

ORDINANCE NO. 17-U

AUTHORIZING THE
ISSUANCE OF

CITY OF ALVIN, TEXAS
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2017

November 2, 2017

TABLE OF CONTENTS

	Page
Recitals.....	1
 ARTICLE I DEFINITIONS AND OTHER PRELIMINARY MATTERS 	
Section 1.01. Definitions.....	2
Section 1.02. Findings.....	5
Section 1.03. Table of Contents, Titles and Headings.....	5
Section 1.04. Interpretation.....	5
 ARTICLE II SECURITY FOR THE BONDS 	
Section 2.01. Tax Levy	5
Section 2.02. Debt Service Fund.....	6
 ARTICLE III AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS 	
Section 3.01. Authorization	6
Section 3.02. Date, Denomination, Maturities and Interest.....	7
Section 3.03. Medium, Method and Place of Payment.....	7
Section 3.04. Execution and Registration of Bonds	8
Section 3.05. Ownership	9
Section 3.06. Registration, Transfer and Exchange.....	9
Section 3.07. Cancellation	10
Section 3.08. Replacement Bonds	10
Section 3.09. Book-Entry Only System.....	11
Section 3.10. Successor Securities Depository; Transfer Outside Book-Entry Only System.....	12
Section 3.11. Payments to Cede & Co.....	12
 ARTICLE IV REDEMPTION OF BONDS BEFORE MATURITY 	
Section 4.01. Limitation on Redemption	12
Section 4.02. Optional Redemption.....	13
Section 4.03. Mandatory Redemption	13
Section 4.04. Partial Redemption.....	13
Section 4.05. Notice of Redemption to Owners	14
Section 4.06. Payment Upon Redemption.....	14
Section 4.07. Effect of Redemption.....	15
Section 4.08. Lapse of Payment.....	15

ARTICLE V
PAYING AGENT/REGISTRAR

Section 5.01.	Appointment of Paying Agent/Registrar	15
Section 5.02.	Qualifications	16
Section 5.03.	Maintaining Paying Agent/Registrar	16
Section 5.04.	Termination.....	16
Section 5.05.	Notice of Change	16
Section 5.06.	Agreement to Perform Duties and Functions.....	16
Section 5.07.	Delivery of Records to Successor	16

ARTICLE VI
FORM OF THE BOND

Section 6.01.	Form Generally	17
Section 6.02.	CUSIP Registration.....	17
Section 6.03.	Legal Opinion	17
Section 6.04.	Bond Insurance	17

ARTICLE VII
DELEGATION OF AUTHORITY; SALE AND DELIVERY OF BONDS; DEPOSIT OF
PROCEEDS; CONTROL AND DELIVERY OF BONDS; OFFICIAL STATEMENT

Section 7.01.	Sale of Bonds	18
Section 7.02.	Deposit of Proceeds; Transfer of Funds.....	19
Section 7.03.	Control and Delivery of Bonds	19
Section 7.04.	Official Statement	20

ARTICLE VIII
REPRESENTATIONS AND COVENANTS

Section 8.01.	Payment of the Bonds	20
Section 8.02.	Other Representations and Covenants	20
Section 8.03.	Federal Income Tax Exclusion	20

ARTICLE IX
QUALIFIED TAX-EXEMPT OBLIGATIONS

Section 9.01.	Qualified Tax-Exempt Obligations.....	23
---------------	---------------------------------------	----

ARTICLE X
DISCHARGE

Section 10.01.	Discharge	23
----------------	-----------------	----

ARTICLE XI
APPROVAL OF ESCROW AGREEMENT; PAYMENT OF REFUNDED OBLIGATIONS

Section 11.01. Subscription for Securities23
Section 11.02. Appointment of Escrow Agent; Approval of Escrow Agreement;
Deposit with Paying Agent for Refunded Obligations23
Section 11.03. Payment of Refunded Obligations; Redemption of Refunded Obligations24

ARTICLE XII
CONTINUING DISCLOSURE UNDERTAKING

Section 12.01. Annual Reports24
Section 12.02. Event Notices25
Section 12.03. Limitations, Disclaimers and Amendments26

ARTICLE XIII
MISCELLANEOUS

Section 13.01. Changes to Ordinance27
Section 13.02. Related Matters28
Section 13.03. Individuals Not Liable28
Section 13.04. Severability and Savings28
Section 13.05. Repealer29
Section 13.06. Force and Effect29

Schedule I – Refunded Obligation Candidates

ORDINANCE NO. 17-U

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF ALVIN,
TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017 IN
ACCORDANCE WITH SPECIFIED PARAMETERS; LEVYING A TAX IN
PAYMENT THEREOF; AND ENACTING OTHER PROVISIONS RELATING
THERETO

THE STATE OF TEXAS §
COUNTY OF BRAZORIA §

WHEREAS, there are presently outstanding certain obligations of the City of Alvin, Texas (the “City”), described on Schedule I attached hereto and incorporated herein by reference for all purposes (collectively, the “Refunded Obligation Candidates”); and

WHEREAS, it is intended that all or a portion of the Refunded Obligation Candidates shall be designated as Refunded Obligations (as hereinafter defined) in the Pricing Certificate (as hereinafter defined) and shall be refunded pursuant to this Ordinance and the Pricing Certificate; and

