of the Bonds Similarly Secured 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 Holder or Holders of any Bonds Similarly Secured or any duly authorized agent or agents of such Holders shall have the right at all reasonable times to inspect such records, accounts and data relating thereto, and to inspect the System and all properties comprising the same. The City further agrees that following (and in no event later than 180 days) 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 23: Special Covenants. The City further covenants and agrees by and through this Ordinance as follows:

(a) It has the lawful power to pledge the Pledged Revenues supporting the Bonds Similarly Secured and has lawfully exercised this power under the laws of the State of Texas, including the power existing under Chapter 1502, as amended, Texas Government Code.

(b) The Bonds Similarly Secured shall be equally and ratably secured by a first and prior lien on and pledge of the Pledged Revenues of the System in a manner that one bond shall have no preference over any other bond.

(c) Other than for the payment of the Bonds, 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.

(d) As long as any Bonds, or any interest thereon, remain Outstanding, the City will not sell, lease, or encumber the System or any substantial part thereof (except as provided in Sections 18, 19, or 20 of this Ordinance) 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;

(e) The City, to the extent and in the manner authorized by law, may sell or exchange for consideration representing the fair value thereof, as determined by the City Council of the City, any property not necessary or required in the efficient operations of the System, or any equipment not necessary or useful in the operations thereof or which is obsolete, damaged or worn out or otherwise unsuitable for use in the operation of the System. The proceeds of any sale of properties of the System shall be deposited in the System Fund.

(f) No free service of the System (except water provided to the City for municipal fire-fighting purposes) 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; and

(g) To the extent that it legally may, the City further covenants and agrees that, so long as any of the Bonds Similarly Secured, or any interest thereon, are Outstanding, no franchise shall be granted for the installation or operation of any competing 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; provided, however, the City expressly reserves the right to eliminate or modify this covenant, at its sole discretion, for any purpose or in order to comply with then existing federal or Texas law.

SECTION 24: Limited Obligations of the City. The Bonds Similarly Secured are limited, special obligations of the City payable from and equally and ratably secured solely by a first and prior lien on and pledge of the Pledged Revenues of the System, and the Holders thereof shall never have the right to demand payment of the principal or interest on the Bonds Similarly Secured from any funds raised or to be raised through taxation by the City.

SECTION 25: Security of Funds. All money on deposit in the Funds or accounts 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 Texas for the security of public funds, and money on deposit in such Funds or accounts shall be used only for the purposes permitted by this Ordinance.

SECTION 26: Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas and specifically to confirm that the Purchasers have all rights and remedies available under Texas law hereunder, the City also covenants and agrees particularly that in the event the City (a) defaults in the payments to be made to the Bond Fund or Reserve 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 Bonds 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 remedy herein provided shall be cumulative of all other existing remedies and the specification of such remedy shall not be deemed to be exclusive.

SECTION 27: 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 28: Bonds Are Negotiable Instruments. Each of the Bonds authorized herein shall be deemed and construed to be a "security" and as such a negotiable instrument with the meaning of the Chapter 8 of the Texas Uniform Commercial Code.

SECTION 29: Cancellation. All Bonds 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 Bonds previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Bonds held by the Paying Agent/Registrar shall be destroyed as directed by the City.

SECTION 30: Mutilated, Destroyed, Lost, and Stolen Bonds. If any mutilated Bond 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 Bond, and 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 Bond 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 Bond, a new Bond 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 Bond has become or is about to become due and payable, the City in its discretion may, instead of issuing a new Bond, pay such Bond. Upon the issuance of any new Bond 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 (including attorney's fees and the fees and expenses of the Paying Agent/Registrar) connected therewith. Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the City, whether or not the mutilated, destroyed, lost, or stolen Bond 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 Bonds. 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 Bonds.

SECTION 31: Sale of Bonds at a Competitive Sale – Authorization of Official Bid Form Approval – Bond Proceeds. The Bonds 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 of the rights, duties, and obligations of a Holder), in accordance with the provisions of an Official Bid Form (the *Official Bid Form*), dated November 5, 2018, 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 \$ _____, and no accrued interest, and is hereby approved and confirmed. The pricing and terms of the sale of the Bonds are hereby found and determined to be the most advantageous reasonably obtainable by the City. The Initial Bond shall be registered in the name of _____. It is hereby officially found, determined, and declared that the Purchasers are the highest bidder for the Bonds 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. 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 the 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 Bonds to the Purchasers shall occur as soon as practicable after the adoption of this Order, upon payment therefor in accordance with the terms of the Official Bid Form.

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

(1) Accrued interest, if any, received from the Purchasers shall be deposited into the Bond Fund.

(2) The balance of the proceeds derived from the sale of the Bonds (after paying costs of issuance) shall be deposited into the construction fund (the *Construction Fund*), created for the projects to be constructed with the proceeds of the Bonds. This Construction Fund shall be established and maintained at the Depository and shall be invested in accordance with the provisions of Section 17 of this Ordinance, but any money deposited into the Construction Fund shall not be commingled with any other funds of the City. Interest earned on the proceeds of the Bonds pending completion 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 amount shall be expended in accordance with Section 13.

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 Preliminary Official Statement by the Purchasers in connection with the public offering and sale of the Bonds is hereby ratified, confirmed and approved in all respects. The final Official Statement, being a modification and amendment of the Preliminary Official Statement to reflect the terms of sale (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 November 5, 2018, in the reoffering, sale and delivery of the Bonds to the public. The Mayor and City Secretary of the City Council 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 Bonds.

SECTION 32: 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 Bonds 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 Bonds.

"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 Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“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 Bonds. 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

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

the Bonds 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 directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond 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 Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as would not cause the Bonds 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 Bonds:

(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 Bonds, 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 Bonds 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 as would not cause the Bonds 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 Bonds 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 as would not cause the Bonds 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 Bonds 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 Bonds.

(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 Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

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

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

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Outstanding Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds 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 Bonds until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Bonds 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 Bond 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 Bonds 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 Bonds, 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 Bonds not been relevant to either party.

(j) Bonds Not Hedge Bonds.

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

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

(k) Elections. The City hereby directs and authorizes any 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 Bonds, 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.

SECTION 33: Control and Custody of Bonds. The Mayor 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 Bonds pending their approval by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery of the Bonds to the Purchasers.

Furthermore, any Authorized Official, either or all, are 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 Bonds, the approval of the Attorney General and their registration by the Comptroller of Public Accounts and, together with the City's financial advisor, bond counsel, and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Bonds to the Purchasers.

SECTION 34: 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 Bonds, at the times and in the manner stipulated in this Ordinance, then the pledge of the Pledged Revenues of the System under this Ordinance and all other obligations of the City to the Holders shall thereupon cease, terminate, and become void and be discharged and satisfied.

Bonds, 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 Bonds 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 Obligations shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Obligations will 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 Bonds, 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. In the event of a defeasance of the Bonds, the City shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, an independent accounting firm or another qualified third party concerning the deposit of cash and/or Government Obligations to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Bonds. As and to the extent applicable, if at all, the City covenants that no deposit of money or Government Obligations will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as arbitrage bonds within the meaning of section 148 of the Code (as defined in Section 32).

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, 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 Bonds, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have 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 Bonds and remaining unclaimed for a period of three (3) years after the Stated

Maturity, or applicable redemption date, of the Bonds such moneys were deposited and are 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 Bonds that is made in conjunction with the payment arrangements specified in subsections (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 Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the defeased Bonds 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 Bonds, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased Bonds.

SECTION 35: Ordinance a Contract – Amendments – Outstanding Bonds. The City acknowledges that the covenants and obligations of the City herein contained are a material inducement to the purchase of the Bonds. This Ordinance shall constitute a contract with the Holders from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section. 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 Bonds Similarly Secured 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 Bonds, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by Holders for consent to any such amendment, addition, or rescission.

SECTION 36: Printed Opinion. The Purchasers' obligation to accept delivery of the Bonds is subject to its being furnished a final opinion of Norton Rose Fulbright US LLP, as Bond Counsel, approving certain legal matters as to the Bonds, said opinion to be dated and delivered as of the date of initial delivery and payment for such Bonds. Printing of a true and correct copy of said opinion on the reverse side of each of said Bonds, with appropriate certificate pertaining thereto executed by facsimile signature of the City Secretary of the City is hereby approved and authorized.

SECTION 37: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof, and neither the City nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

SECTION 38: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 39: 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, the Paying Agent/Registrar, and the Holders.

SECTION 40: 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 41: 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 42: 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 43: 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.

SECTION 44: Authorization of Paying Agent/Registrar Agreement. The City Council 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, and transferability of the Bonds. 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 45: 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 46: No Recourse Against City Officials. No recourse shall be had for the payment of principal of, premium, if any, or interest on any Bond or for any claim based thereon or on this Ordinance against any official of the City or any person executing any Bond.

SECTION 47: Continuing Disclosure of Information.

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 2018, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by Section 31 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 Bonds 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 Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the City, 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/registrars or the change of name of a paying agent/registrars, 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 Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit that causes the Bonds to be no longer Outstanding.