WHEREAS, Chapter 1207, Texas Government Code, as amended, authorizes the City to issue refunding bonds herein authorized (the “Bonds”) for the purpose of refunding the Refunded Obligations in advance of their maturities, and to accomplish such refunding by depositing directly with a paying agent for the Refunded Obligations (or other qualified escrow agent), the proceeds of such refunding bonds, together with other available funds or securities, in an amount sufficient to provide for the payment or redemption of the Refunded Obligations, and provides that such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Obligations; and

WHEREAS, the City desires to authorize the execution of an escrow agreement, if necessary, in order to provide for the deposit of proceeds of the refunding bonds and, to the extent specified pursuant hereto, other lawfully available funds of the City, to pay the redemption price of the Refunded Obligations when due; and

WHEREAS, upon the issuance of the refunding bonds herein authorized and the deposit of funds referred to above, the Refunded Obligations shall no longer be regarded as being outstanding, except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the ordinances authorizing the issuance of the Refunded Obligations shall be, with respect to the Refunded Obligations, discharged, terminated and defeased; and

WHEREAS, the City hereby finds and determines that the refunding contemplated in this Ordinance is in the best interest of the City and will allow the City to achieve present value debt service savings and that such benefit is sufficient consideration for the refunding of the Refunded Obligations; and

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

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

ARTICLE I
DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01. Definitions.

Unless otherwise expressly provided in this Ordinance or unless the context clearly requires otherwise, the following terms shall have the meanings specified below:

“Authorized Officer” means either the Mayor, the City Manager or the Assistant City Manager/Chief Financial Officer of the City.

“Bond” means any of the Bonds.

“Bonds” means the City’s bonds authorized to be issued by Section 3.01 of this Ordinance.

“Bond Counsel” means Bracewell LLP.

“Business Day” means a day that is not a Saturday, Sunday, legal holiday or other day on which banking institutions in the city where the Designated Payment/Transfer Office is located are required or authorized by law or executive order to close.

“Chapter 1207” means Chapter 1207, Texas Government Code, as amended.

“City” means the City of Alvin, Texas.

“Closing Date” means the date of the initial delivery of and payment for the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Dated Date” means December 1, 2017, unless otherwise specified in the Pricing Certificate.

“Debt Service” means, collectively, all amounts due and payable with respect to the Bonds representing the principal, premium, if any, and the interest due on the Bonds.

“Debt Service Fund” means the Debt Service Fund established by Section 2.02(a).

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar, its corporate trust office or such other location designated by the Paying Agent/Registrar, and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“DTC” means The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“Escrow Agent” means ZB, National Association dba Amegy Bank.

“Escrow Agreement” means the escrow agreement by and between the City and the Escrow Agent relating to the Refunded Obligations.

“Escrow Fund” means the fund or established by the Escrow Agreement to hold cash and securities for the payment of debt service on the Refunded Obligations.

“Escrow Securities” means (1) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States; (2) 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 of hereof, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (3) 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 hereof, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

“Fiscal Year” means such fiscal year of the City as shall be set from time to time by the City Council.

“Initial Bond” has the meaning set forth in Section 3.04.

“Initial Purchaser” means the initial purchaser of the Bonds designated in the Pricing Certificate.

“Interest Payment Date” means the date or dates upon which interest on the principal of the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being June 1 and December 1 of each year, commencing on June 1, 2018, or such other dates as may be specified in the Pricing Certificate.

“Maturity” means the date on which the principal of the Bonds becomes due and payable according to the terms thereof, whether at Stated Maturity or by proceedings for prior redemption.

“MSRB” means the Municipal Securities Rulemaking Board.

“Notice of Sale” means the notice approved by the Authorized Officer and utilized in the sale of the Bonds.

“Ordinance” means this Ordinance.

“Owner” means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

“Paying Agent/Registrar” means ZB, National Association dba Amegy Bank, Houston, Texas.

“Paying Agent Registrar Agreement” means the Paying Agent/Registrar Agreement between the Paying Agent/Registrar and the City relating to the Bonds.

“Pricing Certificate” means a certificate or certificates establishing the terms effectuating the sale of the Bonds to be signed by the Authorized Officer.

“Record Date” means the last Business Day of the month next preceding an Interest Payment Date.

“Refunded Obligation Candidates” means the obligations of the City described in Schedule I attached hereto.

“Refunded Obligations” mean the obligations of the City designated as such in the Pricing Certificate from the list of Refunded Obligation Candidates described in Schedule I attached hereto.

“Register” means the bond register.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Representations Letter” means the Blanket Letter of Representations between the City and DTC.

“Rule” means Rule 15c2-12, as amended from time to time, adopted by the SEC under the Securities Exchange Act of 1934.

“SEC” means the United States Securities and Exchange Commission.

“Special Payment Date” means the date that is 15 days after the Special Record Date.

“Special Record Date” means the new record date for interest payment established in the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter.

“State” means the State of Texas.

“Stated Maturity” means the respective stated maturity dates of the Bonds specified in the Pricing Certificate.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of principal, premium, if any, or interest, or money set aside for the payment of Bonds duly called for redemption prior to Stated Maturity and remaining unclaimed by the Owners of such Bonds for 90 days after the applicable payment or redemption date.

“Underwriter” means, if the Bonds are sold pursuant to a negotiated sale, the underwriter or underwriters of the Bonds designated in the Pricing Certificate.

Section 1.02. Findings.

The declarations, determinations and findings declared, made and found in the preamble to this Ordinance are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.03. Table of Contents, Titles and Headings.

The table of contents, titles and headings of the articles and sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.04. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Any action required to be taken on a date which is not a Business Day shall be taken on the next succeeding Business Day and have the same effect as if taken on the date so required.

(c) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Ordinance.

(d) Article and section references shall mean references to articles and sections of this Ordinance unless otherwise designated.

ARTICLE II
SECURITY FOR THE BONDS

Section 2.01. Tax Levy.

(a) Pursuant to the authority granted by the Constitution and the laws of the State, there shall be levied and there is hereby levied for the current year and for each succeeding year

hereafter while any part of the principal of the Bonds or any interest thereon is outstanding and unpaid, an ad valorem tax on all taxable property within the City, at a rate sufficient, within the limit prescribed by law, to pay the debt service requirements of the Bonds, being (i) the interest on the Bonds, and (ii) a sinking fund for their redemption at maturity or a sinking fund of two percent (2%) per annum (whichever amount is greater), when due and payable, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all taxable property appearing on the tax rolls of the City most recently approved in accordance with law, and the money thus collected shall be deposited as collected to the Debt Service Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Debt Service Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Bonds when and as due and payable in accordance with their terms and this Ordinance and to pay related expenses.

(d) To pay debt service on the Bonds coming due prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

Section 2.02. Debt Service Fund.

(a) The City hereby establishes a special fund or account to be designated the “City of Alvin, Texas General Obligation Refunding Bonds, Series 2017, Debt Service Fund” (the “Debt Service Fund”) said fund to be maintained at an official depository bank of the City separate and apart from all other funds and accounts of the City.

(b) Money on deposit in or required by this Ordinance to be deposited to the Debt Service Fund shall be used solely for the purpose of paying the interest on and principal of the Bonds when and as due and payable in accordance with their terms and this Ordinance and associated expenses.

ARTICLE III AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01. Authorization.

The City’s Bonds to be designated “City of Alvin, Texas, General Obligation Refunding Bonds, Series 2017,” unless otherwise designated in the Pricing Certificate, are hereby authorized to be issued and delivered in accordance with the Constitution and the laws of the State, specifically Chapter 1207. The Bonds shall be issued in the aggregate principal amount not to exceed \$4,850,000 for the purpose of refunding the Refunded Obligations and paying the costs of issuing the Bonds.

Section 3.02. Date, Denomination, Maturities and Interest.

(a) The Bonds shall be dated the Dated Date, shall be issued in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof, and shall be numbered separately from R-1 upward or such other designation acceptable to the City and the Paying Agent/Registrar, except the Initial Bond, which shall be numbered I-1. Bonds delivered on transfer of or in exchange for other Bonds shall be numbered in order of the their authentication by the Paying Agent/Registrar, shall be in denominations of \$5,000 or any integral multiple thereof, and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

(b) The Bonds shall mature on the same day in each of the years and in the principal amounts, and shall bear interest at the per annum rates, all as set forth in the Pricing Certificate.

(c) Interest shall accrue and be paid on each Bond, respectively, until the principal amount thereof has been paid or provision for such payment has been made, from the later of (i) the Closing Date, or the most recent Interest Payment Date to which interest has been paid or provided for at the rate per annum for each respective maturity specified in the Pricing Certificate. Such interest shall be payable on each Interest Payment Date until Maturity and shall be calculated on the basis of a 360-day year of twelve 30-day months.

Section 3.03. Medium, Method and Place of Payment.

(a) Debt Service shall be paid in lawful money of the United States of America as provided in this Section.

(b) Interest on each Bond shall be paid by check dated as of the Interest Payment Date, sent United States mail, first class postage prepaid, by the Paying Agent/Registrar to each Owner, as shown in the Register at the close of business on the Record Date, at the address of each such Owner as such appears in the Register or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the Owner; provided, however, that such Owner shall bear all risk and expenses of such other customary banking arrangements.

(c) The principal of each Bond shall be paid to the Owner thereof on the due date thereof (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Bond at the Designated Payment/Transfer Office.

(d) If the date for the payment of Debt Service is not a Business Day, the date for such payment shall be the next succeeding Business Day, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in this Section.

(e) In the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the Special Payment Date of the past due interest shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Bond

appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice.

(f) Unclaimed Payments shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which the Unclaimed Payments pertain. Subject to any applicable escheat, unclaimed property, or similar law, including Title 6 of the Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three (3) years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains after the retirement of all outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, neither the City, the Paying Agent/Registrar nor any other person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to Title 6, Texas Property Code.

Section 3.04. Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the City by the Mayor or Mayor Pro Tem and City Secretary, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

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

(d) On the Closing Date, an initial Bond (the "Initial Bond"), being a single Initial Bond representing the entire principal amount of the Bonds designated in the Pricing Certificate, executed by manual or facsimile signature of the Mayor or Mayor Pro Tem and City Secretary, approved by the Attorney General of the State, registered and manually signed by the

Comptroller of Public Accounts of the State, and payable in stated installments to the Initial Purchaser or its designee, will be delivered to the Initial Purchaser or its designee against payment therefor. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver registered definitive Bonds to DTC in accordance with Section 3.09 hereof. To the extent the Paying Agent/Registrar is eligible to participate in DTC's FAST System, as evidenced by an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

Section 3.05. Ownership.