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

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE 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 Bonds in the primary offering of the Bonds 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 Bonds 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 Bonds. 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 Bonds in the primary offering of the Bonds, 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 48: Book-Entry Only System.

The Bonds initially shall 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 Bonds shall be issued (following cancellation of the Initial Bonds described in Section 7) in the form of a separate single definitive Bond. Upon issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as the nominee of DTC, and all of the Outstanding Bonds 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 Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds the Bonds 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 Bonds (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 Bonds, (ii) the delivery to any Depository Participant or any other person, other than a registered owner of the Bonds, as shown on the Security Register, of any notice with respect to the Bonds, 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 Bond, of any amount with respect to principal of, premium, if any, or interest on the Bonds. 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 on the Bonds 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 Bonds that they be able to obtain certificated Bonds, 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 Bonds 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 Bonds 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 Bonds may be registered in whatever name or names the Holders of Bonds transferring or exchanging the Bonds shall designate, in accordance with the provisions hereof.

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

SECTION 49: 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 50: No Recourse Against City Officials. No recourse shall be had for the payment of principal of, premium, if any, or interest on any Bond or for any claim based thereon or on this Ordinance against any official of the City or any person executing any Bond.

SECTION 51: 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 Bonds, the Paying Agent/Registrar Agreement, the Official Bid Form, and the Official Statement. In addition, prior to the initial delivery of the Bonds, 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 necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the Bonds 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 52: Municipal Bond Insurance. The payment of the debt service requirements on the Bonds is insured by the Insurer pursuant to the Insurance Policy.

SECTION 53: 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 Bonds. 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 54: 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 Official, 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 Bonds; 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 Bonds.

SECTION 55: 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.

PASSED AND ADOPTED on the 5th day of November, 2018.

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

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. ____

PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT entered into as of November 5, 2018 (this *Agreement*) is between the City of Fredericksburg, Texas (the *Issuer*) and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, a national banking association duly organized and existing under the laws of the United States of America and authorized to transact business in the State of Texas (the *Bank*).

RECITALS OF THE ISSUER

The Issuer has duly authorized and provided for the issuance of its "CITY OF FREDERICKSBURG, TEXAS UTILITY SYSTEM REVENUE BONDS, SERIES 2018" (the *Securities*), dated November 28, 2018 in the aggregate principal amount of \$_____ to be issued as registered securities without coupons;

All things necessary to make the Securities the valid obligations of the Issuer, in accordance with their terms, will be taken upon the issuance and delivery thereof;

The Issuer is desirous that the Bank act as the Paying Agent of the Issuer in paying the principal, premium (if any) and interest on the Securities, in accordance with the terms thereof, and that the Bank act as Registrar for the Securities;

The Issuer has duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement the valid agreement of the Issuer, in accordance with its terms, have been done.

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Securities, in order to pay, when due, the principal, premium (if any), and interest on all or any of the Securities to the Holders of the Securities all in accordance with this Agreement and the Ordinance (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Securities.

The Bank hereby accepts its appointment, and agrees to act, as the Paying Agent and the Registrar.

Section 1.02. Compensation.

As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A hereto for the first year of this

Agreement and thereafter the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for political subdivisions, which shall be supplied to the Issuer on or before ninety (90) days prior to the close of the Fiscal Year of the Issuer and which shall be effective upon the first day of the following Fiscal Year. The Issuer covenants to provide notice to the Bank upon any change in the Issuer's Fiscal Year within ten (10) business days of the governing body of the Issuer's decision to change the Fiscal Year of the Issuer.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE TWO DEFINITIONS

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms, whenever the same appears herein without qualifying language, are defined to mean as follows:

Acceleration Date of any Security means the date on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated, to the extent permitted by law, pursuant to the terms of the Security.

Bank Office means the corporate trust office of the Bank set forth on the signature page of this agreement. The Bank will notify the Issuer, in writing, of any change in location of the Bank Office.

Fiscal Year means the fiscal year of the Issuer, which currently begins on October 1 and ends on September 30 of each year.

Holder and *Security Holder* each means a Person in whose name a Security is registered in the Security Register.

Issuer Request and *Issuer Order* each means a written request or order signed in the name of the Issuer by the Mayor or the City Secretary of the Issuer or the City Manager and delivered to the Bank.

Legal Holiday means a day on which the Bank is required or authorized to be closed.

Ordinance means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, certified by the City Secretary of the governing body of the Issuer or any other officer of the Issuer, and delivered to the Bank.

Person means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

Predecessor Securities of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purpose of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Ordinance

Record Date means the Record Date as defined in the Ordinance.

Redemption Date when used with respect to any Security to be redeemed means the date fixed for such redemption pursuant to the terms of the Ordinance.

Responsible Officer when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

Securities means the securities defined in the recital paragraphs herein.

Security Register means a register maintained by the Bank on behalf of the Issuer providing for the registration of Securities and of transfers of Securities.

Stated Maturity means the date specified in the Ordinance as the fixed date on which the principal of a Security is scheduled to be due and payable.

Section 2.02. Other Definitions.

The terms “Bank”, “Issuer”, and “Securities” have the meanings assigned to them in the opening paragraph of this Agreement or in the recitals of the Issuer.

The term “Paying Agent/Registrar” refers to the Bank in the performance of the duties and functions of this Agreement.

Section 2.03. Construction of Terms.

If appropriate in the context of this Agreement, words of the singular shall be considered to include the plural, words of the plural shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders.

ARTICLE THREE PAYING AGENT

Section 3.01. Duties of Paying Agent.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due. The Bank shall compute the amount of interest to be paid each Holder, and shall prepare and send a check in the amount by United States mail (first class postage prepaid) on or prior to each interest payment date, to the Holder of each Security (or Predecessor Securities) whose name appears in the Security Register on the Record Date. Such checks shall be mailed in such manner to such Holder at the address for each such Holder appearing on the Security Register, or shall be transmitted to such Holder on each interest payment date by such other method acceptable to the Bank, requested in writing by, and at the risk and expense of the Holder.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal and interest on the Securities at the dates specified in the Ordinance. The Issuer agrees to transfer or to cause to be transferred, in immediately available funds, to the Bank to pay principal and/or interest, either or both, by no later than 4:00 p.m. on the business day immediately preceding the payment dates.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of and interest on each Security when due, by computing the amount of interest to be paid each Holder, preparing the checks and mailing the checks on the payment date, to the Holders of the Securities on the Record Date, addressed to their address appearing on the Security Register.

ARTICLE FOUR
REGISTRAR

Section 4.01. Transfer and Exchange.

The Issuer shall keep at the Bank Office a register (the Security Register) in which, subject to such reasonable written regulations as the Issuer may prescribe (which regulations shall be furnished to the Bank herewith or subsequent hereto by Issuer Order), the Issuer shall provide for the registration of the Securities and for transfers of Securities. The Bank is hereby appointed Registrar for the purpose of registering Securities and transfers of Securities as herein provided. The Bank agrees to maintain the Security Register while it is Registrar.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the Financial Industry Regulatory Authority, in form satisfactory to the Bank, duly executed by the Holder thereof, or his agent, duly authorized in writing.

As a condition to effecting a re-registration, transfer or exchange of the Securities, the Registrar may request any supporting documentation it feels necessary to effect a re registration, transfer or exchange of the Securities. To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof shall be completed and new Securities delivered to the Holder or the

assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be canceled and exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. Certificates.

The Issuer shall provide the Registrar with an adequate inventory of Securities certificates to facilitate transfers. The Bank covenants that it will maintain the Securities certificates in safekeeping and will use reasonable care in maintaining such Securities certificates in safekeeping, which shall not be less than the level of care it maintains for debt securities of other political subdivisions or corporations for which it serves as registrar, or which it maintains for its own securities.

Section 4.03. Form of Security Register.

The Bank as Registrar will maintain the records of the Security Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. List of Security Holders.

The Bank will provide the Issuer at any time requested by the Issuer, upon payment of any required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up to date listing or to convert the information into written form.

The Bank will not release or disclose the content of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a subpoena, court order, or as required by law. Upon receipt of a subpoena or court order the Bank will notify the Issuer so that the Issuer may contest the subpoena or court order, provided such subpoena, court order or lawful request does not prevent the Bank from providing such notice.

Section 4.05. Return of Canceled Securities.

The Bank will destroy all canceled Securities pursuant to the Securities Exchange Act of 1934.

Section 4.06. Mutilated, Destroyed, Lost or Stolen Securities Certificates.

The Issuer hereby instructs the Bank to deliver and issue Securities certificates in exchange for or in lieu of mutilated, destroyed, lost or stolen Securities certificates as long as the same does not result in an over-issuance.

The Bank will issue and deliver a new Security certificate in exchange for a mutilated Security certificate surrendered to it. The Bank will issue a new Security certificate in lieu of a Security certificate for which it received written representation from the Holder that the certificate representing such Security is destroyed, lost, or stolen, without the surrender or production of the original certificate. The Bank will pay on behalf of the Issuer the unpaid principal and premium, if any, of a Security at the Stated Maturity or on the Redemption Date or Acceleration Date, for which it receives written representation that the certificate representing such Security is destroyed, lost, or stolen without the surrender or production of the original certificate.