(a) The City, the Paying Agent/Registrar and any other person may treat the Owner as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof and premium, if any, thereon, for the further purpose of making and receiving payment of the interest thereon (subject to the provisions herein that interest is to be paid to the person in whose name the Bond is registered on the Record Date or Special Record Date, as applicable), and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of a Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.06. Registration, Transfer and Exchange.

(a) So long as any Bonds remain outstanding, the City shall cause the Paying Agent/Registrar to keep at its Designated Payment/Transfer Office the Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Ordinance.

(b) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond to the Paying Agent/Registrar at the Designated Payment/Transfer Office with such endorsement or other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000 and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section.

(d) A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

(e) No service charge shall be made to the Owner for the initial registration, any subsequent transfer, or exchange for a different denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond.

(f) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond called for redemption, in whole or in part, where such redemption is scheduled to occur within 45 days after the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

Section 3.07. Cancellation.

Bonds paid or redeemed before Stated Maturity in accordance with this Ordinance, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Ordinance, shall be cancelled upon the making of proper records regarding such payment, exchange or replacement. The Paying Agent/Registrar shall dispose of such cancelled Bonds in accordance with the Securities Exchange Act of 1934, as amended.

Section 3.08. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar at the Designated Payment/Transfer Office of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the City to save them harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the City and the Paying Agent/Registrar.

(c) If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the City or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.09. Book-Entry Only System.

(a) To the extent so designated in the Pricing Certificate, the definitive Bonds shall be initially issued in the form of a fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.10 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds, except as provided in this Ordinance. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, of any amount with respect to Debt Service. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bonds for the purpose of payment of Debt Service on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all Debt Service only to or upon the order of the respective Owners, as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's

obligations with respect to payment of, Debt Service to the extent of the sum or sums so paid. No person other than an Owner, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(c) The blanket Representation Letter previously executed and delivered by the City and applicable to the City's obligations delivered in book-entry only form to DTC as securities depository is hereby ratified and approved for the Bonds.

Section 3.10. Successor Securities Depository; Transfer Outside Book-Entry Only System.

In the event that the City or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the City or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, as applicable, in accordance with the provisions of this Ordinance.

Section 3.11. Payments to Cede & Co.

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

ARTICLE IV
REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Limitation on Redemption.

The Bonds shall be subject to redemption before Stated Maturity only as provided in this Article IV and in the Pricing Certificate.

Section 4.02. Optional Redemption. The Bonds shall be subject to optional redemption prior to scheduled maturity only as provided in the Pricing Certificate.

Section 4.03. Mandatory Redemption.

(a) The Bonds designated as “Term Bonds” in the Pricing Certificate (“Term Bonds”), if any, are subject to scheduled mandatory redemption and will be redeemed by the City, in part, at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and sinking fund, on the dates and in the respective principal amounts as set forth in the Pricing Certificate.

(b) Prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.05.

(c) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.03 shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.04. Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to Section 4.02, the City shall determine the maturities (or mandatory sinking fund redemption amounts with respect to Term Bonds) and the principal amount (or mandatory sinking fund redemption amounts with respect to Term Bonds) thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot or any other customary random selection method such Bonds for redemption.

(b) A portion of a single Bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. The Paying Agent/Registrar shall treat each \$5,000 portion of such Bond as though it were a single Bond for purposes of selection for redemption.

(c) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Ordinance, shall authenticate and deliver exchange Bonds in an aggregate principal amount equal to the unredeemed principal amount of the Bond so surrendered, such exchange being without charge.

Section 4.05. Notice of Redemption to Owners.

(a) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by United States mail, first class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown in the Register at the close of business on the Business Day next preceding the date of mailing such notice. The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given, the Bond called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Bond or portion thereof has not been surrendered for payment, interest on such Bond or portion thereof shall cease to accrue.

(b) The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, an identification of the Bonds or portion thereof to be redeemed.

(c) The City reserves the right to give notice of its election or direction to redeem Bonds under Section 4.02 conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall remain Outstanding.

(d) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice having been so given and due provision for the payment of the same having been made, the Bond called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Bond or portion thereof has not been surrendered for payment, interest on such Bond or portion thereof shall cease to accrue.

Section 4.06. Payment Upon Redemption.

(a) Before or on each redemption date, the City shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the interest and sinking fund or otherwise received by the Paying Agent/Registrar from the City and shall use such funds solely for the

purpose of paying the principal of, redemption premium, if any, and accrued interest on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Bond to the date of redemption from the money set aside for such purpose.

Section 4.07. Effect of Redemption.

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

(b) If the City fails to make provision for payment of all sums due on a redemption date, then any Bond or portion thereof called for redemption shall continue to bear interest at the rate stated on the Bond until due provision is made for the payment of same.

Section 4.08. Lapse of Payment.

Money set aside for the redemption of the Bonds and remaining unclaimed by the Owners thereof shall be subject to the provisions of Section 3.03(f) hereof.

ARTICLE V
PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Paying Agent/Registrar.

(a) The City hereby appoints ZB, National Association dba Amegy Bank, Houston, Texas, as its initial registrar and transfer agent (the "Paying Agent/Registrar") to keep such books or records and make such transfers and registrations under such reasonable regulations as the City and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfer and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the Owners and record in the Register the address of such Owner of each Bond to which payments with respect to the Bonds shall be mailed, as provided herein. The City or its designee shall have the right to inspect the Register during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity.