The Bank will not issue a replacement Security certificate or pay such replacement Security certificate unless there is delivered to the Bank such security or indemnity as it may require (which may be by the Bank's Blanket Lost Original Instrument Bond or similar certifications that may be required by the Bank) to save both the Bank and the Issuer harmless.

On satisfaction of the Bank and the Issuer that a Security certificate has been mutilated, destroyed, lost or stolen, the certificate number on the mutilated, destroyed, lost or stolen Security certificate will be canceled with a notation that it has been mutilated, destroyed, lost or stolen and a new Security certificate will be issued of the same series and of like tenor and principal amount bearing a number (according to the Security Register) not contemporaneously outstanding.

The Bank may charge the Holder the Bank's fees and expenses in connection with issuing a new Security certificate in lieu of or exchange for a mutilated, destroyed, lost, or stolen Security certificate.

The Issuer hereby accepts the Bank's insurance policy, surety, or other form of security from time to time maintained thereby that secures lost, stolen, or destroyed certificates that the Bank may arrange; and agrees that the coverage under any such form of security is acceptable to it and meets the Issuer's requirements as to security or indemnity therefor. The Bank need not notify the Issuer of any changes in the security or other company giving such bond or the terms of such form of security. At any time the Bank is customarily open for business, the applicable form of security then utilized for the purpose of lost, stolen, or destroyed certificates by the Bank shall be available for inspection by the Issuer on request. The Issuer hereby accepts the Bank's indemnity to replace the Security certificates destroyed or lost while in the possession or under the control of the Bank.

Section 4.07. Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01 and Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01.

ARTICLE FIVE THE BANK

Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth herein and in the Ordinance and agrees to use reasonable care in the performance thereof.

The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum as prepared by the Issuer's financial advisor, bond counsel, or other agent. The Bank may act on a facsimile or email transmission of the closing memorandum acknowledged by the financial advisor, bond counsel, or the Issuer as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.02. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by the Issuer. The Bank may act on any order, request, approval or other authority relating to the Securities which is provided by the Issuer through a facsimile or e-mail transmission without the necessity of obtaining an original or executed copy of any such authority.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

Section 5.03. Recitals of Issuer.

The recitals contained herein and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04. May Hold Securities.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar or any other agent, provided that such dealings do not result in a breach of any duties or agreements imposed by this Agreement.

Section 5.05. Money Held by Bank.

A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of money received from the Issuer hereunder for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations which qualify and are eligible under the laws of the State of Texas to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation.

The Bank shall be under no liability for interest on any money received by it hereunder.

Any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Texas Property Code (Unclaimed Property).

The Bank will comply with the reporting provisions of Chapter 74 of the Texas Property Code with respect to property that is presumed abandoned under Chapter 72 or Chapter 75 of the Texas Property Code or inactive under Chapter 73 of the Texas Property Code.

Section 5.06. Indemnification.

The Issuer agrees, to the extent it legally may, to indemnify the Bank (including its directors, officers and employees) for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement. The foregoing indemnities in this paragraph shall survive the resignation or substitution of the Bank or the termination of this Agreement.

Section 5.07. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demands or controversy over its persons as well as funds on deposit, in either a Federal or State District Court located in the State of Texas and County or Counties where either the Bank (Texas offices only) or the Issuer is located, waive personal service of any process, and agree that service of process by certified or registered mail, return receipt requested, shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming interest herein.

Section 5.08. Depository Trust Company.

It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", promulgated from time to time by The Depository Trust Company, which establishes requirements for securities to be eligible for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE SIX
MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns; Merger, Conversion, Consolidation or Succession.

All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Any corporation into which the Bank may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto. In case any Security shall have been registered, but not delivered, by the Bank then in office, any successor by merger, conversion, or consolidation to such authenticating Bank may adopt such registration and deliver the Security so registered with the same effect as if such successor Bank had itself registered such Security.

Section 6.06. Severability.

In case any provision herein, or application thereof, shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions or applications shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.08. Entire Agreement.

This Agreement and the Ordinance constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar for the Securities, and if any conflict exists between this Agreement and the Ordinance, the Ordinance shall govern.

Section 6.09. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination.

This Agreement will terminate on the date of final payment by the Bank issuing its checks for the final payment of principal of, and premium, if any, and interest on the Securities.

This Agreement may be earlier terminated upon 60 days written notice by either party; provided, however, that this Agreement may not be terminated (i) by the Bank until a successor Paying Agent/Registrar that is a national or state banking institution and a corporation or association organized and existing under the laws of the United States of America or of any state which possesses trust powers and is subject to supervision or examination by a federal or state regulatory agency has been appointed by the Issuer and has accepted such appointment, or (ii) at any time during which such termination might, in the judgment of the Issuer, disrupt, delay, or

otherwise adversely affect the payment of the principal, premium, if any, or interest on the Securities. Prior to terminating this Agreement, the Issuer may reasonably require the Bank to show that such termination will not occur during a period described in (ii) above.

The resigning Paying Agent/Registrar may petition any court of competent jurisdiction for the appointment of a successor Paying Agent/Registrar if an instrument of acceptance by a successor Paying Agent/Registrar has not been delivered to the resigning Paying Agent/Registrar within sixty (60) days after the giving of such notice of resignation.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.11. No Boycott of Israel (H.B. 89 85th Texas Legislature).

The Bank hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Bank understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

Section 6.12. Contracts with Companies Engaged in Business with Iran, Sudan or Foreign Terrorist Organizations Prohibited (S.B. 252 85th Texas Legislature).

The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Bank and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Bank understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

Section 6.13. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas and the United States of America.

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ANNEX A

Fee Schedule

EXHIBIT B
OFFICIAL BID FORM
SEE TAB NO. ____

EXHIBIT C

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 47 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. Quantitative financial information and operating data of the general type included in Tables 1 through 9 of the Official Statement.
2. 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 referenced in Appendix B of the Official Statement, but for the most recently concluded fiscal year.

Accounting Principles

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

EXHIBIT D

DTC LETTER OF REPRESENTATIONS

SEE TAB NO. ____

Agenda Packet Item 124

November 5, 2018

Mr. Michael Moore
Corporate Trust Department
The Bank of New York Mellon Trust Company, N.A.
2001 Bryan Street, 11th Floor
Dallas, Texas 75201

Re: "City of Fredericksburg, Texas Utility System Revenue Bonds, Series 2018" (the *Bonds*)

Dear Mr. Moore:

The payment for and delivery of the Bonds to the initial purchasers is to occur at your bank. Preliminary to the delivery of the Bonds, the firm of Norton Rose Fulbright US LLP, 300 Convent Street, Suite 2100, San Antonio, Texas 78205 will receive a single fully-registered obligation in the total principal amount of the Bonds (the *Initial Bond*) from the Comptroller of Public Accounts of the State of Texas, together with the approving opinion of the Attorney General, for their examination and review. After the examination of the Initial Bond by such firm, it will be sent to you, and thereupon you are authorized to cancel the Initial Bond and deliver the Definitive Bonds, if any, to the initial purchasers thereof, or their order, upon payment being made therefor in immediately available funds in accordance with the terms of the Receipt.

When payment for the Initial Bond has occurred, please transmit the proceeds thereof by the fastest means available in immediately available funds to the Issuer's depository bank and as directed in the Closing Memorandum relating to the closing of the Bonds.

Should any litigation having any effect upon the Initial Bond or the Bonds develop prior to the time you have received payment for it, I will notify you at once by electronic communication. You may thus be assured that there is no such litigation at the time the Initial Bond is delivered by you unless you have been advised otherwise as provided herein.

[The remainder of this page intentionally left blank.]

Thank you for your assistance in this matter.

Very truly yours,

Mayor
City of Fredericksburg, Texas

Agenda Packet Item 126



CITY COUNCIL MEMO

DATE: November 5, 2018

TO: Mayor and City Council

FROM: Kris Kneese, P.E. – Assistant Director of Public Works and Utilities

SUBJECT: Lease/Purchase Financing for Water Meter Purchase

Summary:

The 2019 adopted City Water Department Budget approved funding for lease purchase payments for the acquisition of a new Advanced Metering Infrastructure (AMI) Water Meter System including water meter equipment, software, and setup and installation services.

The purchase price of \$2,182,685 will be financed. The financing was bid with the low bid received from Frost Bank with an interest rate of 3.07%. As part of the lease documentation, the City Council is required to adopt a Resolution authorizing the Lease Agreement with Frost Bank.

Furthermore, the adoption of this resolution will give authorization to the City Manager to execute all documents related to this lease agreement.

Recommendation:

Staff recommends that the Council adopt the resolution approving the acquisition and financing of the new AMI Water Meter System.

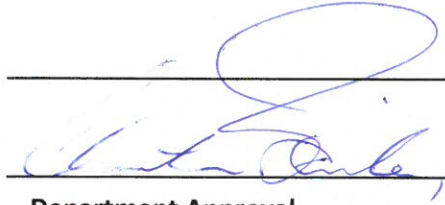
Background / Analysis:

Agenda Packet Item 127

The City of Fredericksburg

Attachments:

- Tabulation of Bids Received
- Resolution approving the Acquisition and Financing of the new AMI Water Meter System



Department Approval



City Manager Approval



City Attorney Approval

Agenda Packet Item 128

The City of Fredericksburg

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

RESOLUTION 2018-04R

**A RESOLUTION OF THE CITY OF FREDERICKSBURG, TEXAS,
APPROVING THE ACQUISITION AND FINANCING OF
EQUIPMENT**

WHEREAS, the City of Fredericksburg ("City") desires to procure Advanced Metering Infrastructure Water Meter System using lease purchase financing; and

WHEREAS, the City has previously awarded the right to provide said financing to *Frost Bank*, based on competitive bidding and procurement practices as required by Texas Law.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL of the City of Fredericksburg, Texas, that:

1. The City Council hereby approves the acquisition and financing of the equipment using financing provided by *Frost Bank*; and

2. The City Council hereby authorizes Kent Myers, in his capacity as City Manager, to execute the *Financing Documents* on behalf of the City.

PASSED AND APPROVED this 5th day of November, 2018.

Mayor

ATTEST:

City Secretary

APPROVED AS TO FORM:

City Attorney

City of Fredericksburg - \$2,182,684.83 Water Meter Purchase Financing, FY 2019
Summary of Bids Received

Bidder	Interest Rate	Principal Amount	Total Interest Cost	Fee if any	Total P & I & Fees	Rank
Frost Bank	3.07%	2,182,684.83	133,955.24	1,000.00	2,317,640.07	1
Chase Bank	3.15%	2,182,684.83	137,442.64	-	2,320,127.47	2
US Bancorp	3.21%	2,182,684.83	140,058.05	-	2,322,742.88	3 - tie
Sterling National Bank	3.21%	2,182,684.83	140,058.05		2,322,742.88	3 -tie
BMO Harris Equipment Finance	3.265%	2,182,684.83	142,475.02	-	2,325,159.85	5
Bank Funding, LLC	3.45%	2,182,684.83	150,518.12		2,333,202.95	6



CITY COUNCIL MEMO

DATE: November 5, 2018

TO: Mayor and City Council

FROM: Kris Kneese, P.E. – Assistant Director of Public Works and Utilities

SUBJECT: Water Meter Purchase

Summary:

Funding in the amount of \$500,000 is included in the approved FY 2019 Water Department Budget for the purchase of a new advanced metering infrastructure (AMI) system to replace the City's current AMI water meter system. The equipment will be purchased as part of a lease purchase program with a five (5) year payment term.

Recommendation:

City Staff recommends approval to purchase the Sensus water meters.

Background / Analysis:

In 2005, the City installed a new Advanced Metering Infrastructure (AMI) system which had the capability to provide Automatic Meter Reading (AMR) for the electric and water meters. Since 2005, the City has had numerous problems with the AMR water meters not sending reads to the collectors (communication between water meter and radio collectors in field), as well as the meter manufacturer being unresponsive to the needed services to correct the meter problems. As a result of the water meter communication failures, the City completed a couple of complete water meter change outs over the last 13 years.

In 2016, the water meter communication system began failing which had been replaced just 3 years prior. The City began working with the water meter manufacturer to resolve the problem, but had poor

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The City of Fredericksburg

response from the manufacturer. Over the past year and a half, approximately 1,750 water meter modules have failed resulting in staff manually reading the failed water meters each month. Additionally, each month approximately 100 more water meter modules (communication device) fail, resulting in additional manual reads. Note, the water meter housing and register are still functioning properly, meaning the water going through the meter is still being accounted for correctly.

To resolve the problem, City Staff formed a committee made up of the Utility Billing, Water, IT, and Engineering Departments to begin exploring options to replace the water meters. Over the last 8 months, City Staff has met with four different water meter manufacturers, including Sensus, Badger, Neptune and Mueller. The meter manufacturers performed field studies and investigations, as well as presented their products to City Staff. After receiving and reviewing the information from the four meter manufacturers, the committee unanimously selected Sensus water meters. The Sensus meters are being recommended for the following reasons:

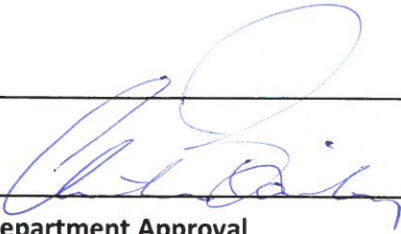
- Aqua Metrics Sales Company, represents Sensus Water Meter Technology and has offices in close proximity to Fredericksburg.
- Sensus is a leader in the water meter manufacturing industry
- Sensus has over 40 installation in our region, including Cedar Park, Lockhart, Universal City, Bastrop, Hondo, Brady, Luling, Stephenville, Canyon Lake, Brenham and many more.
- Sensus utilizes the FlexNet Communication which provides reliable communication service between the water meter and collector in the field.
- Warranty: Sensus provides a 20 year warranty. 15 year 100% replacement warranty and 5 year prorated.
- Ultrasonic Meter: Water meter accuracy is guaranteed for 20 years, which can read flows down to a tenth of a gallon per minute.
- Customer Portal: Allows customers to view, manage and adjust water usage, receive alerts via email or text message for important account information including; possible leaks, high usage, etc.

The total cost to replace the AMR water meter system is approximately \$2,200,000. As discussed during the FY 2019 budget discussion with City Council, the water meter replacement project will be financed with a lease purchase program with a five (5) year term. Funding in the amount of \$500,000 is included in the approved FY 2019 Water Department Budget for the first of the five payments.

The purchase of water meter replacement project will utilize HGAC contracts which meets State of Texas government procurement requirements.

Attachments:

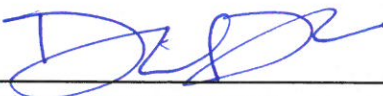
- Water Meter Purchase Presentation
- HGAC Contract Pricing Worksheet - Sensus Water Meter
- Software Service and Lease Agreement



Department Approval



City Manager Approval



City Attorney Approval



Water Meter Purchase

Agenda Packet Item 134

City Council – November 5, 2018

Presentation Outline

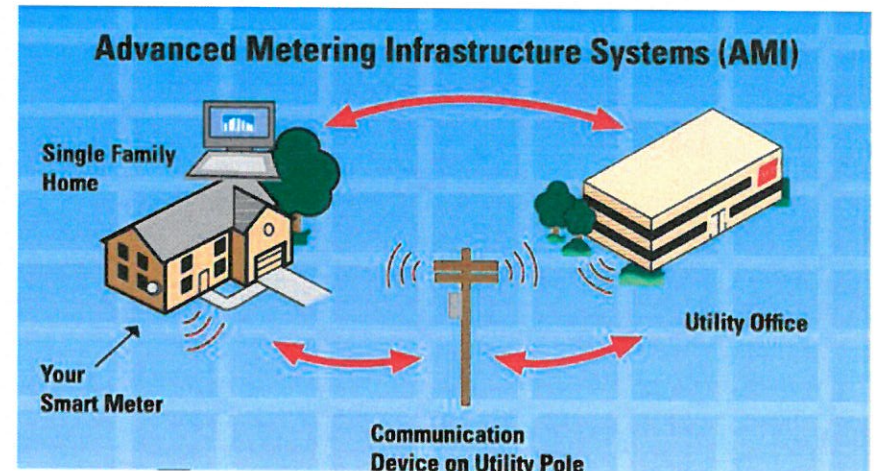


- **Water Meter History**
- **Water Meter Selection Process**
- **Water Meter Selection**
- **Cost and Schedule**
- **Questions**

History

- **AMI Meters**

- Water and Electric
 - Advanced Metering Infrastructure (AMI)
 - Automatic Meter Reading (AMR)
- September 2005
- Water Meter Replacement
 - 2005-2013 → 2.5 replacements
 - 2016 → communication failure and Honeywell
- 100 reads fail/month
- Approx. 1,200 manual reads



Water Meter Selection Process



- **Water Meter Selection Process**
 - Selection Committee – City Staff
 - Interviews, presentations, field investigation, & studies
 - Started - March 2018
 - City Council - FY2019 Budget Discussion
 - Manufacturers
 - Sensus
 - Badger
 - Neptune
 - Mueller

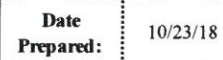
Water Meter Selection

- **Sensus Water Meter**
 - Why?
 - Aqua Metrics Sales Company
 - Office location – Schertz
 - Installation in region (Texas)
 - More than 40 Installations
 - Cedar Park, Lockhart, Universal City, Bastrop, Hondo, Brady, Luling, Stephenville, Canyon Lake, Brenham, etc
 - Industry Leader
 - FlexNet Communication
 - FCC Regulation
 - Warranty – 20 year
 - 15 yr replacement and 5 yr prorated
 - Meter Accuracy
 - Customer Portal
 - Water Budgeting
 - Leak Detection