(b) The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Bonds, and of all conversions, exchanges and replacements of such Bonds, as provided in the Ordinance.

(c) The form of Paying Agent/Registrar Agreement is hereby approved. The City hereby approves and the Mayor or Mayor Pro Tem and the City Secretary are hereby authorized to execute and deliver a Paying Agent/Registrar Agreement, specifying the duties and responsibilities of the City and the Paying Agent/Registrar.

Section 5.02. Qualifications.

Each Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State, or any other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Bonds.

Section 5.03. Maintaining Paying Agent/Registrar.

At all times while the Bonds are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Ordinance. If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the City will promptly appoint a replacement.

Section 5.04. Termination.

The City, upon not less than 45 days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination, provided, that such termination shall not be effective until a successor Paying Agent/Registrar has been appointed and has accepted the duties of Paying Agent/Registrar for the Bonds.

Section 5.05. Notice of Change.

Promptly upon each change in the entity serving as Paying Agent/Registrar, the City will cause notice of the change to be sent to each Owner by first class United States mail, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 5.06. Agreement to Perform Duties and Functions.

By accepting the appointment as Paying Agent/Registrar, and executing the Paying Agent/Registrar Agreement, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and functions of Paying Agent/Registrar prescribed thereby.

Section 5.07. Delivery of Records to Successor.

If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bond to the successor Paying Agent/Registrar.

ARTICLE VI
FORM OF THE BOND

Section 6.01. Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on the Bonds, (i) shall be substantially in the form set forth in the Pricing Certificate, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and the Pricing Certificate, and (ii) may have such letters, numbers, or other marks of identification and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bond may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The definitive Bonds shall be typewritten, photocopied, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General of the State may be typewritten and photocopied or otherwise reproduced.

Section 6.02. CUSIP Registration.

The City may secure identification numbers through the CUSIP Global Services, managed by S&P Global Market Intelligence, on behalf of the American Bankers Association, or another entity that provides securities identification numbers for municipal securities, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds or any errors or omissions in the printing of such number shall be of no significance or effect in regard to the legality thereof and neither the City nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 6.03. Legal Opinion.

The approving legal opinion of Bond Counsel may be attached to or printed on the reverse side of each Bond.

Section 6.04. Bond Insurance.

If it is determined that the purchase of bond insurance would result in savings to the City, the Authorized Officer is hereby authorized to approve the purchase of and payment of the premium for bond insurance by the City, the terms of commitment for such insurance, if any and any special provisions related to such policy, if any. All officials and representatives of the City are authorized and directed to execute such documents and to do any and all things necessary or

desirable to obtain such insurance. A statement relating to the bond insurance obtained for the Bonds, if any, may be printed on or attached to each Bond.

ARTICLE VII
DELEGATION OF AUTHORITY; SALE AND DELIVERY OF BONDS; DEPOSIT OF
PROCEEDS; CONTROL AND DELIVERY OF BONDS; OFFICIAL STATEMENT

Section 7.01. Sale of Bonds.

(a) The Bonds shall be sold to the Underwriter or Initial Purchaser in accordance with the terms of this Ordinance. As authorized by Chapter 1207, the Authorized Officer is authorized to act on behalf of the City in selling and delivering the Bonds and in carrying out the other procedures specified in this Ordinance, including determining whether the Bonds will be sold in a negotiated or competitive sale, determining the Underwriter or the Initial Purchaser of the Bonds, the price at which the Bonds will be sold, the number and designation of the Bonds to be issued, the form in which the Bonds shall be issued, the year and date on which the Bonds will mature, the principal amount to mature, the selection of the specific maturities or series of Refunded Obligations from the list of Refunded Obligation Candidates, the aggregate principal amount of Refunded Obligations, the aggregate principal amount to be issued by the City, the rate of interest to be borne by the Bonds, the dates, prices and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the City and shall be subject to mandatory sinking fund redemption, and all other matters relating to the issuance, sale and delivery of the Bonds and the refunding of the Refunded Obligations, all of which shall be specified in the Pricing Certificate; subject to the following conditions:

(i) the price to be paid for the Bonds shall not be less than 90% of the aggregate original principal amount of the Bonds plus accrued interest thereon from its date to its delivery;

(ii) the interest rate on the Bonds shall not exceed the maximum rate allowed by Chapter 1204, Texas Government Code, as amended;

(iii) the aggregate principal amount of the Bonds authorized to be issued for the purposes described in Section 3.01 shall not exceed the limits described in that Section;

(iv) the refunding of the Refunded Obligations shall produce a present value debt service savings of at least 3.00% of the principal amount of the Refunded Obligations; and

(v) no Bond shall mature later than the latest maturity of the Refunded Obligations being refunded with the Bonds.

(b) If the Bonds are sold pursuant to a negotiated sale, the Authorized Officer is hereby authorized and directed to execute and deliver on behalf of the City a purchase contract, providing for the sale of the Bonds to the Underwriter, in such form as determined by the Authorized Officer. The Authorized Officer is hereby authorized and directed to approve the final terms and provisions of the purchase contract in accordance with the terms of the Pricing

Certificate and this Ordinance, which final terms shall be determined to be the most advantageous reasonably attainable by the City, such approval and determination being evidenced by its execution thereof by the Authorized Officer. If the Bonds are sold in a competitive sale, the Authorized Officer is further authorized to award the sale of the Bonds to the purchaser submitting a bid form conforming to the specifications set forth in the Notice of Sale which produces the lowest true interest cost to the City. All officers, agents and representatives of the City are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds. The Initial Bond shall be registered in the name of the Underwriter, Initial Purchaser or such other entity as may be specified in the purchase contract or winning bid form, as applicable.