Project Cost, Contract, Financing and Schedule

- **Project Cost**
 - Approximately \$2,200,000
 - Water Department – FY2019 Budget
- **HGAC Contract**
 - Meets City and State Purchasing Regulation
- **Financing**
 - 5-yr term with equal payment
 - Bids received
- **Schedule**
 - Start Installation January 2019
 - Approx. 6 months to complete

HGACBuy		CONTRACT PRICING WORKSHEET For Catalog & Price Sheet Type Purchases		Contract No.:	WM08-18	Date Prepared:	10/23/18
This Worksheet is prepared by Contractor and given to End User. If a PO is issued, both documents <u>MUST</u> be faxed to H-GAC @ 713-993-4548. Therefore please type or print legibly.							
Buying Agency:	City of Fredericksburg, Texas			Contractor:	Aqua-Metric Sales Company		
Contact Person:	Kris Kneese, PW			Prepared By:	Kristy Segarra		
Phone:	(830) 990-2035			Phone:	210-967-6300		
Fax:				Fax:	210-967-6305		
Email:	kkneese@fbgtx.org			Email:	kristy.segarra@aqua-metric.com		
Catalog / Price Sheet Name:	Sensus Meter Pricing September 2018						
General Description of Product:	AMI System Product and Installation						
A. Catalog / Price Sheet Items being purchased - Itemize Below - Attach Additional Sheet If Necessary							
Quan	Description				Unit Pr	Total	
3	M400 Basestation - WM0825A				24720	74160	
3	Basestation Installation - WM0825C				25000	75000	
2	FL6501-GB Hand Held - WM0825A				8355.936	16711.872	
2	HHD Docking Station - WM0825A				921.16	1842.32	
2	Command Link - WM0825A				547.232	1094.464	
1	3096+ Mini Reader - WM0825A				495.55	495.55	
1	UniPro Communicator Tool - WM0825A				275.37	275.37	
1	Annual Hosted RNI Software-as-a-Service - WM0825B				12388.75	12388.75	
1	Sensus Analytics Enhanced Water - WM0825B				9956.25	9956.25	
1	Annual Aqua Metric Maintenance and Support - WM0825C				49500	49500	
1	Project Management - WM0825C				47500	47500	
1	RNI SaaS Setup - WM0825B				7957	7957	
Total From Other Sheets, If Any:						2187328.48	
Subtotal A:						2484210.056	
B. Unpublished Options, Accessory or Service items - Itemize Below - Attach Additional Sheet If Necessary (Note: Unpublished Items are any which were not submitted and priced in contractor's bid.)							
Quan	Description				Unit Pr	Total	
6	Communication Backhaul				1000	6000	
1	NovusCenter Setup and Configuration				7500	7500	
1	Installation Project Management				5000	5000	
100	3/4" SL ally Meter				388.08	38808	
Total From Other Sheets, If Any:							
Subtotal B:						57308	
Check: Total cost of Unpublished Options (B) cannot exceed 25% of the total of the Base Unit Price plus Published Options (A+B).						For this transaction the percentage is:	
						2%	
C. Trade-ins / Special Discounts / Other Allowances / Freight / Installation / Miscellaneous Charges							
Discount						-394833.23	
Processing Fee						36712.46	
Subtotal C:						-358120.77	
Delivery Date:				D: Total Purchase Price (A+B+C):		2183397.286	



Delivery Date:	D. Total Purchase Price (A+B+C):
----------------	----------------------------------



CITY COUNCIL MEMO

DATE: November 5, 2018

TO: Mayor and City Council

FROM: Andrea Schmidt, Parks & Recreation Director

SUBJECT: LBJ Park Fields A and C Lighting Quote

Summary:

As part of the budget process this past summer, new lighting for Fields A and C at LBJ Park was approved. The attached Musco Sports Lighting quote includes removing the old lights on Field A and adding new lights to both Fields A and C. The budget for lighting these two fields is \$388,500. The cost for this part of the project is \$345,360 which is under budget and will leave funds for any additional work that may need to be completed. Musco provides a Green Sports Lighting System. Their lights are shielded to control spill and glare and come with a 10 year warranty. They are also a part of the Buy Board. The lights will run on an automated system so they can be prescheduled to turn on and off at the correct times. The project will take approximately 12 weeks to complete.

Recommendation:

Consider approval of the Lady Bird Johnson Park Fields Buy Board lighting quote from Musco Sports Lighting for \$345,360.

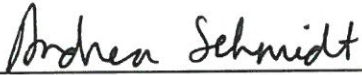
Background / Analysis:

At this time we have one lit 300' ballfield at Oakcrest Park. The other two 300' fields at LBJ Park are not lit. One has obsolete lights which need to be removed and the other has no lights. Play must stop at dusk

on these two fields. The baseball leagues and adults that play on these fields have to move to the smaller lit fields in the fall which do not meet the field requirements for their play. Lighting these two fields will give us more flexibility in scheduling leagues, games and practices throughout the year.

Attachments:

Lady Bird Johnson Park Fields Lighting Quote



Department Approval



City Attorney Approval



City Manager Approval

Agenda Packet Item 143

The City of Fredericksburg

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

Quote

Project: Lady Bird Johnson Park Fields
Fredericksburg, TX
Ref: 177411
Date: October 11, 2018

BuyBoard

Master Project: 146396, Contract Number: 512-16, Expiration: 09/30/2019
Commodity: Parks and Recreation Equipment and Field Lighting Products and Installation

Quotation Price – Materials and Installation

Field A -	\$ 165,400
Field C -	\$ 165,000
• Alternate 1 -	\$ 5,800
• Adder 1 to upgrade service at Field A	\$ 4,400
• Adder 2 to upgrade service at Field C	\$ 4,760

Alternate #1 – Remove and dispose of the existing light poles, fixtures, transformers, and electrical enclosures on Field A. Foundations to be demo 6" below grade. This will include the recycling of lamps, aluminum reflectors, ballast and steel as necessary.

Adder #1 to upgrade service at Field A– Provide equipment and materials to rework existing services at Field A to be a 600-amp service with breakers as necessary. New gutter system at each service to accommodate existing equipment.

Adder #2 to upgrade service at Field C - Provide equipment and materials to rework existing services at Field C to be a 600-amp service with breakers as necessary. New gutter system at each service to accommodate existing equipment.

Sales tax (if applicable) and bonding are not included.
Pricing furnished is effective for 60 days unless otherwise noted and is considered confidential.

Light-Structure System with Green Generation Lighting® metal halide technology

Guaranteed Lighting Performance

- Guaranteed light levels of 50 foot-candles infield and 30 foot-candles outfield. Uniformity of 2.0:1.0 infield and 2.5:1.0 outfield.

Agenda Packet Item 144



Quote

System Description : Field A

- (6) Pre-cast concrete bases with integrated lightning grounding
- (6) Galvanized steel poles
- Factory wired and tested remote electrical component enclosures
- Pole length, factory assembled wire harnesses
- Factory wired poletop luminaire assemblies
- (38) Factory aimed and assembled luminaries
- (2) TLC-LED-400 fixtures aimed toward the parking lot – on a separate zone
- UL Listed as a complete system

System Description : Field C

- (6) Pre-cast concrete bases with integrated lightning grounding
- (6) Galvanized steel poles
- Factory wired and tested remote electrical component enclosures
- Pole length, factory assembled wire harnesses
- Factory wired poletop luminaire assemblies
- (40) Factory aimed and assembled luminaries
- (2) TLC-LED-400 fixtures aimed toward the parking lot – on a separate zone
- UL Listed as a complete system

Control Systems and Services

- Control -Link® system with contactors for remote on/off control and performance monitoring with 24/7 customer support

Operation and Warranty Services

- Reduction of energy and maintenance costs by 50% to 85% over typical 1500W metal halide equipment
- Support from Musco's Lighting Services Team – over 170 Team members dedicated to operating and maintaining your lighting system – plus a network of 1800+ contractors
- 10-year materials and onsite labor warranty

Installation Services Provided

See scope of work below.

Payment Terms

Email or fax a copy of the Purchase Order to Musco Sports Lighting, LLC & BuyBoard:

Musco Sports Lighting, LLC
Attn: Ryan Tighe
Fax: 800-374-6402
Email: musco.contracts@musco.com

BuyBoard Cooperative Purchasing
Attn: Sharon McAfee
Fax: 800-211-5454
Email: info@buyboard.com

All purchase orders should note the following:
BuyBoard purchase – Contract Number: 512-16

Delivery Timing

Approximately 12 weeks for complete installation from the time of order, submittal approval, and confirmation of order details including voltage, phase, and pole locations.

Due to the built-in custom light control per luminaire, pole locations need to be confirmed prior to production. Changes to pole locations after the product is sent to production could result in additional charges.