(c) The authority granted to the Authorized Officer under Section 7.01(a) and (b) shall expire on a date 180 days from the date of this Ordinance, unless otherwise extended by the City by separate action.

(d) The obligation of the Underwriter or Initial Purchaser to accept delivery of the Bonds is subject to the Underwriter or Initial Purchaser being furnished with the final, approving opinion of Bond Counsel, which opinion shall be dated as of and delivered on the Closing Date.

(e) The Mayor or Mayor Pro Tem, the City Secretary, the Authorized Officer and all other officers of the City are authorized to take such actions, to obtain such consents or approvals and to execute such documents, certificates and receipts as they may deem necessary and appropriate in order to consummate the delivery of the Bonds, to pay the costs of issuance of the Bonds, to effectuate the refunding of the Refunded Obligations and to effectuate the terms and provisions of this Ordinance and Pricing Certificate.

Section 7.02. Deposit of Proceeds; Transfer of Funds.

(a) All amounts received on the Closing Date as accrued interest on the Bonds from the Dated Date to the Closing Date shall be deposited to the Debt Service Fund.

(b) A portion of the proceeds from the sale of the Bonds, together with other funds of the City, if any, shall be applied as set forth in the Pricing Certificate to provide for the refunding of Refunded Obligations. Any proceeds remaining after the accomplishment of such purposes, including interest earnings on the investment of such proceeds, shall be deposited to the Debt Service Fund.

Section 7.03. Control and Delivery of Bonds.

(a) The Mayor is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination, and approval of the Attorney General of the State, registration by the Comptroller of Public Accounts of the State and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts of the State, delivery of the Bonds shall be made to the Underwriter or Initial Purchaser under and subject to the general supervision and direction of the Authorized Officer, against receipt by the City of all amounts due to the City under the terms of sale.

Section 7.04. Official Statement.

The City hereby approves the preparation and distribution of a Preliminary Official Statement and a Notice of Sale (if the Bonds are sold in a competitive sale) for use in the initial offering and sale of the Bonds, each in the form and with such addenda, supplements or amendments as may be approved by the Authorized Officer. The City hereby authorizes the Authorized Officer to approve the form and content and distribution of the Preliminary Official Statement prepared for use in the initial offering and sale of the Bonds and to deem the Preliminary Official Statement (in the form and with such addenda, supplements or amendments as may be approved by the Authorized Officer) final within the meaning and for the purposes of paragraph (b)(1) of the Rule. The City hereby authorizes the preparation of a final Official Statement reflecting the terms of the purchase contract (if the Bonds are sold in a negotiated sale) or the winning bid form (if the Bonds are sold in a competitive sale) and other relevant information. The use of such final Official Statement by the Underwriter or Initial Purchaser, as applicable (in the form and with such appropriate variations as shall be approved by the Authorized Officer and the Underwriter or the Initial Purchaser, as applicable) is hereby approved and authorized and the proper officials of the City are authorized to sign such Official Statement.

ARTICLE VIII
REPRESENTATIONS AND COVENANTS

Section 8.01. Payment of the Bonds.

On or before each date on which Debt Service is due on the Bonds, there shall be made available to the Paying Agent/Registrar, out of the Debt Service Fund, money sufficient to pay such Debt Service when due.

Section 8.02. Other Representations and Covenants.

(a) The City will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance and in the Bonds; the City will promptly pay or cause to be paid Debt Service on the dates and at the places and manner prescribed in such Bonds; and the City will, at the times and in the manner prescribed by this Ordinance, deposit or cause to be deposited the amounts of money specified by this Ordinance.

(b) The City is duly authorized under the laws of the State to issue the Bonds; all action on its part for the creation and issuance of the Bonds has been duly and effectively taken; and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the City in accordance with their terms.

Section 8.03. Federal Income Tax Exclusion.

(a) General. The City intends that the interest on the Bonds be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150, inclusive, of the Code. The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would (i) cause the interest on the Bonds to be includable in gross income, as defined in section 61 of the Code, for federal

income tax purposes or (ii) result in the violation of or failure to satisfy any provision of section 103 and 141 through 150, inclusive, of the Code that is applicable to the Bonds. In particular, the City covenants and agrees to comply with each requirement of this Section 8.03; provided, however, that the City will not be required to comply with any particular requirement of this Section 8.03 if the City has received an opinion of nationally recognized bond counsel (“Counsel’s Opinion”) that (i) such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or (ii) compliance with some other requirement will satisfy the applicable requirements of the Code, in which case compliance with such other requirement specified in such Counsel’s Opinion will constitute compliance with the corresponding requirement specified in this Section 8.03.

(b) No Private Use or Payment and No Private Loan Financing. The City covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code. Moreover, the City will certify, through an authorized officer, employee or agent that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the proceeds of the Refunded Obligations have not been and the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “private activity bonds” within the meaning of section 141 of the Code.

(c) No Federal Guarantee. The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

(d) No Hedge Bonds. The City covenants and agrees that it has not and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code. Moreover, the City will certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the proceeds of the Refunded Obligations have not been not be used in a manner that would cause the Refunded Obligations or the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code.

(e) No Arbitrage. The City covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code. Moreover, the City will certify, through an authorized officer, employee or agent that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the proceeds of the Refunded Obligations have not been and the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148(a) of the Code.

(f) Arbitrage Rebate. If the City does not qualify for an exception to the requirements of section 148(f) of the Code relating to the required rebate to the United States, the City will take all steps necessary to comply with the requirement that certain amounts earned by the City on the investment of the “gross proceeds” of the Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the City will (i) maintain records regarding the investment of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds separately from records of amounts on deposit in the funds and accounts of the City allocable to other bond issues of the City or moneys that do not represent gross proceeds of any bonds of the City, (ii) determine at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Bonds that is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Bonds or on such other dates as may be permitted under applicable Regulations, all amounts required to be rebated to the federal government. Further, the City will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm’s length and had the yield on the issue not been relevant to either party.

(g) Information Reporting. The City covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code.

(h) Record Retention. The City will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Refunded Obligations and the Bonds until three years after the last Bond is redeemed or paid at maturity, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the City to retrieve and reproduce such books and records in the event of an examination of the Bonds by the Internal Revenue Service.

(i) Registration. The Bonds will be issued in registered form.

(j) Deliberate Actions. The City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Bonds to fail to meet any requirement of section 141 of the Code after the issue date of the Bonds unless an appropriate remedial action is permitted by section 1.141-12 of the Regulations, the City takes such remedial action and the City obtains a Counsel’s Opinion that such remedial action cures any failure to meet the requirements of section 141 of the Code.

(k) Continuing Obligation. Notwithstanding any other provision of this Ordinance, the City's obligations under the covenants and provisions of this Section 8.03 will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion from gross income of interest on the Bonds for federal income tax purposes.

ARTICLE IX
QUALIFIED TAX-EXEMPT OBLIGATIONS

Section 9.01. Qualified Tax-Exempt Obligations.

The City hereby designates the Bonds as “qualified tax-exempt obligations” for purposes of section 265(b) of the Code. In connection therewith, the City represents that (a) the aggregate amount of tax-exempt obligations issued by the City during calendar year 2017, including the Bonds, that have been designated as “qualified tax-exempt obligations” under section 265(b)(3) of the Code does not exceed \$10,000,000, and (b) the reasonably anticipated amount of tax-exempt obligations that will be issued by the City during calendar year 2017, including the Bonds, will not exceed \$10,000,000. For purposes of this Section 9.01, the term “tax-exempt obligation” does not include (i) “private activity bonds” within the meaning of section 141 of the Code, other than “qualified 501(c)(3) bonds” within the meaning of section 145 of the Code or (ii) obligations issued to currently refund any obligation to the extent that the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation. In addition, for purposes of this Section 9.01, the City includes all entities that are aggregated with the City under the Code.

ARTICLE X
DISCHARGE

Section 10.01. Discharge.

The City reserves the right to defease, discharge or refund the Bond or Bonds in any manner permitted by applicable law.

ARTICLE XI
APPROVAL OF ESCROW AGREEMENT; PAYMENT OF REFUNDED OBLIGATIONS

Section 11.01. Subscription for Securities.

The Authorized Officer is authorized to make necessary arrangements for and to execute such documents and agreements in connection with the purchase of the Escrow Securities required by and referenced in the Escrow Agreement, if any, as may be necessary for the Escrow Fund and the application for the acquisition of the Escrow Securities is hereby approved and ratified.

Section 11.02. Appointment of Escrow Agent; Approval of Escrow Agreement; Deposit with Paying Agent for Refunded Obligations.

ZB, National Association dba Amegy Bank is hereby appointed Escrow Agent for the purpose of refunding the Refunded Obligations. The Mayor or Mayor Pro Tem and the City

Secretary are hereby authorized and directed to execute the Escrow Agreement on behalf of the City, the term and provisions of which are hereby approved. Alternatively, the Authorized Officer may elect to deposit directly with the paying agent/registrars for the Refunded Obligations the proceeds of the Bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Obligations.

Section 11.03. Payment of Refunded Obligations; Redemption of Refunded Obligations.

Following the deposit to the Escrow Fund or with the paying agent/registrars for the Refunded Obligations as herein specified, the Refunded Obligations shall be payable solely from and secured by the cash and securities on deposit in the Escrow Fund or such other fund held by the paying agent/registrars for the Refunded Obligations for the purpose of refunding the Refunded Obligations and shall cease to be payable from ad valorem taxes. The Refunded Obligations are hereby called for redemption prior to maturity on the dates and at the redemption prices set forth in the Pricing Certificate. The City Secretary is hereby authorized and directed to cause to be delivered to the paying agent/registrars for the Refunded Obligations a certified copy of this Ordinance and a copy of the Pricing Certificate calling the Refunded Obligations for redemption. The delivery of this Ordinance and the Pricing Certificate to the paying agent/registrars for the Refunded Obligations shall constitute the giving of notice of redemption to the paying agent/registrars for the Refunded Obligations, and such paying agent/registrars is hereby authorized and directed to give notice of redemption to the owners and to the insurers of the Refunded Obligations, if applicable, in accordance with the requirements of the respective ordinances authorizing the issuance thereof.