Quote

Notes

Quote is based on:

- Shipment of entire project together to one location.
- Voltage and phasing to be confirmed prior to production.
- Structural code and wind speed = 2012 IBC, 115 mi/h, Importance Factor C.
- Owner is responsible for getting electrical power to the site, coordination with the utility, and any power company fees.
- Includes supply and installation of Musco system including underground wiring and conduit, service entrance panel board, and controls by a licensed contractor.
- Standard soil conditions – rock, bottomless, wet or unsuitable soil may require additional engineering, special installation methods and additional cost.
- Confirmation of pole locations prior to production.

Thank you for considering Musco for your lighting needs. Please contact me with any questions or need additional details.

Tim Oordt
Senior Sales Representative
Musco Sports Lighting, LLC
Phone: 512-658-6884
E-mail: tim.oordt@musco.com

Agenda Packet Item 146



Quote

**Lady Bird Johnson Park Fields
Fredericksburg, TX
#177411
Turnkey Scope of Work**

Customer Responsibilities:

1. Complete access to the site for construction using standard two- wheel drive rubber tire equipment.
2. Locate existing underground utilities not covered by "One Call" and mark all irrigation systems and sprinkler heads. Musco or Subcontractor will not be responsible for repairs to unmarked utilities.
3. Locate and mark field reference points per Musco supplied layout.
4. Pay for extra costs associated with foundation excavation in non-standard soils (rock, caliche, high water table, collapsing holes, etc.). Standard soils are defined as soils that can be excavated using standard earth auguring equipment.
5. Owner responsible for any power company fees and requirements. **(If necessary).**
6. Owner responsible for all permitting fees (payment). Contractor will obtain the required permitting.
7. Provide area on site for disposal of spoils from foundation excavation.
8. Provide sealed Electrical Plans. (If required)

Musco Responsibilities:

1. Provide required poles, fixtures, and foundations.
2. Provide layout of pole locations and aiming diagram.
3. Provide Project Management as required.
4. Provide stamped foundation designs based on 2500psf soils.
5. Musco shall provide Performance and Payment Bonds in an amount equal to the total amount of bid.
(Only if Required, Not included in quote)

Musco Subcontractor Responsibilities:

1. Provide equipment and materials to off load equipment at jobsite per scheduled delivery.
2. Provide storage containers for material, (including electrical components enclosures), as necessary and waste disposal.
3. Provide adequate security to protect Musco delivered products from theft, vandalism or damage during the installation.
4. Obtain any required permitting.
5. Provide materials and equipment to upgrade electrical service panels as required or necessary.
6. Provide materials and equipment to install all underground conduit, wiring, pull boxes etc. and terminate wiring as required per electrical design.
7. Confirm the existing underground utilities and irrigation systems have been located and are clearly marked so as to avoid damage from construction equipment. Repair any such damage during construction.
8. Provide materials and equipment to install (6) Light Structure® System foundations as specified on Layout for both Field A and Field C.
9. Remove spoils to owner designated location at jobsite.
10. Provide materials and equipment to assemble (40) TLC-LED fixtures on Field A and (42) TLC-LED fixtures on Field C and terminate all necessary wiring.
11. Provide equipment and materials to assemble and erect (6) Light Structure® System Poles on both Field A & Field C.
12. Provide equipment and materials to install Lighting Contactor Cabinets on both Field A and Field C and terminate all necessary wiring.
13. Provide step down transformer for 120v control circuit if not available.
14. Contractor will commission Control- Link® by contacting Control- Link Central™ Service Center at (877-347-3319).
15. Check all Zones to make sure they work in both auto and manual mode.
16. Set base line for the DAS (Diagnostic Acquisition System)
17. Keep all heavy equipment off of playing fields when possible. Repair damage to grounds which exceeds that which would be expected. Indentations caused by heavy equipment traveling over dry ground would be an example of expected damage. Ruts and sod damage caused by equipment traveling over wet grounds would be an example of

Quote

damage requiring repair.

18. Provide startup and aiming as required to provide complete and operating sports lighting system.
19. Provide as built drawings on completion of installation.

Alternate #1 – Remove and dispose of the existing light poles, fixtures, transformers, and electrical enclosures on Field A. Foundations to be demo 6" below grade. This will include the recycling of lamps, aluminum reflectors, ballast and steel as necessary.

Adder #1 – Provide equipment and materials to rework existing services at Field A to be a 600-amp service with breakers as necessary. New gutter system at each service to accommodate existing equipment.

Adder #2 - Provide equipment and materials to rework existing services at Field C to be a 600-amp service with breakers as necessary. New gutter system at each service to accommodate existing equipment.

Agenda Packet Item 148

Bids will be available at the City Council Meeting on November 5, 2018.



CITY COUNCIL MEMO

DATE: October 31, 2018
TO: Mayor and City Council
FROM: Kent Myers, City Manager
SUBJECT: A Path to the Future Community Visioning Report

Summary:

The final community visioning report has been completed and a power point presentation will be provided at Monday's Council meeting on the visioning process. A summary of the report is attached.

Recommendation:

Following the presentation, it is recommended that the City Council provide feedback on the report prior to presenting to other community organizations.

Background / Analysis:

Attachments:

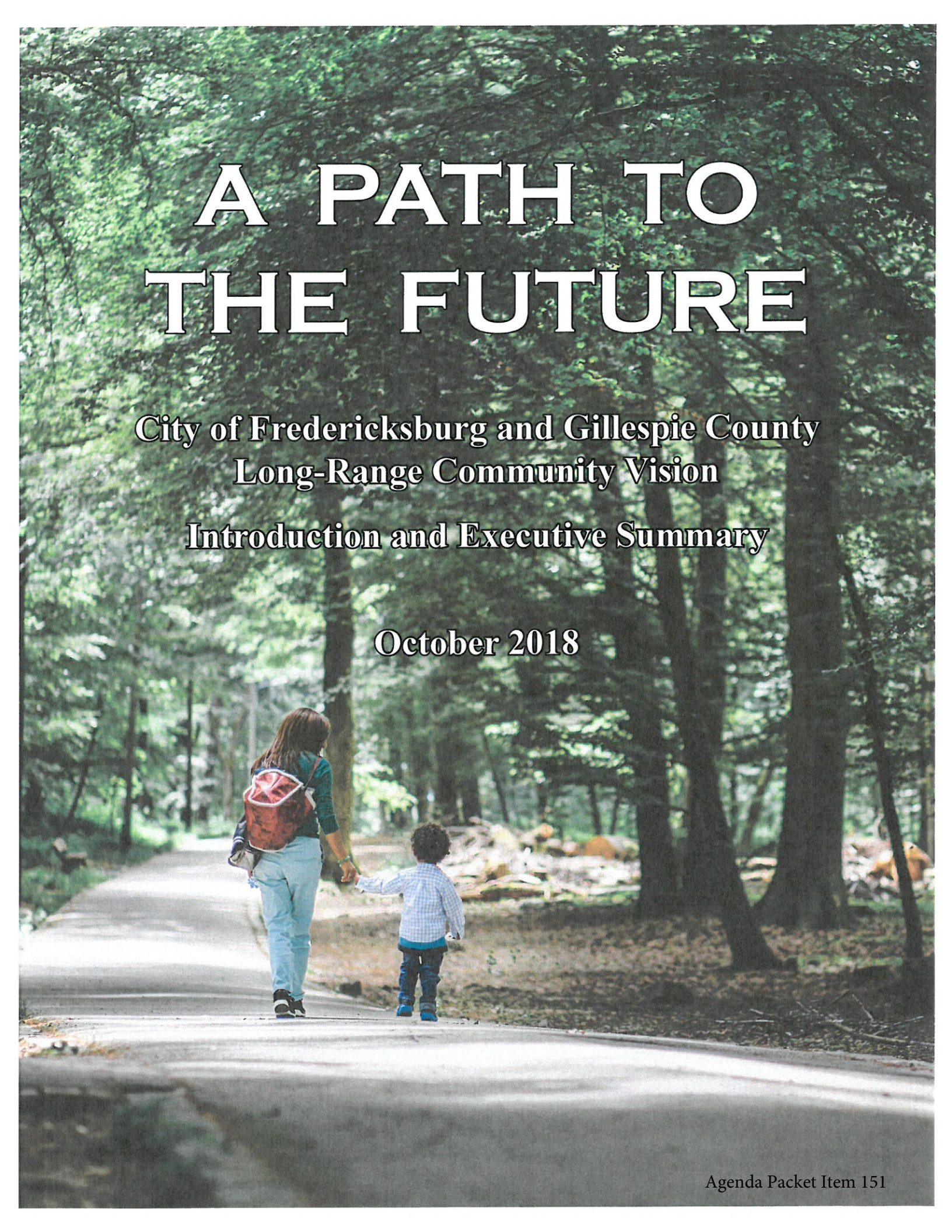
Summary of the community visioning report.