ARTICLE XII
CONTINUING DISCLOSURE UNDERTAKING

Section 12.01. Annual Reports.

(a) The City shall provide annually to the MSRB, (i) within six (6) 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 Official Statement under the tables identified in the Pricing Certificate, and including financial statements of the City if audited financial statements of the City are then available, and (ii) if not provided as part of such financial information and operating data, audited financial statements when they become available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in the notes to the financial statements for the most recently concluded Fiscal Year, or such other accounting principles as the City may be required to employ, from time to time, by State law or regulation, and (ii) audited, if the City commissions an audit of such 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 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such financial statements becomes available.

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

(c) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document, including an official statement or other offering document, if it is available from the MSRB, that theretofore has been provided to the MSRB or filed with the SEC.

Section 12.02. Event Notices.

(a) The City shall provide the following to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of the 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;

Note to paragraph 12: For the purposes of the event identified in paragraph 12 of this section, the event 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 U.S. 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.

- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material.

(b) The City shall provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the City to provide required annual financial information and notices of material events in accordance with Section 12.01. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

Section 12.03. Limitations, Disclaimers and Amendments.

(a) The City shall be obligated to observe and perform the covenants specified in this Article 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 bond calls and any defeasances that cause the City to be no longer an “obligated person”.

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in this Article, 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 Article 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 Article 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 OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, 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.

(c) No default by the City in observing or performing its obligations under this Article shall constitute a breach of or default under the Ordinance for purposes of any other provisions of this Ordinance.

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

(e) The provisions of this Article 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 (i) the provisions of this Article, 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 (ii) either (1) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Ordinance that authorizes such amendment) of the Outstanding Bonds consent to such amendment or (2) an entity or individual 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 Owners and beneficial owners of the Bonds. The provisions of this Article may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 12.01, 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.

ARTICLE XIII MISCELLANEOUS

Section 13.01. Changes to Ordinance.

Bond Counsel is hereby authorized to make changes to the terms of this Ordinance if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Bonds by the Attorney General of the State.

Section 13.02. Related Matters.

To satisfy in a timely manner all of the City's obligations under this Ordinance, the Mayor, the City Secretary and all other appropriate officers and agents of the City are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms and purposes of this Ordinance.

Section 13.03. Individuals Not Liable.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member of City Council or agent or employee of City Council or of the City in his or her individual capacity and neither the members of City Council nor any officer thereof, nor any agent or employee of City Council or of the City, shall be liable personally on the Bonds, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 13.04. Severability and Savings.

If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 13.05. Repealer.

All ordinances or resolutions, or parts thereof, heretofore adopted by the City and inconsistent with the provisions of this Ordinance are hereby repealed to the extent of such conflict.

Section 13.06. Force and Effect.

This Ordinance shall be in full force and effect from and after its final passage, and it is so ordained.

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PASSED, APPROVED AND EFFECTIVE on this the 2nd day of November, 2017.

City Secretary
City of Alvin, Texas

Mayor
City of Alvin, Texas

[SEAL]

APPROVED AS TO FORM:

City Attorney
City of Alvin, Texas

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATION CANDIDATES

The Authorized Officer may select the specific maturities and the series of obligations constituting the Refunded Obligations from the following series of the City's outstanding obligations:

General Obligation Refunding Bonds, Series 2011

Tax and Revenue Certificates of Obligation, Series 2011

General Obligation Refunding Bonds, Series 2012

Tax Note, Series 2013

General Obligation Refunding Bonds, Series 2013

Tax and Revenue Certificates of Obligation, Series 2015

CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS §
COUNTY OF BRAZORIA §

I, the undersigned officer of the City Council of Alvin, Texas, hereby certify as follows:

1. The City Council of the City of Alvin, Texas, convened in a regular meeting on the 28th day of October, 2017, at the regular meeting place thereof, within said City, and the roll was called of the duly constituted officers and members of said City Council, to wit:

Paul Horn	Mayor
Brad Richards	Mayor Pro-Tem and Council Member, At Large 1
Vacant	Council Member, At Large 2
Scott Reed	Council Member, District A
Adam Arendell	Council Member, District B
Keith Thompson	Council Member, District C
Glenn Starkey	Council Member, District D
Gabe Adame	Council Member, District E

and all of said persons were present, except the following absentee(s): _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

ORDINANCE NO. 17-U

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF ALVIN, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017 IN ACCORDANCE WITH SPECIFIED PARAMETERS; LEVYING A TAX IN PAYMENT THEREOF; AND ENACTING OTHER PROVISIONS RELATING THERETO

was duly introduced for the consideration of said City Council and read in full. It was then duly moved and seconded that said ordinance be adopted; and, after due discussion, said motion, carrying with it the adoption of said ordinance, prevailed and carried by the following vote:

_____ Member(s) of City Council shown present voted "Aye."

_____ Member(s) of City Council shown present voted "No."

2. A true, full and correct copy of the aforesaid ordinance adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said ordinance has been duly recorded in the City Council's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the City Council's minutes of said meeting pertaining to the adoption of said ordinance; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the

City Council as indicated therein; that each of the officers and members of the City Council was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and purpose of the aforesaid meeting, and that said ordinance would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose; that said meeting was open to the public as required by law; and that public notice of the date, hour, place and subject of said meeting was given as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED this 2nd day of November, 2017.

City Secretary
City of Alvin, Texas

[SEAL]