Department Approval


City Manager Approval

Agenda Packet Item 150

The City of Fredericksburg

A woman with long brown hair, wearing a green long-sleeved shirt, light blue pants, and a red backpack, is walking away from the camera on a paved path. She is holding the hand of a young child with curly hair, wearing a blue and white checkered shirt and blue pants. They are walking through a dense forest with tall trees and green foliage. The path is paved and leads into the distance.

A PATH TO THE FUTURE

City of Fredericksburg and Gillespie County
Long-Range Community Vision

Introduction and Executive Summary

October 2018

A Path to the Future

Mayor's Introduction

In 1998 eleven community leaders formed a committee to develop a plan for the future of Fredericksburg and Gillespie County, just as businesses do in their strategic planning. The final plan "Journey to 2020 ... A Focus on Gillespie County" was compiled by over 200 citizens who attended numerous meetings. The final report included 6 Key Focus Areas (Economy, Education, Health, Infrastructure, Quality of Life, and Tourism/Traffic/Transportation).

The results of this plan have aided the City of Fredericksburg, Gillespie County, Hill Country Memorial, Fredericksburg Independent School District, Economic Development Commission, Fredericksburg Chamber of Commerce and many other entities as a guide for the future needs of our community.

As 2020 is nearing, and much of the 1998 report has been accomplished, the City of Fredericksburg and Gillespie County began a new visioning process in February 2017. This process has included hundreds of our citizens who were involved in countless committee meetings and public forums, with additional input gathered from numerous sources. The visionary statements included in this document are intended as opportunities to keep concerned Fredericksburg and Gillespie County citizens involved in a continual process of planning for the future.

The now complete visioning plan "A Path to the Future" includes 4 Key Focus Areas (Business, Government, Family Life, and Quality of Life) along with goals and objectives which are identified in this document. These visions are a direct result of the issues that consistently generate the most involvement and interest throughout our community. Some of these issues may or may not be considered as imminent concerns, however, it is the goal of the participants in this process to avoid these issues becoming problems as they may have for other communities.

Our community has worked well together for generations to preserve our quality of life, our history, and our culture. I encourage everyone who was a part of, and those who are new to, "A Path to the Future" to become involved in and supportive of the views and concepts included in this document. We, and future generations, will be the beneficiaries of this foresight.

The following is an executive summary of 'A Path to the Future'. The report in its entirety is available on the City's website at <http://www.fbgtx.org/806/6404/Community-Visioning>.

Linda Langerhans
Mayor, City of Fredericksburg

A Path to the Future

Executive Summary - October 2018

Background

This serves as an executive summary of the process the community has used over the past 20 months to develop a new long-range vision for Fredericksburg and the Gillespie County area. As we started this process, we recognized the overarching theme should be to preserve our quality of life, our culture, our architecture, and our community. This process started in February 2017 with several brainstorming meetings where we asked local citizens to provide their input. We asked them to tell us what made our community great. And we asked them to share with us what could make our community even better. We received over 600 different comments at these initial community brainstorming meetings.

During the next phase of the public input process, we went out into the community, local churches, schools, civic groups, and other organizations. Over 200 additional comments were provided at these sessions from individuals representing a broad range of ages, ethnicities, occupations and backgrounds. This included people who have lived in Gillespie County all their lives as well as recent newcomers to our community.

Citizens were open and honest during these input sessions. We were amazed at the level of insight that these citizens had on current local issues, the diversity of ideas that were offered and the level of thought and creativity that they had in defining the future of our community. In providing this report, the Community Visioning Steering Committee wants to thank each person who came forward with their comments. Citizens' input was critical to the final visions and recommendations.

Following the public input process, we recognized that most of the comments included common areas of concern. Therefore, the Steering Committee started to group the various comments into major subject areas. These four subject areas included Business, Government, Quality of Life and Family Life.

We then agreed to establish citizen committees to focus on these four major areas and opened these committees to anyone who wanted to participate. These committees involved over 100 local citizens who volunteered their time over an 8-month period reviewing the public comments submitted. They spent over 1,000 hours researching significant community issues. They also met with individuals who had specific knowledge in the topics that they were reviewing. These committees developed the vision statements and recommendations that are summarized below. Their detailed report and recommendations are included in this report. The Steering Committee wants to recognize and thank every individual who participated on one of the four committees.

Community Visions and Key Recommendations

The following ten long-range visions for our community will serve to guide major decisions made by Gillespie County, the City of Fredericksburg, Fredericksburg Chamber of Commerce, Economic Development Commission, Convention and Visitor's Bureau, Hill Country Memorial Hospital and other major local organizations. In offering these visions and specific recommendations for achieving these visions, we believe that we have answered the two basic questions that were raised when we started this process some 20 months ago.

- WHAT MAKES OUR COMMUNITY GREAT?
- WHAT COULD MAKE IT BETTER?

Child Care Vision

The long-range vision includes the provision of affordable, safe and high-quality early childhood educational opportunities that will be available to all families so that children in our community will be placed on the path to educational and economic success.

Recommendations:

1. Establish on-site childcare services at major local employers.
2. Provide additional training and certification of child care workers and offer a higher level of compensation provided to these workers.
3. Create a foundation (or use an existing foundation) to provide financial support for these programs.

Diverse Economy Vision

This vision includes the maintenance of our successful tourism and wine business and current positive economy, while expanding desirable target industries that create jobs with "living wages." This can be accomplished by leveraging the underlying strengths of our community and maintaining our unique character.

Recommendations:

1. Focus economic development efforts on target industries that pay higher than "living wages."
2. Implement a local working group to link current and future workforce demand with local workforce training and development capabilities.
3. Consider steps for reducing barriers for new business creation and existing business growth.
4. Consider steps for reducing barriers for workforce recruitment and retention.

Domestic Violence/Drug and Alcohol Addiction and Mental Health Vision

This vision includes seeking holistic, long-term community strategies for dealing with these issues which are often considered to be “taboo” but have a significant impact particularly on our young people, the elderly and their families.

Recommendations:

1. Establish a Family Crisis Hot Line in the community.
2. Develop a women and children’s shelter.
3. Develop a County mental health facility.
4. Hire a full-time licensed social worker at Fredericksburg High School.
5. Provide advanced training on mental health issues to all local first responders.

Education, Training and Workforce Development Vision

This vision includes the need for better training and education to develop our local workforce to address future employment needs in the community. This vision also includes the need to have a dynamic and comprehensive educational system that will provide equal opportunity for local students from pre-kindergarten through college/university degrees.

Recommendations:

1. Establish a formal working group made up of a cross-section of local businesses, schools, Central Texas College and Texas Tech University to create, review and adjust workforce development programs to meet current and future needs.
2. Expand local workforce programs to address immediate community needs such as the Child Development Associate (CDA) degree and the Certified Nursing Assistant (CNA) program.
3. Develop innovative academic programs which feature student centered learning and problem-solving models such as the Systems Go rocket engineering program.
4. Support the phased development of first-class educational facilities both at the local public and private schools as well as the projects detailed in the University Center Master Plan.

Healthcare/Hill Country Memorial Hospital Vision

The Hill Country Memorial Hospital and other associated medical facilities are one of the most important assets of our community and we should make every effort to protect this asset while creating opportunities for local medical services to expand to serve a growing population with diverse health and medical needs.

Recommendations:

1. Create opportunities for additional community support for the Hospital Foundation to provide funding for future medical equipment and capital improvements.
2. Expand local nursing education programs.
3. Assist in the recruitment of additional medical personnel as needed.

Housing Vision

This vision includes the development of quality housing that is affordable and that will accommodate our expanding workforce including workers in all employment categories from the hospitality industry to individuals in the fields of nursing, teaching and emergency services.

Recommendations:

1. Review all development and zoning regulations and make changes necessary to encourage the development of additional affordable housing.
2. Create a local land trust to bank land that can be used to develop affordable housing.
3. Create a Housing Ombudsman position in the community who can work with local builders, developers and government agencies in a cooperative effort to develop more affordable housing.
4. Create opportunities for use of local investor funds to help reduce the costs for affordable housing.
5. Continue to annex property into the City Limits as needed for affordable housing development.

Infrastructure Vision

The improvement of infrastructure including broadband, water, roadways, trails and recycling services will be important for providing quality and dependable services to existing residents and businesses and for facilitating future growth.

Recommendations:

1. Implement a transportation system to serve the local workforce.
2. Improve local roadway system in accordance with the Transportation Master Plan.
3. Complete planning, design and construction of a Relief Route.
4. Make on-going improvements to parking in downtown area.
5. Improve broadband services both within the City and throughout the County.
6. Improve and expand parks and trails system.
7. Expand local recycling programs.

Market Square/Main Street Vision

This vision recognizes these major community assets that should be protected and improved for future generations to enjoy. The vision focuses on maintaining the historic feel of Main Street and the approximate 20 acres set aside by the founders of Fredericksburg for green space and community functions.

Recommendations:

1. Support and implement the One-Square-One Vision Concept for future development of Market Square.
2. Conduct opportunities for broad community involvement in the long-range development plans for Courthouse Square.
3. Prepare redevelopment options for Main Street for community discussion when the Relief Route project is designed and constructed.

Tourism Vision

This vision includes the City of Fredericksburg partnering with other organizations and stakeholder groups to further enhance the reputation of the Texas Hill Country as a major tourism destination including increasing the efforts to establish this area as a family destination.

Recommendations:

1. Focus recruitment of tourism businesses that are small to medium-sized with fewer employment needs and lower water consumption.
2. Take additional steps to protect our historic assets and expand our cultural opportunities.
3. Continuously review HOT funding distribution at both the City and County levels to ensure that these funds provide maximum benefit to the community.
4. Develop and maintain infrastructure such as water, streets, sidewalks, and broadband services to support tourism as part of the community's overall economic development program.

Wineries Vision

This vision recognizes that the City of Fredericksburg and Gillespie County have a unique opportunity to become both the winery and culinary center of Texas. However, the growth of these types of businesses requires planning and proper management to protect the excellent quality of life enjoyed in our community.

Recommendations:

1. Support efforts to develop the Texas Center for Wine and Culinary Arts so that this project can be completed as part of the University Center campus.
2. Continue to urge local winery businesses to improve the quality of wine produced in the area.
3. Consider managing the number of wine-related businesses in the downtown area so that there is a balance between these types of businesses and other establishments such as restaurants and retailers.
4. Increase traffic safety efforts in the Highway 290 East area by expanding law enforcement, reducing speed limits and completing roadway improvements.
5. Pursue legislation that will provide County government with the tools to plan and manage the growth of wineries in the area.

Recent Accomplishments

While the focus of the visioning committees was on creation of a long-range vision for the community, many specific short-term recommendations were identified by the visioning committees. These were identified as opportunities that could improve our community immediately. So, rather than including these in the long-range visions and recommendations cited above, steps have been taken to move forward to implement and adopt these “low hanging fruits.”

These short-term accomplishments serve as another example of the value of both the community brainstorming meetings and the work of the visioning committees in creating ideas and recommendations that will make our community better. These accomplishments include the following:

1. Development of plans and adoption by the City Council of a new Fort Martin Scott Trails Plan.
2. Development of promotional information on summer youth activities for dissemination to the community.
3. Establishment of programs at Fredericksburg High School for hospitality, culinary arts, medical and building trades.
4. Adoption and implementation of new short-term rental ordinance.
5. Improved ADA compliance by making ADA improvements to sidewalks.
6. Initiation of plans by Morning Rotary Club for new basketball courts at Old Fair Park.
7. Initiation of plans for new women’s shelter near Law Enforcement Center.
8. Development of new soccer fields at Oakcrest Park.
9. Establishment of new City communications program.

This list will be updated and included in an annual report card that is developed each year.

City of Fredericksburg
126 W. Main Street
Fredericksburg, TX 78624
(830)997-7521
www.fbgtx.org





CITY COUNCIL MEMO

DATE: November 5, 2018

TO: Mayor and City Council

FROM: Garret Bonn, P.E., CFM – Asst. City Engineer

SUBJECT: Update on Proposed Drainage Utility Fee Structure and Stormwater/Vegetation Management Program

Summary:

City staff will give an update on the status of the proposed drainage utility fee structure update and Stormwater/Vegetation Management Program.

Recommendation:

N/A

Background / Analysis:

On October 30th, the City hosted a public open house to provide information and receive comments regarding proposed revisions to the Drainage Utility Fee structure and the Stormwater/Vegetation Management Program. The City of Fredericksburg currently charges utility customers a flat drainage utility fee of \$1 per month. As discussed during the budget process, to make this fee more fair and equitable to property owners and provide more effective storm water and vegetation management throughout the City, each property's contribution to the storm collection system will be estimated by determining the amount of its impervious area (rooftops, parking lots, and other hard surfaces). The revised fee would be added to the monthly utility bill, as is currently done.

Under the currently proposed fee structure, residential properties would pay a flat rate ranging from of \$3.00 to \$6.00 per month. Non-residential properties would pay a fee of \$3.00 and up per month based on the amount of impervious cover on the developed site. A copy of the current proposed fee structure which includes four residential tiers and six non-residential tiers with no exemptions is provided below:

TIER STRUCTURE		FEE AND REVENUE				UNIT COST			
Residential Tier	Bldg Area Break (sf)	Monthly Fee	Annual Fee	Count of Parcels	% Residential Parcels in Tier	Median Bldg Area (sf)	\$/1000 sf Median Bldg Area	Annual Revenue	Revenue Breakdown
1	1,400	\$3.00	\$36.00	1,546	35%	1,128	\$2.66	\$55,656	8%
2	1,800	\$4.00	\$48.00	1,133	26%	1,584	\$2.53	\$54,384	8%
3	2,300	\$5.00	\$60.00	947	21%	2,032	\$2.46	\$56,820	8%
4		\$6.00	\$72.00	803	18%	2,678	\$2.24	\$57,816	9%
Residential Total				4,429	100%			\$224,676	33%

Non-Residential Tier	Total Improved Area (sf)	Monthly Fee	Annual Fee	Count of Parcels	% Non-Res Parcels in Tier	Median Total Improved Area (sf)	\$/1000 sf Total Improved Area	Annual Revenue*	Revenue Breakdown
1	1,800	\$3.00	\$36.00	140	14%	1,228	\$2.44	\$5,040	1%
2	7,800	\$8.50	\$102.00	451	46%	3,345	\$2.54	\$46,002	7%
3	20,000	\$30.00	\$360.00	204	21%	12,000	\$2.50	\$73,440	11%
4	60,000	\$85.00	\$1,020.00	140	14%	34,332	\$2.48	\$142,800	21%
5	140,000	\$215.00	\$2,580.00	38	4%	84,422	\$2.55	\$98,040	15%
6		\$500.00	\$6,000.00	14	1%	220,046	\$2.27	\$84,000	12%
Non-Residential Total				987	100%			\$449,322	67%
TOTAL				5,416		ANNUAL REVENUE		\$673,998	100%

Based on verbal and written comments received at the open house, the general consensus appears to be that a revision to the fee structure is needed to make the current fee more fair and equitable. However, a number of residents are concerned with the residential upper-tier breakpoint of 2,300 SF and feel the breakpoint should either be increased or additional tiers should be added to make properties with large homes pay their fair share. Additionally, a number of commenters requested that some form of credit be offered for developments with on-site stormwater control facilities (detention ponds, wet ponds, rainwater collection, etc.) to allow rate payers to reduce their fees and encourage low impact development throughout the City.

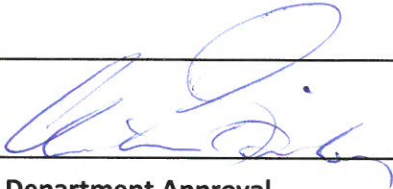
The next step in the fee revision process will be to finalize the fee structure including the following:

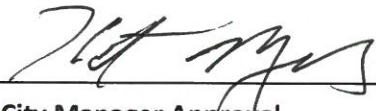
- Exemptions allowed by State law:
 - Counties
 - Municipalities

- School Districts
- Tax Exempt Religious Organization-Owned Properties
- Closed Cemeteries
- Credits for On-Site Stormwater Control Facilities

After the fee structure is finalized, staff will begin the required three weeks of advertising for a public hearing on the ordinance revision, currently scheduled for early December.

Attachments:



Department Approval

City Manager Approval

Future Agenda Items

City Council

November 19, 2018

Regular Meeting

City Council = Red

Planning & Zoning = Green

Historic Review Board = Purple

Board of Adjustment = Blue

City Events =

World War I Centennial Commemoration & Veterans Day
Parade (11-11-18)
Veteran's Day Holiday (11-12-18)
Thanksgiving Holidays (11-22 & 23-18)
Turkey Trot (11- 24-18))

Sun	Mon	Tues	Wed	Thur	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

Recognitions:

Consent

1. 11-5-18 City Council Regular Meeting.

Ordinances

1. Changes to City Lighting Ordinance.
2. Standardize Business-expanding
3. Amendment to Ordinance on Code Compliance of garbage cans.

Resolutions:

Approvals-Misc.

1. FY 2019 Budget Amendments.
2. Lester Meier grazing lease amendment

Presentations, Discussions and Updates:

1. Discussion on TMRS survey results

Future Agenda Items

December 3, 2018

Regular Meeting

City Council = Red

Planning & Zoning = Green

Historic Review Board = Purple

Board of Adjustment = Blue

City Events = Eisbahn Ice Skating (all month)

Light the Night After Glow Market (12-7)

Light the Night Christmas Parade (12-7)

A Handmade Market (12-8)

Christmas Holidays (12-24 & 25)

New Year's Eve Holiday (12-31)

Countdown to 2019; Children's Event (12-31)

Countdown to 2019 Midnight Ball Drop (12-31)

Sun	Mon	Tues	Wed	Thur	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Recognitions:

Minutes:

1. 11-19-18 City Council Regular Meeting.

Ordinances:

Resolutions:

Approvals-Misc.:

Presentations, Discussions and Updates:

Future Agenda Items: