



AGENDA

REGULAR MEETING OF THE CITY COUNCIL

**City of Garland
Council Chambers, City Hall
William E. Dollar Municipal Building
200 North Fifth Street
Garland, Texas
Tuesday, November 5, 2019
7:00 p.m.**

The City Council extends to each visitor a sincere welcome. We value your interest in your community and your participation in the meetings of this governing body. Regular meetings of the City Council are held the 1st and 3rd Tuesdays of each month, beginning at 7:00 p.m.; the City Council meets regularly in work sessions at 6:00 p.m. the Monday preceding each regular meeting.

Garland City Hall and Council Chambers is wheelchair accessible. Special parking is available on the east side of City Hall and on Austin & State Street west of City Hall.

**Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services must contact the City Secretary's Office at (972) 205-2404 at least two working days prior to the meeting so that appropriate arrangements can be made.
BRAILLE IS NOT AVAILABLE.**



LEGISLATIVE PRAYER AND PLEDGE OF ALLEGIANCE

It is the custom and tradition of the members of the City Council to have an invocation and recital of the Pledge of Allegiance prior to the beginning of the meeting. Members of the audience are invited to participate. However, members of the audience are not required to participate. The decision to participate is strictly a matter of personal choice and has no bearing on matters to be considered by the City Council and will not affect the decisions to be made during the meeting.

MAYORAL PROCLAMATIONS, RECOGNITIONS AND ANNOUNCEMENTS

The Mayor may present proclamations and recognize attendees or award winners, and may make announcements regarding upcoming City events and matters of interest to citizens. There will be no Council deliberations or votes on these matters.

CONSENT AGENDA

All items under this section are recommended for approval by a single motion of Council, without discussion. Council has had the opportunity to review each of these items at a previous work session and approval of the consent agenda authorizes the City Manager to implement each item. The Mayor will announce the agenda and provide an opportunity for members of the audience and the City Council to request that an item be removed and considered separately.

1. Consider approval of the minutes of the October 22, 2019 Regular Meeting.
2. Consider approval of the following bids:
 - a. **Wet Weather Management and Resiliency Master Plan** **Bid No. 0023-20**

CP&Y, Inc.	\$342,300.00
Optional Contingency	<u>18,600.00</u>
TOTAL:	\$360,900.00

This request is to provide Professional Engineering Services to develop peak wet weather flow management alternatives to treat and/or store wet weather flows received from the collection systems for the Rowlett and Duck Creek Wastewater Treatment Plants.

- b. Duck Creek Wastewater Treatment Plant Submersible Raw Water Lift Pump Replacement** **Bid No. 1307-19**

Xylem Water Solutions **\$197,404.54**

This request is to purchase a raw water lift pump to be used for pumping wastewater through the Duck Creek Wastewater Treatment Plant.

- c. Traffic Signal Cabinets** **Bid No. 0081-20**

Consolidated Traffic Controls, Inc. **\$700,000.00**

This request is for the purchase of traffic signal cabinets for Warehouse inventory.

- 3. Public hearings were previously conducted for the following zoning cases. Council approved the requests and instructed staff to bring forth the following ordinances for consideration.**

- a. Zoning File No. Z 19-28, CDS Development Services (District 4)**

Consider an ordinance amending the Garland Development Code of the City of Garland, Texas, by approving a Specific Use Provision for a Restaurant, Drive-Through on a 0.6579-acre tract of land zoned Community Retail (CR) District and located at 5724 Broadway Boulevard; providing for conditions, restrictions, and regulations; providing a penalty under the provisions of Section 10.05 of the Code of Ordinances of the City of Garland, Texas; providing a Notice of Conditions of Compliance Clause; a Savings Clause, and a Severability Clause; and providing an effective date.

- b. Consider amendments to Chapter 2, Sections 2.51 and 2.52; and Chapter 6, Section 6.03 of the Garland Development Code creating a definition and regulations for “Makerspace (Hackerspace)” uses.**

Consideration an ordinance amending the Garland Development Code creating a definition and regulations for Makerspace uses; providing for conditions, restrictions, and regulations; providing a penalty under the provisions of Section 10.05 of the Code of Ordinances of the City of Garland, Texas; providing a Notice of Conditions of Compliance Clause; a Savings Clause, and a Severability Clause; and providing an effective date.

4. **Approve by minute action the transfer of \$63,179 in Community Development Block Grant (CDBG) funding from the Carver Senior Community Center Project to the Vietnamese Community Center Project.**

At the October 21, 2019 Work Session, Council considered approving the transfer of Community Development Block Grant (CDBG) funding of \$63,179 left over from the Carver Senior Community Center Program to the Vietnamese Community Center Phase II Program.

5. **Consider a resolution of the City Council of the City of Garland, Texas, requesting that the Dallas County Central Appraisal District reappraise properties in the City of Garland affected by the recent tornadoes, as authorized by Section 23.02 of the Texas Tax Code, and providing an effective date.**

At the November 4, 2019 Work Session, Council considered the reappraisal of the property in the disaster area. If approved, affected property owners may receive a prorated reappraisal of the storm damaged property for the 2019 tax year.

6. **Consider a resolution accepting a Texas Department of Transportation (TxDOT) Selective Traffic Enforcement Program (STEP) - Impaired Driving Mobilization (IDM) Grant in the amount of \$9,930.68; and providing an effective date.**

At the November 4, 2019 Work Session, Council considered adopting a resolution authorizing the City Manager to accept a State of Texas Department of Transportation (TxDOT) Selective Traffic Enforcement Program (STEP) - Impaired Driving Mobilization (IDM) Grant related to Driving While Intoxicated (DWI) enforcement in the amount of \$9,930.67 for FY 2019-2020.

7. **Consider an ordinance authorizing the issuance of "City of Garland, Texas, General Obligation Refunding Bonds, Series 2019;" specifying the terms and features of said bonds; levying a continuing direct annual ad valorem tax for the payment of said bonds; providing for the redemption of certain outstanding obligations of the City; and resolving other matters incident and related to the issuance, sale, payment and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement and an Escrow Agreement and the approval and distribution of a Preliminary Official Statement and an Official Statement; and providing an effective date.**

At the September 16, 2019 Work Session, Council considered refunding approximately \$23.5 million of General Obligation Commercial Paper Notes, Series 2015 and approximately \$1.3 million Combination Tax & Revenue Certificates of Obligation, Series 2010 with General Obligation Refunding Bonds, Series 2019. The purpose of this transaction is to refund a portion of variable rate commercial paper notes and to generate debt service savings.

8. **Consider an ordinance authorizing the issuance of "City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, New Series 2019A," pledging net revenues of the City's Water and Sewer System to the security of and the payment of the principal of and interest on said bonds; specifying the terms and conditions of such bonds; resolving other matters incident and related to the issuance, payment, security, sale and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement and an Escrow Agreement; and the approval and distribution of a Preliminary Official Statement and an Official Statement; and providing an effective date.**

At the September 16, 2019 Work Session, Council considered refunding approximately \$30 million of Water and Sewer System Commercial Paper Notes, Series 2015, approximately \$13 million Water and Sewer System Revenue Bonds, Series 2010 and approximately \$11.1 million Water and Sewer System Revenue Refunding Bonds, Series 2011A with Water and Sewer System Revenue Refunding Bonds, Series 2019A. The purpose of this transaction is to refund a portion of variable rate commercial paper notes with fixed rate long-term debt and to generate debt service savings.

9. **Consider an ordinance authorizing the issuance of "City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2019A," pledging the net revenues of the City's electric utility system to the payment of the principal of and interest on said bonds; specifying the terms and conditions of such bonds; resolving other matters incident and related to the issuance, payment, security, sale and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement, an Escrow Agreement and a Purchase Agreement; and the approval and distribution of a Preliminary Official Statement and an Official Statement; and providing an effective date.**

At the September 16, 2019 Work Session, the City Council considered authorizing the refunding of approximately \$41 million of Electric Utility System Commercial Paper Notes, Series 2018, approximately \$8 million of Electric Utility System Revenue Refunding Bonds, Series 2011A, and approximately \$114 million of Combination Tax and Electric Utility System Revenue Refunding Bonds, Series 2010 with Electric System Revenue Refunding Bonds, Series 2019A. The purpose of this transaction is to refund a portion of variable rate commercial paper notes with fixed rate long-term debt and to generate savings in debt service.

10. **Consider an ordinance of the City of Garland, Texas, granting to Atmos Energy Corporation, Mid-Tex Division, a Texas and Virginia corporation, its successors and authorized assigns, a franchise to furnish, transport and supply natural gas to the general public in the City of Garland, Dallas County, Texas, to construct, maintain and operate pipelines and equipment in the City of Garland, Dallas County, Texas, for the transportation, delivery, sale, and distribution of natural gas in, out of and through the city for all purposes; providing for the payment of a fee or charge for the use of the public rights-of-ways; providing that such fee shall be in lieu of other fees and charges, generally excepting certain general and other taxes; repealing all previous Atmos Energy Gas franchise**

ordinances; prescribing the terms, conditions, obligations and limitations under which such franchise shall be exercised; providing a most favored nations clause and a severability clause; and providing an effective date.

At the October 21, 2019 Work Session, Council considered approving a franchise agreement with Atmos Energy Corporation, Mid-Tex Division.

- 11. Consider an ordinance amending Chapter 33, "Transportation," of the Code of Ordinances of the City of Garland, Texas; providing a penalty under the provisions of Sec. 10.05 of the Code of Ordinances of the City of Garland, Texas; providing a Savings Clause and a Severability Clause; and providing an effective date.**

At the October 21, 2019 Work Session, Council considered parking restrictions on Charleston Drive in front of Southgate Elementary.

ITEMS FOR INDIVIDUAL CONSIDERATION

Speaker Regulations:

Anyone wishing to speak for, against, or on agenda items must fill out a speaker card and give it to the City Secretary before speaking (cards are located at the entrance to the Council Chambers). The Mayor will recognize speakers; he may impose a time limit and may provide for rebuttal. All comments and testimony are to be presented from the podium.

- 12. Consider an ordinance amending Chapter 24, "Municipal Court and Administrative Adjudication," Chapter 32, "Property Sanitation and Housing Services," and Chapter 33, "Transportation" of the Code of Ordinances of the City of Garland, Texas; providing a penalty under the provisions of Sec. 10.05 of the Code of Ordinances of the City of Garland, Texas; providing a Savings Clause and a Severability Clause; and providing an effective date.**

At the October 21, 2019 Work Session, Council considered implementing a neighborhood parking enforcement program to be administered by the City Marshal's office.

- 13. Hold public hearings on:**
- a. Consider the application of Hidden Oaks Lot Venture, Ltd., requesting approval of a Change in Zoning from Planned Development (PD) District 18-07 for Single-Family Attached (Townhouse) Use to a Planned Development (PD) District for Single-Family-5 (SF-5) Use. This property is located at 2845 Crist Road. (File No. Z 19-29, District 1)**

The applicant proposes to build a subdivision consisting of detached single-family

homes. The previous development proposed was for townhouses. This item is the applicant's Planned Development amendment (zoning) request.

- b. Consider the application of Hidden Oaks Lot Venture, Ltd., requesting approval of a Detail Plan for Single-Family-5 (SF-5) Use. This property is located at 2845 Crist Road. (File No. Z 19-29, District 1)**

The applicant proposes to build a subdivision consisting of detached single-family homes. The previous development proposed was for townhouses. This item is the applicant's Detail Plan request.

- c. Consider an amended Development Agreement regarding Zoning File No. Z 19-29.**

Consider an amended Development Agreement between Skorburg Retail Corporation and the City of Garland. This Development Agreement relates to Zoning Case Z 19-29 for a proposed single-family detached residential subdivision located at 2845 Crist Road. During the October 14, 2019 Plan Commission meeting, the Commission recommended that a development agreement accompany Zoning Case Z 19-29 regarding specific standards to the building elevations and materials of the homes as presented by the applicant. There is a previously approved development agreement for the previously approved development for townhouses.

14. Citizen comments.

Persons wishing to address issues not on the agenda may have three minutes to address Council at this time. Council is prohibited from discussing any item not posted according to the Texas Open Meetings Act.

15. Adjourn.

All Regular Council meetings are broadcast live on CGTV, Time Warner Cable Channel 16, and Frontier FIOS TV 44. Meetings are rebroadcast at 9:00 a.m. and 7:00 p.m. on Wednesday-Sunday and at 7:30 p.m. on Thursday. Live streaming and on-demand videos of the meetings are also available online at www.garlandtx.gov. Copies of the meetings can be purchased through the City Secretary's Office – audio CD's are \$1 each and DVD's are \$3 each.



GARLAND

City Council Regular Session Agenda

1.

Meeting Date: 11/05/2019

Item Title: Minutes Oct. 22

Submitted By: Rene Dowl, City Secretary, City Secretary

Summary:

Consider approval of the minutes of the October 22, 2019 Regular Meeting.

Attachments

Minutes Oct. 22



GARLAND

MINUTES

The City Council of the City of Garland convened in regular session at 7:00 p.m. on Tuesday, October 22, 2019, in the Council Chambers at the William E. Dollar Municipal Building, 200 North Fifth Street, Garland, Texas, with the following members present:

Present: Mayor Scott LeMay
Mayor Pro Tem Robert John Smith
Deputy Mayor Pro Tem Robert Vera
Council Member David Gibbons
Council Member Deborah Morris
Council Member Jerry A. Nickerson
Council Member Jim Bookhout
Council Member Rich Aubin
Council Member Dylan Hedrick

Staff Present: City Manager Bryan Bradford
Deputy City Manager Mitch Bates
City Attorney Brad Neighbor
City Secretary Eloyce René Dowl

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The Mayor may present proclamations and recognize attendees or award winners, and may make announcements regarding upcoming City events and matters of interest to citizens. There will be no Council deliberations or votes on these matters.

Mayor LeMay and Chief Mark Lee, presented the Citizen Community Action Award to Amber James for life saving measures (administering CPR) and Kevin Johnson, US Kids, who communicated with 9-1-1, saving the life of Mr. James Fossom. Also included in the recognition were Brian Ward, Fire Department Driver Engineer, Kevin Slay, Managing Director, Firewheel Golf Course, Don Kennedy, Firewheel Golf Course Administrator. Mr. Fossom expressed his gratitude to Amber and Kevin.

Mayor LeMay presented a proclamation to Marcy Eisinger, Assistant Director, Dyslexia Special Education, Garland Independent School District and Stephen Yearout, proclaiming October to be Dyslexia Awareness month.

CONSENT AGENDA

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Motion was made by Council Member Jim Bookhout, and seconded by Council Member Dylan Hedrick to approve the Consent Agenda as present. Motion Carried:

Vote: 9 - 0

- 1. Consider approval of the minutes of the October 8, 2019 Regular Meeting.**
- 2. Consider approval of the following bids:**
 - a. Professional Engineering Design Services for Wastewater Improvements** **Bid No. 1390-19**

Grantham & Associates, Inc. **\$131,155.00**

This request is to provide Professional Engineering Services for the replacement of wastewater lines in the following alleys: Place One/Ancilla from Glenville to Plano, Concord/Danville from Concord to Plano, Danville/Fordham from Fordham to Plano and Huntington/Lawler from Glenville to Plano.
 - b. Professional Engineering Design Services for Wastewater Improvements** **Bid No. 1389-19**

Grantham & Associates, Inc. **\$156,285.00**

This request is to provide Professional Engineering Design Services for the replacement of wastewater lines in the Kingsbridge Storm Channel from North Garland to Glenbrook, the Pembroke/Sylvan Alley from Guildford to the Kingsbridge Storm Channel and the Rochdale/Sylvan Alley from Cardigan to the Kingsbridge Storm Channel.

- c. **Professional Engineering Design Services for Water and Wastewater Improvements** **Bid No. 1383-19**

LAM Consulting Engineering **\$119,860.00**

This request is to provide Professional Engineering Design Services for the replacement of water lines and wastewater lines on Glenfield Drive and Arcady Drive.

- d. **Avaya Telephone Support** **Bid No. 0015-20**

Black Box Network Services **\$107,754.19**

This request is to provide support and maintenance of the Avaya, Inc., suite of products which provides telephone services within the organization. This approval is for a Term Agreement that will be renewed annually as long as funding is approved in the budget and Black Box Network Services is an approved cooperative purchasing contract vendor.

- e. **Computer Workstation Replacements** **Bid No. 0008-20**

Dell Marketing LP **\$1,000,000.00**

This request is to purchase replacement computer workstations that have reached end of life. This approval is for a Term Agreement that will be renewed annually through January 2024 as long as funding is approved in the budget and Dell Marketing LP is an approved cooperative purchasing contract vendor.

- f. **Human Resource and Payroll System Support and Maintenance** **Bid No. 0014-20**

High Line Software, Inc. **\$142,801.00**

This request is to provide annual support and maintenance of the Human Capital Management (HCM) system that the Human Resources Department currently uses. This approval is for a Term Agreement that will be renewed annually as long as funding is approved in the budget and the City continues to use the HCM system.

- g. **Network Equipment Replacement** **Bid No. 0018-20**

Presidio Networked Solutions Group, LLC **\$1,200,000.00**

This request is to purchase replacement networking equipment that has reached end of life. This approval is for a Term Agreement with two optional renewals.

- h. **Vietnamese Community Center Renovations** **Bid No. 0845-19**

CORE Construction **\$303,728.00**

This request is for renovations at the Vietnamese Community Center located at 3221 Belt Line Road in Garland and are funded through Community Development Block Grants.

i. GP&L Apollo Substation Rebuild Materials **Bid No. 1363-19**

DMC Power, Inc.	\$201,944.15
Optional Contingency	<u>20,194.42</u>
TOTAL:	\$222,138.57

This request is to purchase bus fittings, cable terminals and ground connectors for the GP&L Apollo Substation.

j. King Mountain Switch Station Material **Bid No. 1049-19**

Texas Electric Cooperatives, Inc.	\$254,800.00
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This request is to approve Change Order #1 for the purchase of additional cable to be used in the construction of the King Mountain Switch Station.

3. Public hearings were previously conducted for the following zoning cases. Council approved the requests and instructed staff to bring forth the following ordinances for consideration.

a. Zoning File No. Z 17-46, Platinum Storage c/o Masterplan (District 4)

Ordinance No. 7094 amending the Garland Development Code of the City of Garland, Texas, by approving 1) a change in zoning from Community Office (CO) District, and from Planned Development (PD) 80-32 for Community Office and Community Retail Uses to a Planned Development (PD) District with Community Retail (CR) District for Retail Office, and Self-Storage Facility (Mini-Warehouse) Uses; 2) a Specific Use Provision for Self-Storage Facility (Mini-Warehouse); and 3) a Detail Plan on a 9.379-acre tract of land located at 648, 658, 702 and 720 West I-30; providing for Conditions, Restrictions, and Regulations; providing a penalty under the provisions of Sec. 10.05 of the Code of Ordinances of the City of Garland, Texas; providing a Notice of Conditions of Compliance Clause; a Savings Clause, and a Severability Clause; and providing an effective date.

b. Zoning File No. Z 19-17, Baldwin Associates, LLC (District 8)

Ordinance No. 7095 amending the Garland Development Code of the City of Garland, Texas, by approving 1) an amendment to Planned Development (PD) District 07-57 for Multi-Family Uses and 2) an amended Detail Plan for Multi-Family Uses on an 18.927-acre tract of land located at 3232 North Garland Avenue and 1210 Apollo Road; providing for conditions, restrictions, and regulations; providing a penalty under the provisions of Sec. 10.05 of the Code of Ordinances of the City of Garland, Texas; providing a Notice of Conditions of Compliance Clause; a Savings Clause, and a Severability Clause; and providing an effective date.

c. **Zoning File No. Z 19-25, Spiars Engineering (District 3)**

Ordinance No. 7096 amending the Garland Development Code of the City of Garland, Texas, by approving a Specific Use Provision for Restaurant, Drive-Through on a 0.315-acre tract of land zoned Community Retail (CR) District and located at 3414 Broadway Boulevard; providing for conditions, restrictions, and regulations; providing a penalty under the provisions of Sec. 10.05 of the Code of Ordinances of the City of Garland, Texas; providing a Notice of Conditions of Compliance Clause; a Savings Clause, and a Severability Clause; and providing an effective date .

4. **Minute action approving the 2019-2020 GCACI budget, the sub-grant recipients, and authorize the City Manager to execute the "Hotel Occupancy Tax Program Management Agreement" between the City and Garland Cultural Arts Commission, Inc.**

At the October 21, 2019 Work Session, Council considered approval of the 2019-2020 budget of the Garland Cultural Arts Commission Inc. (GCACI), subgrant recipients and authorize the City Manager's execution of a "Hotel Occupancy Tax Program Agreement" between the City of Garland and the GCACI.

5. **Resolution No. 10409 authorizing the City Manager to enter into an Inter-local Agreement with Dallas County to participate in a 2020 Census Participation Program; and providing an effective date.**

Council approved a resolution and City Manager to enter into an inter-local agreement supporting the partnership with Dallas County and the Community Multicultural Commission's role as the Complete Count Committee.

6. **Resolution No. 10410 authorizing the City Manager to enter into a Project Funding Agreement to the Master Agreement governing a major Capital Improvement Program funding with Dallas County, Texas; and providing an effective date.**

At the October 7, 2019 Work Session, Council considered adopting a resolution authorizing the City Manager to enter into a Project Funding Agreement with Dallas County for the Naaman School Road from Brand Road to SH 78 and Brand Road from Belt Line Road to Naaman School Road Alignment Study project.

7. **Resolution No. 10411 agreeing to the sale of certain property located within the City of Garland and owned by taxing authorities including the City of Garland as the result of a tax sale; authorizing the Mayor to execute a Deed without Warranty; and providing an effective date.**

At the October 7, 2019 City Council Work Session, Council was briefed on the potential sale of property located at 818 East Linda Drive. The City of Garland has received an unsolicited offer from Ryan Z and Associates, Inc. related to the purchase of City owned property obtained through a 2009 Sheriff's Sale. Ryan Z and Associates, Inc. has presented an offer of \$21,694 for the property. The City of Garland will receive \$9,191.93 from the proceeds of this sale.

8. **Resolution NO. 10412 agreeing to the sale of certain property located within the City of Garland and owned by taxing authorities including the City of Garland as the result of a tax sale; authorizing the Mayor to execute a Deed without Warranty; and providing an effective date.**

At the October 7, 2019 City Council Work Session, Council was briefed on the potential sale of property located at 922 Susan Drive. The City of Garland has received an unsolicited offer from Christopher Whitlock related to the purchase of City owned property obtained through a 2012 Sheriff's Sale. Mr. Whitlock has presented an offer of \$22,500 for the property. The City of Garland will receive \$9,010.14 from the proceeds of this sale.

9. **Resolution No. 10413 agreeing to the sale of certain property located within the City of Garland and owned by taxing authorities including the City of Garland as the result of a tax sale; authorizing the Mayor to execute a Deed without Warranty; and providing an effective date.**

At the October 7, 2019 Council Work Session, Council was briefed on the potential sale of property located at 621 West Avenue G. The City of Garland has received an unsolicited offer from Richard Blake Mann related to the purchase of City owned property obtained through a 2012 Sheriff's Sale. Richard Blake Mann has presented an offer of \$5,138.53 for the property. The City of Garland will receive \$2,545.11 from the proceeds of this sale.

10. **Resolution No. 10414 agreeing to the sale of certain property located within the City of Garland and owned by taxing authorities including the City of Garland as the result of a tax sale; authorizing the Mayor to execute a Deed without Warranty; and providing an effective date.**

At the October 7, 2019 Work Session, Council was briefed on the potential sale of property located at 2000 N. 1st. Street, 111 E. Buckingham Road and 121 E. Buckingham Road. The City of Garland has received an unsolicited offer from Hao Pham related to the purchase of City owned property obtained through a 2008 Sheriff's Sale. Hao Pham has presented an offer of \$336,431.40 for the property. The City of Garland will receive \$87,765.39 from the proceeds of this sale.

11. **Minute action approving the use of narcotic seizure funds for Police Shooting Range repairs**

At the October 21, 2019 Work Session, Council considered authorizing the use of narcotic seizure funds for Police Shooting Range Repairs.

ITEMS FOR INDIVIDUAL CONSIDERATION

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12. Hold public hearings on:

- a. Consider the application of CDS Development Services, requesting approval of a Specific Use Provision for a Restaurant, Drive-Through on a property zoned Community Retail (CR) District. This property is located at 5724 Broadway Boulevard. (File No. Z 19-28, District 4)**

The applicant proposes the operation of a 2,549 square-foot Popeyes Louisiana Kitchen in an existing building.

The staff report was presented by Kimberly Hopkins, Development Planner. Speaker on this item was Christie Schachter, applicant. There was discussion by the Council.

Motion was made by Council Member Jim Bookhout, and seconded by Council Member Jerry A. Nickerson to approve the application. Motion carried:

Vote: 9 - 0

- b. Consider amendments to Chapter 2, Sections 2.51 and 2.52; and Chapter 6, Section 6.03 of the Garland Development Code creating a definition and regulations for “Makerspace (Hackerspace)” uses.**

Public Hearing and consideration of amendments to the Garland Development Code creating a definition and regulations for Makerspace uses. Following review and recommendations from the Development Services Committee and Plan Commission, the City Council reviewed and discussed the amendments during the October 7, 2019 City Council Work Session.

Motion was made by Council Member Jim Bookhout, and seconded by Mayor Pro Tem Robert John Smith to approve the item as presented. Motion carried:

Vote: 9 - 0

There was no staff presentation on this item. Speaker on this item was Janell Jenkins.

13. Consider appointments to Boards and Commissions.

Board members are selected for two-year terms by the City Council in August. Terms are usually staggered whereby at least half of the membership has board experience. Board members are appointed based on qualifications.

The nomination was presented by Deputy Mayor Pro Tem Vera. A vote was cast approving the appointment:

Vote: 9 - 0

Speaker on this item was Sharon Shepard.

Deputy Mayor Pro Tem - Robert Vera

- Patricia Hanson - TIF 3 Medical District

14. Citizen comments.

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Speakers on this item were:

Sharon Shepard
Emmy Berry
Janell Jenkins
Carol Currie

15. Adjourn: There being no further business to come before the City Council, Mayor LeMay adjourned the meeting at 7:57 p.m.

Submitted By:

Scott LeMay, Mayor

Eloyce René Dowl, City Secretary



**GARLAND
PURCHASING REPORT**

City Council Regular Session Agenda

2. a.

Meeting Date: 11/05/2019

Item Title: Wet Weather Management and Resiliency Master Plan

Submitted By: Wes Kucera, Managing Director

Bid Number: 0023-20

Purchase Justification:

This request is to provide Professional Engineering Services to develop peak wet weather flow management alternatives to treat and/or store wet weather flows received from the collection systems for the Rowlett and Duck Creek Wastewater Treatment Plants. This was included as part of the 2016 Wastewater Treatment Master Plan.

Evaluation:

CP&Y, Inc., was selected as the Most Qualified firm for this project from RFQ 0767-18.

Award Recommendation:

<u><i>Vendor</i></u>	<u><i>Item</i></u>	<u><i>Amount</i></u>
CP&Y, Inc.	All	\$342,300.00
Optional Contingency		18,600.00
TOTAL:		\$360,900.00

Basis for Award: Most Qualified

Purchase Requisition #: 42444

Fiscal Impact

Total Project/Account: \$7,925,082
Expended/Encumbered to Date: 1,043,057
Balance: \$6,882,025
This Item: 360,900
Proposed Balance: \$6,521,125
Account #: 231-4211-7101
Fund/Dept/Project – Description and Comments:

Wastewater Utility Fund / Wastewater Treatment

Attachments

Bid Recap

Fiscal Reference:

Budget Type: Operating Budget

Fiscal Year: 2019-20

Document Location: Proposed Budget - Page C-211

Budget Director Approval: Ron Young Approval Date: 10/10/2019

Purchasing Director Approval: Gary L. Holcomb Approval Date: 10/09/2019



**GARLAND
PURCHASING REPORT**

City Council Regular Session Agenda

2. b.

Meeting Date: 11/05/2019

Item Title: Duck Creek Wastewater Treatment Plant Submersible Raw Water Lift Pump Replacement

Submitted By: Wes Kucera, Managing Director

Bid Number: 1307-19

Purchase Justification:

This request is to purchase a raw water lift pump to be used for pumping wastewater through the Duck Creek Wastewater Treatment Plant. The existing raw water lift pump has incurred various mechanical and electrical failures, resulting in over 50% of the cost of a new pump for repairs and down time. System reliability must be improved to sustain proper treatment plant operations. This pump replacement was recommended as part of the Wastewater Treatment Master Plan.

Evaluation:

A request for bids was issued in accordance with Purchasing procedures. Two (2) bids were received and evaluated on the published criteria. Xylem Water Solutions received the highest evaluated score, offering the Best Value for the City.

Award Recommendation:

<u>Vendor</u>	<u>Item</u>	<u>Amount</u>
Xylem Water Solutions	All	\$197,404.54
TOTAL:		\$197,404.54

Basis for Award: Best Value

Purchase Requisition #: 40916

Fiscal Impact

Total Project/Account: \$2,183,944

Expended/Encumbered to Date: 698,883

Balance: \$1,485,061
This Item: 197,405
Proposed Balance: \$1,287,656
Account #: 235-4239-3402700-9007

Fund/Dept/Project – Description and Comments:

2019 Wastewater CIP / Duck Creek WWTP Replacements & Modifications

Attachments

Bid Recap

Fiscal Reference:

Budget Type: CIP

Fiscal Year: 2019

Document Location: CIP - Page WW20

Budget Director Approval: Ron Young

Approval Date: 10/25/2019

Purchasing Director Approval: Gary L. Holcomb

Approval Date: 10/24/2019

[illegible]



**GARLAND
PURCHASING REPORT**

City Council Regular Session Agenda

2. c.

Meeting Date: 11/05/2019

Item Title: Traffic Signal Cabinets

Submitted By: Gary Holcomb, Purchasing Director

Bid Number: 0081-20

Purchase Justification:

This request is for the purchase of traffic signal cabinets for Warehouse inventory. These cabinets will be used to support the Transportation Department's approved CIP projects.

Evaluation:

The traffic signal cabinets are being provided by Consolidated Traffic Controls, Inc., through the HGACBuy Cooperative Purchasing Contract PE-05-19.

Award Recommendation:

<u>Vendor</u>	<u>Item</u>	<u>Amount</u>
Consolidated Traffic Controls, Inc.	All	\$700,000.00
TOTAL:		\$700,000.00

Basis for Award: Cooperative Purchase

Purchase Requisition #: 42536

Fiscal Impact

Total Project/Account: N/A
Expended/Encumbered to Date: N/A
Balance: N/A
This Item: \$700,000
Proposed Balance: N/A
Account #: 451-1300
Fund/Dept/Project – Description and Comments:

These cabinets will be charged to Transportation's CIP Signal Equipment Modernizations Program after they have been received into Warehouse inventory.

Attachments

Bid Recap

Fiscal Reference:

Budget Type: CIP

Fiscal Year: 2019

Document Location: CIP - Page ST28

Budget Director Approval: Ron Young

Approval Date: 10/25/2019

Purchasing Director Approval: Gary L. Holcomb

Approval Date: 10/25/2019



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

3. a.

Meeting Date: 11/05/2019

Item Title: Z 19-28 CDS Development Services (District 4)

Submitted By: Kimberly Hopkins, Development Planner

Summary of Request/Problem

Zoning Ordinance Z 19-28 CDS Development Services

Recommendation/Action Requested and Justification

Consider adoption of attached ordinance.

Attachments

Z 19-28 Ordinance

Z 19-28 Exhibit A

Z 19-28 Exhibit B

Z 19-28 Exhibits C-E

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE GARLAND DEVELOPMENT CODE OF THE CITY OF GARLAND, TEXAS, BY APPROVING A SPECIFIC USE PROVISION FOR A RESTAURANT, DRIVE-THROUGH ON A 0.6579-ACRE TRACT OF LAND ZONED COMMUNITY RETAIL (CR) DISTRICT AND LOCATED AT 5724 BROADWAY BOULEVARD; PROVIDING FOR CONDITIONS, RESTRICTIONS, AND REGULATIONS; PROVIDING A PENALTY UNDER THE PROVISIONS OF SEC. 10.05 OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; PROVIDING A NOTICE OF CONDITIONS OF COMPLIANCE CLAUSE; PROVIDING A SAVINGS CLAUSE AND A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, at its regular meeting held on the 23rd day of September, 2019, the Plan Commission did consider and make recommendations on a certain request for approval of a Specific Use Provision for a Restaurant, Drive-Through by **CDS Development Services**; and

WHEREAS, the City Council, after determining all legal requirements of notice and hearing have been met, has further determined the following amendment to the Garland Development Code would provide for and would be in the best interest of the health, safety, morals, and general welfare:

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

Section 1

The Garland Development Code is hereby amended by approving a Specific Use Provision for a Restaurant, Drive-Through on a 0.6579-acre tract of land zoned Community Retail (CR) District and located at 5724 Broadway Boulevard and being more particularly described in Exhibit A, attached hereto and made a part hereof.

Section 2

Development shall be in conformance with the conditions, restrictions, and regulations set forth in Exhibit B, attached hereto and made a part hereof.

Section 3

That a violation of this Ordinance shall be a misdemeanor punishable in accordance with Section 10.05 of the Code of Ordinances, City of Garland, Texas.

Section 4

NOTICE OF CONDITIONS OF COMPLIANCE: Notwithstanding the provisions of any other ordinance of the City, the full, complete, and continuing compliance with all the conditions, restrictions, and regulations of Exhibit B of this Ordinance is a condition to the issuance and continuation of any permit, approval, authorization or consent by the City, including without limitation the issuance or continuation of any certificate of occupancy for any building or structure located on any portion of the property described in Exhibit A. All promises, representations, obligations and undertakings made or assumed by the applicant to the City Council at any public presentation in connection with the granting of this Ordinance are hereby incorporated into and made a part of this Ordinance as if expressly set forth herein at length. No substantial deviation from any material portion of the conditions, restrictions, and regulations contained within Exhibit B of this Ordinance are allowed except as may be provided by the City Council after a public hearing.

Section 5

That the Garland Development Code, as amended, shall be and remain in full force and effect save and except as amended by this Ordinance.

Section 6

That the terms and provisions of this Ordinance are severable and are governed by Sec. 10.06 of the Code of Ordinances of the City of Garland, Texas.

Section 7

That this Ordinance shall be and become effective immediately upon and after its passage and approval.

ZONING FILE NO. Z 19-28

PASSED AND APPROVED this _____ day of _____, 2019.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

Published:

EXHIBIT A

LEGAL DESCRIPTION

ZONING FILE Z 19-28

BEING A TRACT OF LAND SITUATED IN THE W. S. PEGUES SURVEY,
ABSTRACT NO. 1158, CITY OF GARLAND, DALLAS COUNTY, TEXAS
AND BEING ALL OF BLOCK B, LOT 1, OF CASTLEGLEN SHOPPING
VILLAGE, AN ADDITION TO THE CITY OF GARLAND ACCORDING TO
THE FINAL PLAT RECORDED IN VOLUME 79086, PAGE 3 OF THE PLAT
RECORDS OF DALLAS COUNTY, TEXAS.

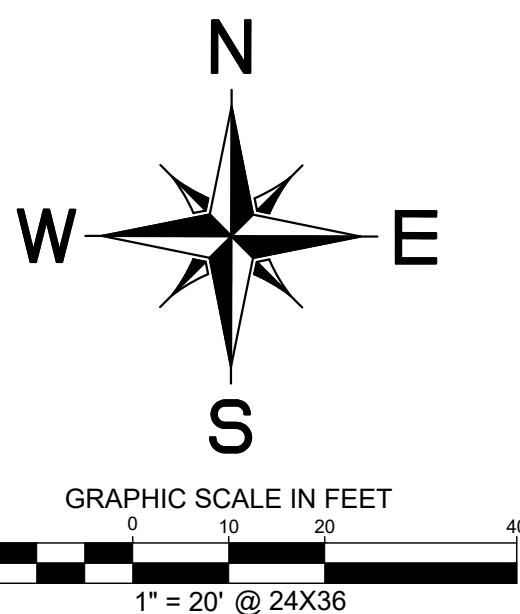
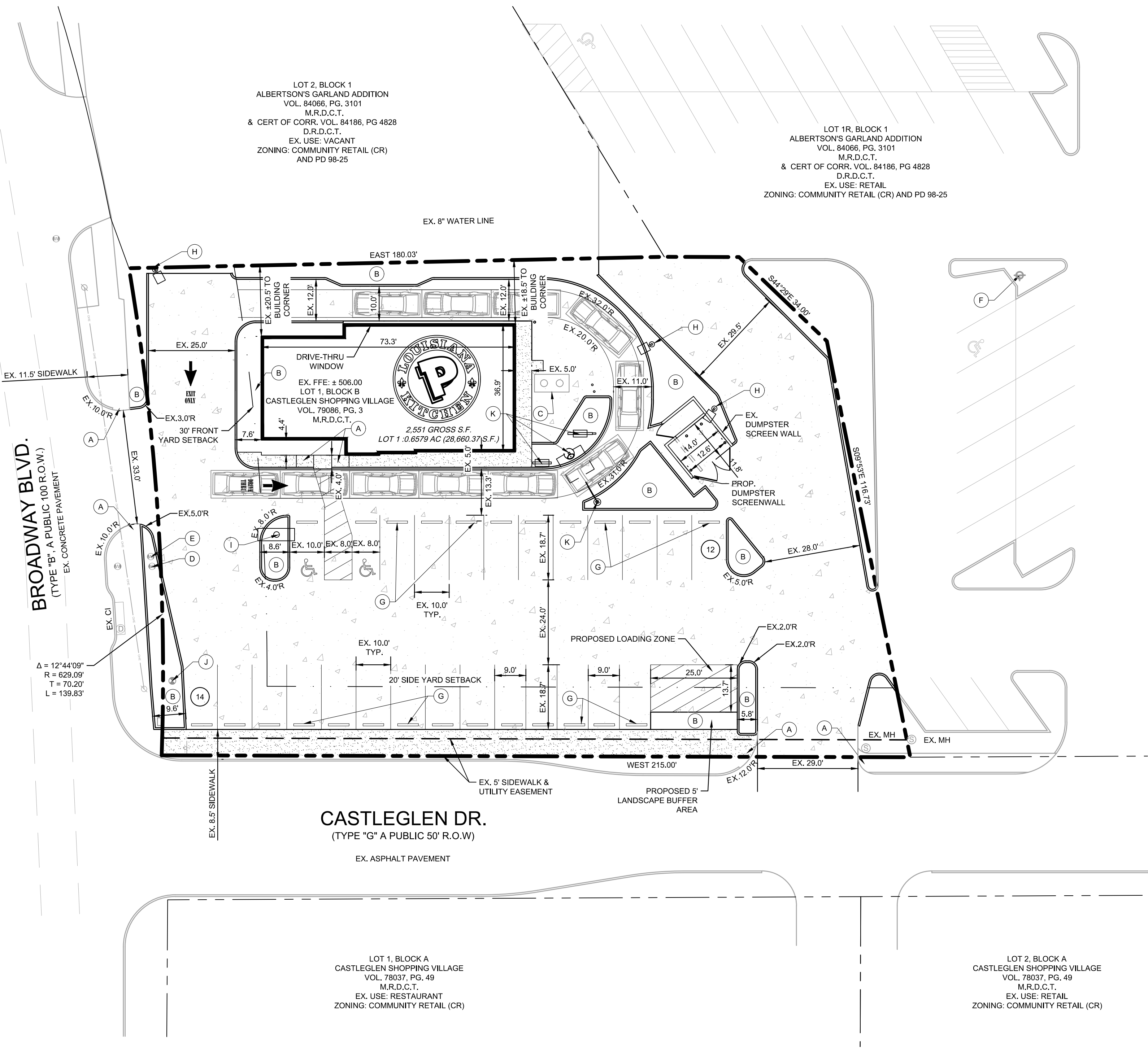
SPECIFIC USE PROVISION CONDITIONS

ZONING FILE Z 19-28

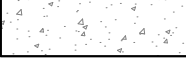
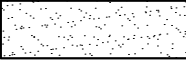
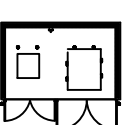
5724 Broadway Boulevard

- I. Statement of Purpose:** The purpose of this Specific Use Provision is to allow Restaurant, Drive-Through.
- II. Statement of Effect:** This Specific Use Provision shall not affect any regulation found in the Garland Development Code, Ordinance No. 6773, as amended prior to adoption of this ordinance, except as specifically provided herein.
- III. General Regulations:** All regulations of the Community Retail (CR) District as set forth in Chapter 2 of the Garland Development Code, Ordinance 6773, are included by reference and shall apply, except as otherwise specified by this ordinance.
- IV. Development Plans:**
 - A. Development:** Development is to be in general conformance with the approved site plan, landscape plan and building elevations labeled Exhibit C, Exhibit D and Exhibit E. In the event of conflict between the conditions and development plans, the conditions listed below are to apply.
- V. Specific Use Provision:**
 - A. SUP Time Period:** The Specific Use Provision for Restaurant, Drive-Through shall be in effect for a period of twenty (20) years.
 - B. Site Layout:** The Restaurant, Drive-Through operation shall be in conformance with the site layout in Exhibit C.
 - C. Landscaping and Screening:** Landscaping and screening shall be in conformance with Exhibit D.
 - D. Building Elevations:** Building elevations shall be in general conformance with Exhibit E.
 - E. Signage:** The existing pole sign may be re-faced without physical alteration to the structure. Wall/attached signage shall meet the requirements of the Garland Development Code.

EXHIBIT C



LEGEND

	PROPERTY LINE
	EXISTING CONCRETE PAVEMENT TO REMAIN
	EXISTING CONCRETE SIDEWALK TO REMAIN
	EXISTING SANITARY SEWER PIPE
	EXISTING WATER PIPE
	EXISTING CURB INLET
	EXISTING SANITARY SEWER MANHOLE
	EXISTING FIRE HYDRANT
	EXISTING SANITARY SEWER PIPE
	EXISTING BARRIER FREE RAMP
	PARKING CUNT
	EXISTING DUMPSTER ENCLOSURE TO REMAIN

SITE KEYNOTES

(A)	EXISTING BARRIER FREE RAMP
(B)	LANDSCAPE AREA. REFERENCE LANDSCAPE PLANS
(C)	EXISTING GREASE TRAP TO REMAIN
(D)	EXISTING DOMESTIC METER TO REMAIN
(E)	EXISTING IRRIGATION METER TO REMAIN
(F)	EXISTING FIRE HYDRANT
(G)	EXISTING WHEEL STOPS TO REMAIN (TYP.)
(H)	EXISTING SITE LIGHTING TO REMAIN
(I)	EXISTING PYLON SIGNAGE TO REMAIN
(J)	EXISTING GAS METER TO REMAIN
(K)	PRE-ORDER BOARD, DRIVE THRU ORDER BOARD, OR HEIGHT DETECTOR. REFER TO ARCHITECTURAL PLANS FOR DETAILS

SITE DATA SUMMARY TABLE

GENERAL SITE DATA	LOT 1, BLOCK B
ZONING	COMMUNITY RETAIL (CR)
LAND USE	RESTAURANT W/ DRIVE THRU
LOT AREA	28,660.37 SF / 0.6579 AC
TOTAL BUILDING AREA	2,551 SF
BUILDING HEIGHT	1 STORY, 35' MAX.
MAX ALLOWABLE LOT COVERAGE	40%
LOT COVERAGE	11.23%
FLOOR AREA RATIO	0.11:1
PARKING	
TOTAL PARKING REQUIRED (# SPACES)	26 (1 SPACE FOR 100 SF OF RESTAURANT)
TOTAL PARKING PROVIDED (# SPACES)	26
ACCESSIBLE PARKING REQUIRED (# SPACES)	2
ACCESSIBLE PARKING PROVIDED (# SPACES)	2
LANDSCAPE AREA	
LANDSCAPE AREA REQUIRED (10.0% OF LOT AREA)	2,867 SF
LANDSCAPE AREA PROVIDED	2,995 SF
SQ. FT. IMPERVIOUS SURFACE	25,665 SF

*NOTE: HANDICAP PARKING IS PROVIDED IN ACCORDANCE WITH ADA STANDARDS

NOTES

1. ALL DIMENSIONS ARE TO FACE OF CURB UNLESS OTHERWISE NOTED
2. NO LANDSCAPING SUCH AS TREES, HEDGES, ABOVE AND UNDERGROUND STRUCTURES SHALL BE LOCATED WITHIN EXISTING OR PROPOSED UTILITY EASEMENTS AND RIGHT OF WAY.
3. NO CHANGES ARE PROPOSED TO THE EXISTING SITE LAYOUT WITH THIS SITE PLAN.
4. ALL EXISTING SITE PAVING TO REMAIN.
5. NO CHANGES ARE PROPOSED TO THE ON-SITE UTILITIES. UTILITIES SHOWN ON THIS SITE PLAN ARE FOR REFERENCE ONLY.

FLOODPLAIN NOTE

PER FEMA MAP NUMBER 48113C0380L DATED JULY 7TH, 2014 THIS SITE IS WITHIN ZONE "X" *. ZONE "X" IS OUTSIDE OF ANY FEMA ESTABLISHED FLOOD HAZARD ZONE FOR DALLAS COUNTY, TEXAS.

Kimley»»Horn

SITE PLAN

CASTLEGLLEN SHOPPING VILLAGE
LOT 1, BLOCK B
28,660.37 S.F./0.6579 AC.
W.S. PEGUES SURVEY, ABST. 1158
PREPARED: SEPTEMBER 3, 2019
CITY PROJECT NUMBER:190711-2
ZONING CASE NUMBER: 19-28

ENGINEER
KIMLEY-HORN AND ASSOCIATES, INC.
6160 WARREN PARKWAY, SUITE 210
FRISCO, TX. 75034
PHONE: (972) 335-3580
FAX: (972) 335-3779
CONTACT: CAROLYN KOCH, P.E.

OWNER/DEVELOPER
SUN HOLDINGS, INC.
4515 LYNDON B. JOHN FWY.
FARMERS BRANCH, TEXAS 75244
PHONE: (972) 620-2287
CONTACT: ACE FULLER

SHEET NUMBER		SP1	
PROJECT NO.		063239305	
DATE		09/03/2019	
POPEYES RESTAURANT		CITY OF GARLAND	
DALLAS COUNTY, TEXAS		SITE PLAN	
SCALE		AS SHOWN	
DESIGNED BY		RS	
DRAWN BY		RS	
CHECKED BY		CAK	
09/03/19			
		© 2019 KIMLEY-HORN AND ASSOCIATES, INC. 6160 WARREN PARKWAY, SUITE 100, TX 75054 PHONE: 972-335-3580 WWW.KIMLEY-HORN.COM TEXAS REGISTERED ENGINEERING FIRM F-928	
No.		REVISIONS	
DATE			



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

3. b.

Meeting Date: 11/05/2019

Item Title: Garland Development Code Amendments regarding Makerspace (Hackerspace) Uses

Submitted By: Will Guerin, Planning Director

Summary of Request/Problem

Consider amending Chapter 2, Sections 2.51 and 2.52; and Chapter 6, Section 6.03 of the Garland Development Code creating a definition and regulations for “Makerspace (Hackerspace)” uses.

Recommendation/Action Requested and Justification

Consider approval of the attached ordinance. A public hearing for this item was held at the October 22, 2019 Regular City Council meeting; the Council approved the amendments with a 9-0 vote.

Attachments

Draft Ordinance

ORDINANCE NO. 7055

AN ORDINANCE AMENDING THE GARLAND DEVELOPMENT CODE OF THE CITY OF GARLAND, TEXAS; PROVIDING A SAVINGS CLAUSE; PROVIDING A PENALTY UNDER THE PROVISIONS OF SECTION 10.05 OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; PROVIDING A SEVERABILITY CLAUSE; AND SETTING AN EFFECTIVE DATE.

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

Section 1

That Section 6.03, "Definitions," of Chapter 6, "Definitions" of the Garland Development Code of the City of Garland, Texas, is hereby amended by addition to define "Makerspace (Hackerspace)" to read as follows:

"Section 6.3 Definitions.

. . .

MAKERSPACE (HACKERSPACE): A facility where common or designated area(s) are provided to support education through peer learning and knowledge sharing and incorporating workspace for support of participants interests, such as but not limited to computers, software development, technology, science, digital art, 3d printing, sewing, metal work, welding, machining, and woodworking.

. . ."

Section 2

That the "Institutional and Educational Uses" section of the **Land Use Matrix** of Chapter 2, "Zoning Regulations" of the Garland Development Code of the City of Garland, Texas, is hereby amended by addition to include "Makerspace (Hackerspace)" in the first column of the table; that it be permitted by right ("P") in Industrial ("IN") zoning districts (16th column of the table); that the parking requirements (20th column of the table) be amended by addition to read as follows:

"1/3 students + 1/500 sq. ft gross floor area

workshop + 1/1000 sq. ft. gross floor area of warehouse"; and

That the final column of the Land Use Matrix, "Cross-references for Special Standards," be amended by addition in the row provided for "Makerspace (Hackerspace), to read "Sec. 2.52 (A) (36) ."

Section 3

That Section 2.52, "Special Standards for Certain Uses," of Chapter 2, "Zoning Procedures" of the Garland Development Code of the City of Garland, Texas, is hereby amended by adding Section 2.52(A) (36) to read as follows:

"(36) Makerspace (Hackerspace). Makerspace (Hackerspace) facilities must comply with the following provisions of this Subsection (35):

- (a) No portion of a facility may be used for any use or action that would otherwise be prohibited within the zoning district in which it is located;
- (b) Outside display is prohibited;
- (c) Where outside storage is permitted within the zoning district, it shall comply with Section 2.52 (A) (14) (C); and
- (d) A minimum of one heavy load vehicle loading berth must be provided in conformance with Section 4.22."

Section 4

That Garland Development Code for the City of Garland, Texas, as amended, shall be and remain in full force and effect save and except as amended by this Ordinance.

Section 5

That a violation of any provision of this Ordinance shall be a misdemeanor punishable in accordance with Sec. 10.05

of the Code of Ordinances of the City of Garland, Texas.

Section 6

That the terms and provisions of this Ordinance are severable and are governed by Sec. 10.06 of the Code of Ordinances of the City of Garland, Texas.

Section 7

That this Ordinance shall be and become effective immediately upon and after its passage and approval.

PASSED AND APPROVED this the ____ day of _____, 2019.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

4.

Meeting Date: 11/05/2019

Item Title: Transfer of Community Development Block Grant (CDBG) Funding

Submitted By: Mona Woodard, Neighborhood Services Administrator

Summary of Request/Problem

Transfer of \$63,179 in CDBG funding from the Carver Senior Community Center Project to the Vietnamese Community Center Project.

Construction price quotes exceeded original estimates for proposed scope of work. Additional funding will allow for the planned Vietnamese Renovation Center project to move forward with facility upgrades for the purpose of bringing the Center into compliance of the American with Disabilities Act.

Recommendation/Action Requested and Justification

Staff recommends approval of the transfer of \$63,179 in CDBG funding.



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

5.

Meeting Date: 11/05/2019

Item Title: Reappraisal of Storm Damaged Property

Submitted By: Corey Worsham, Tax Administrator

Summary of Request/Problem

At the November 4, 2019 Work Session, Council considered the reappraisal of the property in the disaster area. If approved, affected property owners may receive a prorated reappraisal of the storm damaged property for the 2019 tax year.

Recommendation/Action Requested and Justification

Consider the reappraisal of the property in the disaster area via the attached resolution.

Attachments

DCAD reappraisal resolution

DCAD reappraisal memo

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARLAND, TEXAS, REQUESTING THAT THE DALLAS COUNTY CENTRAL APPRAISAL DISTRICT REAPPRAISE PROPERTIES IN THE CITY OF GARLAND AFFECTED BY THE RECENT TORNADOES, AS AUTHORIZED BY SECTION 23.02 OF THE TEXAS TAX CODE, AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of Garland has suffered widespread severe property damage and injuries resulting from the devastating tornadoes that occurred on Sunday, October 20, 2019;

WHEREAS, on October 21, 2019, Governor Greg Abbott, in accordance with the authority vested in him by Sections 418.014 through 418.17 of the Texas Disaster Act, declared a state of disaster in several North Texas counties, including Dallas, Collin, and Rockwall Counties;

WHEREAS, the City of Garland desires that the Dallas Central Appraisal District reappraise all property damaged by the disaster as authorized by Texas Tax Code Section 23.02;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GARLAND, TEXAS:

Section 1

The City of Garland requests that the Dallas Central Appraisal District reappraise all property within the City of Garland city limits damaged by the disaster described in the recital above as soon as practicable.

Section 2

The City Manager is authorized to pay the Dallas Central Appraisal District the City's share of the costs of the reappraisal, computed as set forth in Section 23.02(c) of the Texas Tax Code.

Section 3

After property damaged in the disaster is reappraised, the taxes on the reappraised property shall be prorated for the year 2019 in the manner provided in Section 23.02(d) of the Texas Tax Code.

Section 4

That this Resolution shall be and become effective immediately upon and after its adoption and approval.

PASSED AND APPROVED this the 5th day of November, 2019.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary



Dallas Central Appraisal District

MEMORANDUM

DATE: **October 22, 2019**

TO: **Dallas County**
 Dallas County Community College District
 Dallas County Hospital District
 City of Dallas
 City of Garland
 City of Richardson
 City of Rowlett
 Dallas Independent School District
 Garland Independent School District
 Richardson Independent School District

FROM: **Office of the Dallas Central Appraisal District Chief Appraiser, W. Kenneth Nolan**

SUBJECT: **Disaster Reappraisal**

It has come to our attention that Governor Abbott declared Dallas County a disaster area on Monday, October 21, 2019, after the damage caused by the tornado outbreak on October 20, 2019.

The Texas Property Tax Code provides for the following:

Sec. 23.02. REAPPRAISAL OF PROPERTY DAMAGED IN NATURAL DISASTER AREA.

- (a) The governing body of a taxing unit that is located partly or entirely inside an area declared to be a natural disaster area by the governor may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster.
- (b) If a taxing unit authorizes a reappraisal pursuant to this section, the appraisal office shall complete the reappraisal as soon as practicable. The appraisal office shall include on the appraisal records, in addition to other information required or authorized by law:
 - (1) the date of the disaster;
 - (2) the appraised value of the property after the disaster; and
 - (3) if the reappraisal is not authorized by all taxing units in which the property is located, an indication of the taxing units to which the reappraisal applies.
- (c) A taxing unit that authorizes a reappraisal under this section must pay the appraisal district all the costs of making the reappraisal. If two or more taxing units provide for the reappraisal in the

same territory, each shall share the costs of the reappraisal in that territory in the proportion the total dollar amount of taxes imposed in that territory in the preceding year bears to the total dollar amount of taxes all units providing for reappraisal of that territory imposed in the preceding year.

- (d) If property damaged in a natural disaster is reappraised as provided by this section, the governing body shall provide for prorating the taxes on the property for the year in which the disaster occurred. If the taxes are prorated, taxes due on the property are determined as follows: the taxes on the property based on its value on January 1 of that year are multiplied by a fraction, the denominator of which is 365 and the numerator of which is the number of days before the date the disaster occurred; the taxes on the property based on its reappraised value are multiplied by a fraction, the denominator of which is 365 and the numerator of which is the number of days, including the date the disaster occurred, remaining in the year; and the total of the two amounts is the amount of taxes on the property for the year.

DCAD will be taking the following actions regarding the damaged areas:

- DCAD Personnel will inspect all damaged property regardless of whether Disaster Reappraisal is adopted by taxing units
- If Disaster Reappraisal is adopted DCAD **WILL NOT CHARGE** taxing units extra for reappraisal as provided in Tax Code
- Special Appraisal Notices will be mailed to affected property owners if Disaster Reappraisal is authorized.
 - Notices will explain the process, and the protest procedures
 - Notices will contain both January 1 value and Disaster value
 - Notices will be mailed as soon as field work is completed
- DCAD Website will contain FAQ's concerning the Disaster Reappraisal Process and special email for questions
 - tornado@dcad.org
- If Disaster Reappraisal is adopted, the Certified Appraisal Roll for 2019 will reflect a prorated appraised value and will be updated on a Supplemental Appraisal Roll
- All damaged properties will be will maintain the damaged value for all of 2020 unless major repairs are completed by January 1, 2020

If your jurisdiction chooses to adopt by resolution, a disaster reappraisal please notify us as soon as possible and include a copy of the signed resolution.

If you have any questions, please contact myself or Cheryl Jordan in my office.

W. Kenneth Nolan
Chief Appraiser
Dallas Central Appraisal District
(214) 819-2330
nolank@dcad.org



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

6.

Meeting Date: 11/05/2019

Item Title: FY 2019-2020 Texas Department of Transportation (TxDOT) Selective Traffic Enforcement Program (STEP) - Impaired Driving Mobilization (IDM) Grant

Submitted By: Jeffrey Bryan, Chief of Police

Summary of Request/Problem

Council is requested to adopt a resolution authorizing the City Manager to accept a State of Texas Department of Transportation (TxDOT) Selective Traffic Enforcement Program (STEP) – Impaired Driving Mobilization (IDM) Grant related to Driving While Intoxicated (DWI) enforcement in the amount of \$9,930.68 for FY 2019-2020.

The required enforcement periods are scheduled to be conducted on the following dates:

Christmas/New Year's Wave – December 13, 2019 to January 1, 2020;

Spring Break Wave – March 6, 2020 to March 23, 2020;

Independence Day Wave – June 26, 2020 to July 12, 2020; and

Labor Day Wave – August 21, 2020 to September 7, 2020.

The grant will be utilized to provide a greater level of traffic safety for the citizens of the City of Garland. The goal of this grant is to increase the effective enforcement and adjudication of traffic safety-related laws; to reduce the overall number of fatal and serious crashes; and to reduce the number of DWI-related crashes, injuries, and fatalities.

This item was considered by Council at the November 4, 2019 Work Session.

Recommendation/Action Requested and Justification

Approve a resolution authorizing the City Manager to accept the State of Texas Department of Transportation (TxDOT) Selective Traffic Enforcement Program (STEP) – Impaired Driving Mobilization (IDM) Grant for FY 2019 - 2020 in the amount of \$9,930.68.

Attachments

FY20 TxDOT IDM Resolution

RESOLUTION NO. _____

A RESOLUTION ACCEPTING A TEXAS DEPARTMENT OF TRANSPORTATION (TxDOT) SELECTIVE TRAFFIC ENFORCEMENT PROGRAM (STEP) - IMPAIRED DRIVING MOBILIZATION (IDM) GRANT IN THE AMOUNT OF \$9,930.68; AND PROVIDING AN EFFECTIVE DATE.

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

Section 1

That the Garland City Council hereby accepts a Texas Department of Transportation (TxDOT) Selective Traffic Enforcement Program - Impaired Driving Mobilization Grant in the amount of \$9,930.68 for the purpose of enforcing Driving While Intoxicated (DWI) violations during the following four (4) separate enforcement waves:

Christmas/New Year's Wave - December 13, 2019 to January 2, 2020; Spring Break Wave - March 6, 2020 to March 23, 2020; Independence Day Wave - June 26, 2020 to July 12, 2020; and Labor Day Wave - August 21, 2020 to September 7, 2020.

Section 2

That this Resolution shall be and become effective immediately upon and after its adoption and approval.

PASSED AND APPROVED this the _____ day of _____, 2019.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

7.

Meeting Date: 11/05/2019

Item Title: Bond Refunding - General Obligation Commercial Paper Notes & Certificates of Obligation

Submitted By: Matt Watson, Finance Director

Summary of Request/Problem

At the September 16, 2019 Work Session, Council considered refunding approximately \$23.5 million of General Obligation Commercial Paper Notes, Series 2015 and approximately \$1.3 million Combination Tax & Revenue Certificates of Obligation, Series 2010 with General Obligation Refunding Bonds, Series 2019. The purpose of this transaction is to refund a portion of variable rate commercial paper notes and to generate debt service savings.

Recommendation/Action Requested and Justification

Approve the sale of the General Obligation Refunding Bonds, Series 2019.

Attachments

DRAFT - Bond Ordinance

ORDINANCE NO. _____

AN ORDINANCE authorizing the issuance of "CITY OF GARLAND, TEXAS, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019"; specifying the terms and features of said bonds; levying a continuing direct annual ad valorem tax for the payment of said bonds; providing for the redemption of certain outstanding obligations of the City; and resolving other matters incident and related to the issuance, sale, payment and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement and an Escrow Agreement and the approval and distribution of a Preliminary Official Statement and an Official Statement; and providing an effective date.

WHEREAS, the City Council (the "Council") of the City of Garland, Texas (the "City") has heretofore issued, sold, and delivered, and there is currently outstanding obligations of the following issue or series, to wit: "City of Garland, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2010," dated April 15, 2010, scheduled to mature on February 15 in each of the years 2022 through 2030, inclusive, and aggregating in the principal amount of \$1,345,000 (hereinafter referred to as the "Refunded Obligations"); and

WHEREAS, the City Council of the City, in accordance with the provisions of Texas Government Code, Chapter 1371, has heretofore authorized by ordinance and provided for the issuance of "City of Garland, Texas General Obligation Commercial Paper Notes, Series 2015" (the "Commercial Paper Notes") in an aggregate principal amount not to exceed \$50,000,000 for the purpose of financing the construction of various projects for which there exists authorized but unissued obligations approved by a majority of the voters of the City at the elections held on May 4, 1991, May 3, 1997, and May 15, 2004, respectively, for the purpose of authorizing the issuance of such obligations, as well as any projects approved at future elections;

WHEREAS, the Council hereby finds and determines \$_____,000,000 in principal amount of the Commercial Paper Notes should be refunded and refinanced into long term obligations at this time (such Commercial Paper Notes being hereinafter collectively referred to as the "Refunded CP Notes") for the purpose of replacing such Refunded CP Notes with long-term fixed rate debt, and further finds and determines that the issuance of the bonds herein authorized is in the best interests of the City and that the manner in which the refunding of the Refunded CP Notes is being executed does not make it practicable to make the determination required by Texas Government Code, Section 1207.008(a)(2) in connection with the Refunded CP Notes;

WHEREAS, pursuant to the provisions of Texas Government Code, Chapter 1207, as amended, the Council is authorized to issue refunding bonds and deposit the proceeds of sale directly with the places of payment for the Refunded Obligations and the Refunded CP Notes, as appropriate, or other authorized depository, and such deposits, when made in accordance with said statutes, and ordinances authorizing the issuance of the Refunded Obligations and the Refunded CP Notes, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations and the Refunded CP Notes; and

WHEREAS, the Council hereby finds and determines that the Refunded Obligations should be refunded at this time, and such refunding will result in the City saving approximately \$_____ in debt service payments on such indebtedness and further provide a net present value savings of approximately \$_____; now, therefore:

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

SECTION 1: Authorization - Designation - Principal Amount - Purpose. General obligation bonds of the City shall be and are hereby authorized to be issued in the aggregate principal amount of \$_____ to be designated and bear the title "CITY OF GARLAND, TEXAS, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019" (hereinafter referred to as the "Bonds"), for the purpose of providing funds for the discharge and final payment of certain outstanding obligations of the City (identified in the preamble hereof and referred to as the "Refunded Obligations" and the "Refunded CP Notes") and to pay costs of issuance, in accordance with the Constitution and laws of the State of Texas, including Texas Government Code, Chapter 1207, as amended.

SECTION 2: Fully Registered Obligations - Bond Date - Authorized Denominations- Stated Maturities - Interest Rates. The Bonds shall be issued as fully registered obligations only, shall be dated December 1, 2019 (the "Bond Date"), shall be in denominations of \$5,000 or any integral multiple (within a Stated Maturity) thereof, and shall become due and payable on February 15 in each of the years (the "Stated Maturities") in the principal amounts and bear interest at the rate(s) per annum in accordance with the following schedule:

<u>Year of Stated Maturity</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		

The Bonds shall bear interest on the unpaid principal amounts from the date of initial delivery of the Bonds at the rate(s) per annum shown above in this Section (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on February 15 and August 15 in each year, commencing August 15, 2020, until maturity or prior redemption.

SECTION 3: Terms of Payment - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity or otherwise, shall be

payable only to the registered owners or holders of the Bonds (hereinafter called the "Holders") appearing on the registration and transfer books maintained by the Paying Agent/Registrar and the payment thereof 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, and shall be without exchange or collection charges to the Holders.

The selection and appointment of Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas to serve as Paying Agent/Registrar for the Bonds is hereby approved and confirmed. Books and records relating to the registration, payment, transfer and exchange of the Bonds (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, as provided herein and in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement," substantially in the form attached hereto as **Exhibit A**, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor or Mayor Pro Tem and City Secretary are authorized to execute and deliver such Paying Agent/Registrar Agreement in connection with the delivery of the Bonds. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each Holder by first class United States mail, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Bonds, shall be payable at the Stated Maturities thereof only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated offices, initially in Salt Lake City, Utah, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid to the Holders whose names appear in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent by first class United States mail, postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer 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 Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by first class United States mail, 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) Optional Redemption. The City reserves the right and option to redeem the Bonds maturing on and after February 15, 2030, in whole or in part, before their respective scheduled maturity dates, on February 15, 2029, or on any date thereafter at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest from the most recent interest payment date on which interest has been paid or duly provided for to the date fixed for redemption.

At least forty-five (45) days prior to an optional redemption date for the Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to optionally redeem Bonds, the principal amount of each Stated Maturity to be optionally redeemed, and the date of redemption therefor. The decision of the City to exercise the right to optionally redeem Bonds shall be entered in the minutes of the governing body of the City.

(b) [Mandatory Redemption. The Bonds maturing on February 15 in each of the years 20__ and 20__ (collectively, the "Term Bonds") are subject to mandatory redemption on the dates and in the principal amounts shown below at a price of par plus accrued interest to the date of redemption:

<u>Term Bonds Due February 15, 20__</u>		<u>Term Bonds Due February 15, 20__</u>	
<u>Redemption Date</u>	<u>Principal Amount (\$)</u>	<u>Redemption Date</u>	<u>Principal Amount (\$)</u>
February 15, 20__		February 15, 20__	
February 15, 20__		February 15, 20__	
February 15, 20__		February 15, 20__	
February 15, 20__		February 15, 20__	
February 15, 20__*		February 15, 20__*	

*maturity

Approximately forty-five (45) days prior to each mandatory redemption date for the Term Bonds, the Paying Agent/Registrar shall select by lot the numbers of the Term Bonds within the applicable Stated Maturity to be redeemed on the next following February 15 from moneys set aside for that purpose in the Interest and Sinking Fund (as hereinafter defined). Any Term Bond not selected for prior redemption shall be paid on the date of their Stated Maturity.

The principal amount of the Term Bonds for a Stated Maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Term Bonds of like Stated Maturity which, at least fifty (50) days prior to the mandatory redemption date, (1) 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 (2) shall have been redeemed pursuant to the optional redemption provisions set forth in paragraph(a) of this Section and not theretofore credited against a mandatory redemption requirement.】

(c) 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 treat such Bonds as representing the number of Bonds Outstanding, which is obtained by dividing the principal amount of such Bonds by \$5,000, and shall select the Bonds to be redeemed within such Stated Maturity by lot.

(d) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, 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.

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 Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Bond is subject by its terms to prior redemption and has been called for redemption and notice of redemption thereof has been duly given as hereinabove provided, such Bond (or the principal amount thereof to be redeemed) shall become due and payable and interest thereon shall cease to accrue from and after the redemption date therefor; provided moneys sufficient for the payment of such Bond (or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

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

SECTION 5: Registration - Transfer - Exchange of Bonds - Predecessor Bonds. A Security Register relating to the registration, payment, and transfer or exchange of the Bonds shall at all times be kept and maintained by the City at the Designated Payment/Transfer Office of the Paying Agent/Registrar, as provided herein and in accordance with the provisions of an agreement with the Paying Agent/Registrar and such rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each Holder of the Bonds issued under and pursuant to the provisions of this Ordinance, 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 of any Bond (other than the Initial Bond(s) referenced in Section 8 hereof) for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying

Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bond(s) referenced in Section 8 hereof) may be exchanged for other Bonds 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 Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds to the Holder requesting the exchange.

All Bonds issued in any transfer or exchange of Bonds shall be delivered to the Holders at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States Mail, first class, postage prepaid to the Holders, and, upon the registration and delivery thereof, the same shall be the valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Bonds surrendered in 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 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 obligation to pay evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered, and delivered in lieu thereof pursuant to the provisions of Section 11 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

SECTION 6: Book-Entry-Only Transfers and Transactions. Notwithstanding the provisions contained in Sections 3, 4 and 5 hereof relating to the payment, and transfer/exchange of the Bonds, the City hereby approves and authorizes the use of "Book-Entry-Only" securities clearance, settlement and transfer system provided by The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York ("DTC"), in accordance with the operational arrangements referenced in the Blanket Issuer Letter of Representations, by and between the City and DTC (the "Depository Agreement").

Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC who shall hold said Bonds for its participants (the "DTC Participants"). While the Bonds are held by DTC under the Depository Agreement, the Holder of the Bonds on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Bond (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in

general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the City covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 3, 4 and 5 hereof.

SECTION 7: Execution - Registration. The Bonds shall be executed on behalf of the City by the Mayor under its seal reproduced or impressed thereon and countersigned by the City Secretary. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the Bond Date shall be deemed to be duly executed on behalf of the City, notwithstanding that one or more of the individuals shall cease to hold such offices at the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Texas Government Code, Chapter 1201, as amended.

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 9(c), manually executed by the Comptroller of Public Accounts of the State of Texas, or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 9(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate duly signed upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered, and delivered.

SECTION 8: Initial Bond(s). The Bonds herein authorized shall be initially issued either (i) as a single fully registered bond in the aggregate principal amount stated in Section 1 hereof with principal installments to become due and payable as provided in Section 2 hereof and numbered T-1, or (ii) as multiple fully registered bonds, being one bond for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Bond(s) shall be the Bond(s) 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 initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates 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 initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 9: 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 identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends in the event the Bonds, or any maturities thereof, are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Bonds as evidenced by their execution. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The definitive Bonds and the Initial Bond(s) shall be printed, lithographed, engraved, typewritten, photocopied or otherwise reproduced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof.

(b) Form of Definitive Bond.

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF GARLAND, TEXAS
GENERAL OBLIGATION REFUNDING BOND
SERIES 2019

Bond Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
December 1, 2019	_____ %	February 15, 20__	_____

Registered Owner:

Principal Amount:

The City of Garland (hereinafter referred to as the "City"), a body corporate and municipal corporation in the Counties of Dallas, Collin and Rockwall, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the registered owner named above, or the registered assigns thereof (the "Registered Owner"), on the Stated Maturity date specified above the Principal Amount hereinabove stated (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amount hereof from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is prior to the initial interest payment date in which case it shall bear interest from the date of initial delivery of the Bonds) 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 in each year, commencing August 15, 2020, until maturity or prior redemption. Principal of this Bond shall be payable at its Stated Maturity to the Registered Owner hereof upon presentation and surrender at the designated offices of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. Interest is payable to the registered owner 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, and interest shall be paid by the Paying Agent/Registrar by check

sent by first class United States mail, postage prepaid, to the address of the registered owner recorded 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 registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer 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 Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and 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.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$_____ (herein referred to as the "Bonds") for the purpose of providing funds for the discharge and final payment of the Refunded Obligations (identified and defined in the Ordinance hereinafter referenced) and the Refunded CP Notes (identified and defined in the Ordinance hereinafter referenced), and to pay costs of issuance, under and in strict conformity with the Constitution and laws of the State of Texas and pursuant to an Ordinance adopted by the City Council of the City (herein referred to as the "Ordinance").

[The Bonds maturing on February 15 in each of the years 20__ and 20__ (collectively, the "Term Bonds") are subject to mandatory redemption prior to maturity with funds on deposit in the Interest and Sinking Fund established and maintained for the payment thereof in the Ordinance, and shall be redeemed in part prior to maturity at the price of par and accrued interest thereon to the date of redemption, and without premium, on the dates and in the principal amounts as follows:

<u>Term Bonds Due February 15, 20__</u>		<u>Term Bonds Due February 15, 20__</u>	
<u>Redemption Date</u>	<u>Principal Amount (\$)</u>	<u>Redemption Date</u>	<u>Principal Amount (\$)</u>
February 15, 20__		February 15, 20__	
February 15, 20__		February 15, 20__	
February 15, 20__		February 15, 20__	
February 15, 20__		February 15, 20__	
February 15, 20__*		February 15, 20__*	

*maturity

The particular Term Bonds of a stated maturity to be redeemed on each redemption date shall be chosen by lot by the Paying Agent/Registrar; provided, however, that the principal amount of Term Bonds for a stated maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Term Bonds of like stated maturity which, at least fifty (50) days prior to the mandatory redemption date, (1) 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 (2) shall have been redeemed pursuant to the optional redemption provisions appearing below and not theretofore credited against a mandatory redemption requirement.】

The Bonds maturing on and after February 15, 2030, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar),

on February 15, 2029, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

At least thirty days prior to the date fixed for any redemption of Bonds, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of each Bond to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinance. If a Bond (or any portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor; provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

In the event a portion of the principal amount of a Bond is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum thereof will be issued to the registered owner, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the registered owner within 45 days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Bond redeemed in part.

With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

The Bonds are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City. Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the owner or holder of this Bond by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Bonds; the terms and conditions relating to the transfer or exchange of this Bond; 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 discharged at its maturity, and deemed to be no longer Outstanding thereunder; and for other terms and provisions contained therein. Capitalized terms used herein have the meanings assigned in the Ordinance.

This Bond, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying

Agent/Registrar duly executed by, the registered owner hereof, or his duly authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, shall treat the registered owner whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal hereof at its Stated Maturity, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by first class United States mail, 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, recited, represented and declared that the City is a body corporate and political subdivision duly organized and legally existing under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Bonds do not exceed any Constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by the levy of a tax as aforestated. In case any provision in this Bond shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions 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.

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

CITY OF GARLAND, TEXAS

Mayor

COUNTERSIGNED:

City Secretary

(City Seal)

(c) Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Bond(s) only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

I HEREBY CERTIFY that this 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)

(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 and registered 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.

The designated offices of the Paying Agent/Registrar in Salt Lake City, Utah is the "Designated Payment/Transfer Office" for this Bond.

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

Registration date:

By: _____
Authorized Signature
Amegy Bank Division

(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:

Signature guaranteed:

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.

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

Heading and first paragraph shall read as follows:

REGISTERED
NO. T-1

REGISTERED
\$_____,000

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF GARLAND, TEXAS
GENERAL OBLIGATION REFUNDING BOND
SERIES 2019

Bond Date: December 1, 2019

Registered Owner: _____

Principal Amount: _____ MILLION ____ HUNDRED ____ THOUSAND DOLLARS

The City of Garland (hereinafter referred to as the "City"), a body corporate and municipal corporation in the Counties of Dallas, Collin and Rockwall, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the registered owner named above, or the registered assigns thereof (the "Registered Owner"), the Principal Amount hereinabove stated on February 15 in each of the years and in the principal installments in accordance with the following schedule:

<u>YEAR OF</u> <u>STATED MATURITY</u>	<u>PRINCIPAL</u> <u>INSTALLMENTS (\$)</u>	<u>INTEREST</u> <u>RATES (%)</u>
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(Information to be inserted from schedule in Section 2 hereof)

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the date of initial delivery of the Bonds at the per annum

rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing August 15, 2020, until maturity or prior redemption. Principal installments of this Bond are payable on the Stated Maturity dates to the registered owner hereof by Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar"), upon its presentation and surrender at its designated offices, initially in Salt Lake City, Utah, or, with respect to a successor paying agent/registrar, at the designated office of such successor (the "Designated Payment/Transfer Office"). Interest is payable to the registered owner 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, and interest shall be paid by the Paying Agent/Registrar by check sent by first class United States mail, postage prepaid, to the address of the registered owner recorded 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 registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer 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 Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and 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.

SECTION 10: Levy of Taxes. To provide for the payment of the "Debt Service Requirements" of the Bonds, being (i) the interest on the Bonds and (ii) a sinking fund for their payment at maturity or a sinking fund of 2% (whichever amount is the greater), there is hereby levied, and there shall be annually assessed and collected in due time, form, and manner, a tax on all taxable property in the City, within the limitations prescribed by law, and such tax hereby levied on each one hundred dollars' valuation of taxable property in the City for the Debt Service Requirements of the Bonds shall be at a rate from year to year as will be ample and sufficient to provide funds each year to pay the principal of and interest on said Bonds while Outstanding; full allowance being made for delinquencies and costs of collection; separate books and records relating to the receipt and disbursement of taxes levied, assessed and collected for and on account of the Bonds shall be kept and maintained by the City at all times while the Bonds are Outstanding, and the taxes collected for the payment of the Debt Service Requirements on the Bonds shall be deposited to the credit of a "Special 2019 Bond Account" (the "Interest and Sinking Fund") maintained on the records of the City and deposited in a special fund maintained at an official depository of the City's funds; and such tax hereby levied, and to be assessed and collected annually, is hereby pledged to the payment of the Bonds.

The Mayor, Mayor Pro Tem, City Manager, City Secretary and Finance Director of the City, individually or jointly, are hereby authorized and directed to cause to be transferred to the Paying Agent/Registrar for the Bonds, from funds on deposit in the Interest and Sinking Fund, amounts sufficient to fully pay and discharge promptly each installment of interest and principal of the Bonds as the same accrues or matures; such transfers of funds to be made in such manner as will cause collected funds to be deposited with the Paying Agent/Registrar on or before each principal and interest payment date for the Bonds.

The City has sufficient current funds available and such funds are hereby appropriated to make the payments to become due on the Bonds on August 15, 2020, and the Mayor, Mayor Pro

Tem, City Manager, Finance Director and City Secretary of the City, individually or jointly, are hereby authorized and directed to transfer and deposit in the Interest and Sinking Fund such amount of current funds which will be sufficient to pay the amounts to become due on the Bonds on August 15, 2020.

SECTION 11: Mutilated - Destroyed - Lost and Stolen Bonds. In case any Bond shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Bond of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Bond, or in lieu of and in substitution for such destroyed, lost or stolen Bond, only upon the approval of the City and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Bond, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the City and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond shall be borne by the Holder of the Bond mutilated, or destroyed, lost or stolen.

Every replacement Bond issued pursuant to this Section shall be a valid and binding obligation, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds; notwithstanding the enforceability of payment by anyone of the destroyed, lost, or stolen 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 12: 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 taxes levied under this Ordinance and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

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 maturity, 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, or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Bonds. The City covenants that no deposit of moneys or Government Securities 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 Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

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 shall upon the request of the City be remitted to the City against a written receipt therefor. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

The term "Government Securities", as used herein, shall mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the City, 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 of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State of Texas.

SECTION 13: Ordinance a Contract - Amendments - Outstanding 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 and in Section 28 hereof. 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 consent of Holders holding a majority in aggregate principal amount of the Bonds then Outstanding, amend, add to, or rescind any of the provisions of this Ordinance; provided 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, 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.

The term "Outstanding" 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 deemed to be duly paid by the City in accordance with the provisions of Section 12 hereof; and
- (3) those mutilated, destroyed, lost, or stolen Bonds which have been replaced with Bonds registered and delivered in lieu thereof as provided in Section 11 hereof.

SECTION 14: 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 (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) 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 permitted by 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 (including property financed with Gross Proceeds of the Refunded Obligations), 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 (including property financed with Gross Proceeds of the Refunded Obligations), other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by 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 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 final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, 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 its general fund, other appropriate fund, or, if permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the Interest and Sinking Fund, 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) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager and Finance Director, either 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.

(k) Bonds Not Hedge Bonds. (1) At the time the original obligations being refunded by the Bonds were issued, the City reasonably expected to spend at least 85% of the spendable proceeds of such obligations within three years after such obligations were issued and (2) not more than 50% of the proceeds of the original obligations being refunded by the Bonds were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

(l) Current Refunding of the Refunded Obligations and the Refunded CP Notes. The Bonds are a current refunding of the Refunded Obligations and the Refunded CP Notes in that the Refunded Obligations and the Refunded CP Notes are to be paid and redeemed in full within 90 days of the delivery date of the Bonds.

SECTION 15: Sale of Bonds – Official Statement Approval. Pursuant to a public sale for the Bonds, the bid submitted by _____ (herein referred to as the “Purchasers”) is declared to be the best bid received producing the lowest true interest cost rate to the City, and the sale of the Bonds to said Purchasers at the price of par plus a cash premium of \$_____, is hereby determined to be in the best interests of the City and is approved and confirmed. Delivery of the Bonds to the Purchasers shall occur as soon as possible upon payment being made therefor in accordance with the terms of sale. The Initial Bond shall be registered in the name as provided in the winning bid form.

Furthermore, the use 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, which reflects the terms of sale (together with such changes approved by the Mayor, Mayor Pro Tem, City Manager, Finance Director or City Secretary, 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 said final Official Statement, dated November 5, 2019, in the reoffering, sale and delivery of the Bonds to the public. The Mayor or Mayor Pro Tem and City Secretary are further authorized and directed to cause to be delivered for and on behalf of the City copies of said Official Statement in final form as may be required by the Purchasers, and such final Official Statement shall be deemed to be approved by the Council and constitute the Official Statement authorized for distribution and use by the Purchasers.

SECTION 16: Control and Custody of Bonds. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Bonds, and shall take and have charge and control of the Initial Bond(s) pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchasers.

SECTION 17: Proceeds of Sale. Immediately following the delivery of the Bonds, the proceeds of sale (less those proceeds of sale designated to pay costs of issuance and additional proceeds being deposited to the Interest and Sinking Fund) (i) in the amount of \$_____ shall be deposited with U.S. Bank National Association (the current issuing and paying agent for the Refunded CP Notes) for the payment and discharge of the Refunded CP Notes and (ii) in the

amount of \$_____ shall be deposited with the Escrow Agent (defined in Section 18 hereof) for the refunding of the Refunded Obligations.. The balance of the proceeds of sale of the Bonds shall be disbursed for payment of costs of issuance or deposited in the Interest and Sinking Fund for the Bonds.

Additionally, on or immediately prior to the date of the delivery of the Bonds to the Purchasers, the Finance Director or other appropriate City official shall cause to be transferred in immediately available funds to the Escrow Agent from moneys on deposit in the interest and sinking fund maintained for the payment of the Refunded Obligations the sum of \$_____ to accomplish the refunding of the Refunded Obligations.

SECTION 18: Escrow Agreement Approval and Execution; Redemption of Refunded Obligations.

The Escrow Agreement (the "Escrow Agreement") by and between the City and Zions Bancorporation, National Association, Amegy Bank Division (the "Escrow Agent"), substantially in the form attached hereto as **Exhibit B** and incorporated herein by reference as a part of this Ordinance for all purposes, is hereby approved as to form and content, and such Escrow Agreement in substantially the form and substance attached hereto, together with such changes or revisions as may be necessary to accomplish the refunding or benefit the City, is hereby authorized to be executed by the Mayor and City Secretary for and on behalf of the City and as the act and deed of this City Council; and such Escrow Agreement as executed by said officials shall be deemed approved by the City Council and constitute the Escrow Agreement herein approved.

Furthermore, appropriate officials of the City in cooperation with the Escrow Agent are hereby authorized and directed to make the necessary arrangements on the day of delivery of the Bonds to the Underwriters for the purchase of any federal securities referenced in the Escrow Agreement and the delivery thereof to the Escrow Agent and for deposit of certain proceeds of sale of the Bonds and any federal securities to the credit of the "SPECIAL 2019 CITY OF GARLAND, TEXAS, GENERAL OBLIGATION REFUNDING BOND ESCROW FUND" (the "Escrow Fund"), including the execution of subscription forms for the purchase and issuance of any "United States Treasury Securities State and Local Government Series"; all as contemplated and provided in Texas Government Code, Chapter 1207, as amended, this Ordinance and the Escrow Agreement.

The Refunded Obligations shall be redeemed and the same are hereby called for redemption on February 15, 2020, at the price of par and accrued interest to the date of redemption. The City Secretary is hereby authorized and directed to file a copy of this Ordinance, together with a suggested form of notice of redemption to be sent to holders of the Refunded Obligations, with Zions Bancorporation, National Association, Amegy Bank Division (successor to The Bank of New York Mellon Trust Company, N.A. and the current paying agent/registrar for the Refunded Obligations), in accordance with the redemption provisions applicable to such obligations; such suggested form of notice of redemption being attached hereto as **Exhibit C** and incorporated herein by reference as a part of this Ordinance for all purposes.

The redemption of the Refunded Obligations described above being associated with the refunding of such Refunded Obligations, the approval, authorization and arrangements herein given and provided for the redemption of such Refunded Obligations on the redemption date designated therefor and in the manner provided shall be irrevocable upon the issuance and delivery of the Bonds; and the City Secretary is hereby authorized and directed to make all

arrangements necessary to notify the holders of such Refunded Obligations of the City's decision to redeem such Refunded Obligations on the date and in the manner herein provided and in accordance with the ordinances authorizing the issuance of such Refunded Obligations and this Ordinance.

SECTION 19: 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 first class United States mail, postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the business day next preceding the mailing of such notice.

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 Bonds. 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 20: Cancellation. All Bonds surrendered for payment, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled 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 cancelled by the Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be returned to the City.

SECTION 21: Legal Opinion. The obligation of the Purchasers to accept delivery of the Bonds is subject to being furnished a final legal opinion of Norton Rose Fulbright US LLP, Bond Counsel to the City, approving such Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for such Bonds. A true and correct reproduction of said opinion is hereby authorized to be printed on the definitive Bonds or an executed counterpart thereof shall accompany the global Bonds deposited with DTC.

SECTION 22: 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 the Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

SECTION 23: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the 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, the Paying Agent/Registrar and the Holders.

SECTION 24: Inconsistent Provisions. All ordinances, orders or 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 contained herein.

SECTION 25: 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 26: Effect of Headings. The Section headings herein are for convenience of reference only and shall not affect the construction hereof.

SECTION 27: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 28: Continuing Disclosure Undertaking.

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

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

“MSRB” means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports. The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year, beginning in or after 2019, financial information and operating data with respect to the City of the general type included in Tables 1 through 5 and 7 through 14 in the Official Statement, and (2) within twelve months after the end of each fiscal year ending in or after 2019, audited financial statements of the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in Appendix B to the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and 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 audited financial statements are not available within 12 months after the end of any fiscal year, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available.

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

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC.

(c) Notice of Certain Events. The City shall provide 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;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

For these purposes, (a) 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 and (b) the City intends the words used in the immediately preceding

paragraphs 15 and 16 in this Section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

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

(d) Filings with the MSRB. All financial information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section while, but only while, 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 the notice required by subsection (c) hereof of any Bond calls and defeasance that cause the City to be no longer such an “obligated person.”

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 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.

Notwithstanding anything to the contrary in this Ordinance, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting 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 provisions of this Section 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 an underwriter 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 Section, it shall include with any amended financial information or operating data next provided pursuant to subsection (b) of 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.

SECTION 29: Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and this Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 30: Further Procedures. Any one or more of the Mayor, Mayor Pro Tem, City Manager, Finance Director and City Secretary are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the issuance, sale and delivery of the Bonds. In addition, prior to the delivery of the Bonds, the Mayor, Mayor Pro Tem, City Manager, Finance Director or Bond Counsel to the City are each hereby authorized and directed to approve any changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any ambiguity, formal defect, or omission in this Ordinance or such other document, or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Bonds by the Attorney General. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 31: Incorporation of Findings and Determinations. The findings and determinations of this Council contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

SECTION 32: 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 Texas Government Code, Chapter 551, as amended.

SECTION 33: Effective Date. In accordance with the provisions of Texas Government Code, Section 1201.028, as amended, this Ordinance shall be in force and effect from and after its passage on the date shown below and it is so ordained.

[Remainder of page left blank intentionally]

PASSED AND ADOPTED, November 5, 2019.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

(City Seal)

EXHIBIT A

PAYING AGENT/REGISTRAR AGREEMENT

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT is entered into as of November 5, 2019 (this "Agreement"), by and between Zions Bancorporation, National Association, Amegy Bank Division, a national banking association organized and existing under the laws of the United States of America and authorized to transact business in the State of Texas (the "Bank") and the City of Garland, Texas (the "Issuer").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "City of Garland, Texas General Obligation Refunding Bonds, Series 2019" (the "Securities"), dated December 1, 2019, such Securities scheduled to be delivered to the initial purchasers thereof on or about December 3, 2019; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

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 serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the "Authorizing Document" (hereinafter defined). The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the "Authorizing Document".

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

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 attached hereto; provided however, notwithstanding anything herein or in Annex A to the contrary, the aggregate value of this agreement shall not exceed the dollar limitation set forth in Section 2270.002(a)(2) of the Texas Government Code, as amended.

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:

“Acceleration Date” on any Security means the date, if any, 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 pursuant to the terms of the Security.

“Authorizing Document” means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, as the same may be amended or modified, including any pricing certificate related thereto, certified by the secretary or any other officer of the Issuer and delivered to the Bank.

“Bank Office” means the designated office of the Bank at the address shown in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

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

“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 purposes 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 Authorizing Document).

“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 Authorizing Document.

“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, the Cashier, any Assistant Cashier, 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.

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

“Stated Maturity” means the date specified in the Authorizing Document the principal of a Security is scheduled to be due and payable.

Section 2.02 Other Definitions. The terms “Bank,” “Issuer,” and “Securities (Security)” have the meanings assigned to them in the recital paragraphs of this Agreement.

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

ARTICLE THREE PAYING AGENT

Section 3.01 Duties of Paying Agent. As Paying Agent, the Bank shall pay, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the following address:

Zions Bancorporation, National Association, Amegy Bank Division
One South Main Street, 17th Floor
Salt Lake City, UT 84133

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, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Securities (or their Predecessor Securities) on the Record Date (as defined in the Authorizing Document). All payments of principal and/or interest on the Securities to the registered owners shall be accomplished (1) by the issuance of checks, payable to the registered owners, drawn on the paying agent account provided in Section 5.05 hereof, sent by United States mail, first class, postage prepaid, to the address appearing on the Security Register or (2) by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder’s risk and expense.

Section 3.02 Payment Dates. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Authorizing Document.

ARTICLE FOUR REGISTRAR

Section 4.01 Security Register – Transfers and Exchanges. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office and at the Bank’s office shown on the signature page hereof books and records (herein sometimes referred to as the “Security Register”) for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be

reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges and replacements of Securities shall be noted in the Security Register.

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, such written instrument to be in a form satisfactory to the Bank, and duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank 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 will 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 cancelled in an 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 Securities. The Issuer shall provide additional Securities when needed to facilitate transfers or exchanges thereof. The Bank covenants that such additional Securities, if and when provided, will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03 Form of Security Register. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities 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 Security 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 the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained 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 contents 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 court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register, provided the Bank is not prohibited from providing such notice.

Section 4.05 Return of Cancelled Securities. The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, all Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06 Mutilated, Destroyed, Lost or Stolen Securities. The Issuer hereby instructs the Bank, subject to the provisions of the Authorizing Document, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

In case any Security shall be mutilated, destroyed, lost or stolen, the Bank may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such mutilated, destroyed lost or stolen Security, only upon the approval of the Issuer and after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

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, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE THE BANK

Section 5.01 Duties of Bank. The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

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.

(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.

(g) 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 or letter as prepared by the Issuer, Issuer's financial advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum or letter acknowledged by the Issuer, the Issuer's financial advisor or other agent as the final closing memorandum or letter. 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 5.03 Recitals of Issuer. The recitals contained herein with respect to the Issuer 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.

Section 5.05 Moneys Held by Bank - Paying Agent Account/Collateralization. A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of moneys received from the Issuer under this Agreement 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 both the laws of the State of Texas and the laws of the United States of America 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. Payments made from such paying agent account shall be made by check drawn on such account unless the owner of the Securities shall, at its own expense and risk, request an alternative method of payment.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal of, 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, as amended. The Bank shall have no liability by virtue of actions taken in compliance with this provision.

The Bank is not obligated to pay interest on any money received by it under this Agreement.

This Agreement relates solely to money deposited for the purposes described herein, and the parties agree that the Bank may serve as depository for other funds of the Issuer, act as trustee under indentures authorizing other bond transactions of the Issuer, or act in any other capacity not in conflict with its duties hereunder.

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank 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 against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the state and county where the administrative office of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement 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 any interest herein.

Section 5.08 DTC Services. 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, and in the event the Bank has the capability to comply with the "Operational Arrangements", which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls, the Bank will comply with the "Operational Arrangements".

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 hereto.

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 pages hereof.

Section 6.04 Effect of Headings. The Article and Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 6.05 Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06 Severability. In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07 Merger, Conversion, Consolidation, or Succession. Any corporation or association into which the Bank may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank as Paying Agent under this Agreement without the execution or filing of any paper or any further act on the part of either parties hereto.

Section 6.08 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 6.09 Entire Agreement. This Agreement and the Authorizing Document constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Authorizing Document, the Authorizing Document shall govern.

Section 6.10 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 6.11 Termination. This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. However, if the Issuer fails to appoint a successor Paying Agent/Registrar within a reasonable time, the Bank may petition a court of competent jurisdiction within the State of Texas to appoint a successor. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with the 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 6.12 Contracts With Companies Engaged in Business With Iran, Sudan or Foreign Terrorist Organizations Prohibited. 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.

[Remainder of page left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION

By: _____

Title: _____
Amegy Bank Division

Attest:

Address: 1801 Main Street, Suite 850
Houston, Texas 77002

Title: _____

[signature page to Paying Agent/Registrar Agreement]

CITY OF GARLAND, TEXAS

By: _____
Mayor

Address: 200 North Fifth Street
Garland, Texas 75040

Attest:

City Secretary

[signature page to Paying Agent/Registrar Agreement]

ANNEX A
TO PAYING AGENT/REGISTRAR AGREEMENT

BANK'S FEES AND CHARGES

EXHIBIT B
ESCROW AGREEMENT

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Agreement"), made and entered into as of November 5, 2019, by and between the City of Garland, Texas (the "City"), and Zions Bancorporation, National Association, Amegy Bank Division, a national banking association organized and existing under the laws of the United States of America (the "Escrow Agent"),

WITNESSETH:

WHEREAS, the City Council of the City has heretofore issued, sold, and delivered and there is currently outstanding obligations of the following issue or series, to wit: "City of Garland, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2010," dated April 15, 2010, scheduled to mature on February 15 in each of the years 2022 through 2030, inclusive, and aggregating in the principal amount of \$1,345,000 (hereinafter referred to as the "Refunded Obligations"); and

WHEREAS, in accordance with the provisions of Texas Government Code, Chapter 1207, as amended (the "Act"), the City is authorized to sell refunding bonds in an amount sufficient to provide for the payment of the Refunded Obligations, deposit the proceeds of such refunding bonds with any place of payment for the obligations being refunded, or other authorized depository, and enter into an escrow or similar agreement with such place of payment for the safekeeping, investment, reinvestment, administration and disposition of such deposit, upon such terms and conditions as the parties may agree, provided such deposits may be invested only (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and on the date of their acquisition or purchase by the City are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent (hereinafter called "Governmental Securities") that mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of the Refunded Obligations; and

WHEREAS, the Refunded Obligations are scheduled to mature, or be redeemed, and interest thereon is payable on the dates and in the manner set forth in **Exhibit A** attached hereto and incorporated herein by reference as a part of this Agreement for all purposes; and

WHEREAS, the City on November 5, 2019, pursuant to an ordinance (the "Bond Ordinance") duly passed and adopted by the City Council authorized the issuance of bonds known as "City of Garland, Texas General Obligation Refunding Bonds, Series 2019" (the "Bonds"), and such Bonds are being issued to refund, discharge and make final payment of the principal of and interest on the Refunded Obligations; and

WHEREAS, upon the delivery of the Bonds, the proceeds of sale, together with other available funds of the City to be deposited with the Escrow Agent, are to be used in part to purchase the Governmental Securities listed and identified in **Exhibit B** attached hereto and incorporated herein by reference as a part of this Agreement for all purposes (together with substituted securities therefor in accordance with the provisions of Section 11 hereof hereinafter referred to as the "Escrowed Securities"); and

WHEREAS, the Escrowed Securities shall be held and deposited to the credit of the "Escrow Fund" to be established and maintained by the Escrow Agent in accordance with this Agreement; and

WHEREAS, the Escrowed Securities, together with the beginning cash balance in the Escrow Fund, shall mature and the interest thereon shall be payable at such times to insure the existence of monies sufficient to pay the principal amount of the Refunded Obligations and the accrued interest thereon, as the same shall become due in accordance with the terms of the ordinance authorizing the issuance of the Refunded Obligations and as set forth in **Exhibit A** attached hereto; and

WHEREAS, the City has completed all arrangements for the purchase of the Escrowed Securities listed in **Exhibit B** and the deposit and credit of the same to the Escrow Fund as provided herein; and

WHEREAS, the Escrow Agent is a banking association organized and existing under the laws of the United States of America, possessing trust powers and is fully qualified and empowered to enter into this Agreement; and

WHEREAS, in Section 18 of the Bond Ordinance, the City Council duly approved and authorized the execution of this Agreement; and

WHEREAS, the City and the Escrow Agent, as the case may be, shall take all action necessary to call, pay, redeem and retire said Refunded Obligations in accordance with the provisions thereof, including, without limitation, all actions required by the ordinance authorizing the Refunded Obligations, the Act, the Bond Ordinance and this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and to secure the payment of the principal of and the interest on the Refunded Obligations as the same shall become due, the City and the Escrow Agent hereby mutually undertake, promise and agree as follows:

SECTION 1: Receipt of Refunded Obligation Ordinance and the Bond Ordinance. Receipt of true and correct copies of the ordinance authorizing the issuance of the Refunded Obligations and the Bond Ordinance are hereby acknowledged by the Escrow Agent. Reference herein to or citation herein of any provision of said documents shall be deemed an incorporation of such provision as a part hereof in the same manner and with the same effect as if it were fully set forth herein.

SECTION 2: Escrow Fund Creation/Funding. There is hereby created by the City with the Escrow Agent a special segregated and irrevocable trust fund designated "SPECIAL 2019 CITY OF GARLAND, TEXAS, GENERAL OBLIGATION REFUNDING BOND ESCROW FUND" (hereinafter called the "Escrow Fund") for the benefit of the holders of the Refunded Obligations, and, immediately following the delivery of the Bonds, the City agrees and covenants to cause to be deposited with the Escrow Agent the following:

\$ _____	for the purchase of the Escrowed Securities listed in Exhibit B to be held for the account of the Escrow Fund;
\$ _____	for deposit in the Escrow Fund as a beginning cash balance.

The Escrow Agent hereby accepts the Escrow Fund and further agrees to receive said moneys, apply the same as set forth herein, and to hold the cash and Escrowed Securities deposited and credited to the Escrow Fund for application and disbursement for the purposes and in the manner provided in this Agreement.

SECTION 3: Escrow Fund Sufficiency Warranty. The City hereby represents that the cash and Escrowed Securities, together with the interest to be earned thereon, deposited to the credit of the Escrow Fund will be sufficient to pay the principal of and premium and interest on the Refunded Obligations as the same shall become due and payable, and such Refunded Obligations, and the interest thereon, are to mature or be redeemed and shall be paid at the times and in the amounts set forth and identified in **Exhibit A** attached hereto.

FURTHERMORE, the Escrow Agent acknowledges receipt of a copy of the Bond Ordinance which provides for the redemption of the Refunded Obligations on February 15, 2020 at the price of par plus accrued interest to the date of redemption; all in accordance with the provisions of the notice requirements applicable to said Refunded Obligations and the notice requirements contained in the ordinance authorizing the issuance of the Refunded Obligations.

The Escrow Agent, as paying agent/registrar for the Refunded Obligations, agrees to cause a notice of redemption pertaining to the Refunded Obligations to be sent to the registered owners thereof appearing on the registration books at least thirty (30) days prior to the redemption date therefor.

SECTION 4: Pledge of Escrow. The Escrow Agent agrees that all cash and Escrowed Securities, together with any income or interest earned thereon, held in the Escrow Fund shall be and is hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations which will mature and become due on and after the date of this Agreement, and such funds initially deposited and to be received from maturing principal and interest on the Escrowed Securities in the Escrow Fund shall be applied solely in accordance with the provisions of this Agreement.

SECTION 5: Escrow Insufficiency-City Warranty to Cure. If, for any reason, the funds on hand in the Escrow Fund shall be insufficient to make the payments set forth in **Exhibit A** attached hereto, as the same becomes due and payable, the City shall make timely deposits to the Escrow Fund, from lawfully available funds, of additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be immediately given by the Escrow Agent to the City by the fastest means possible, but the Escrow Agent shall in no manner be responsible for the City's failure to make such deposits.

SECTION 6: Escrow Fund Securities/Segregation. The Escrow Agent shall hold said Escrowed Securities and moneys in the Escrow Fund at all times as a special and separate trust fund for the benefit of the holders of the Refunded Obligations, wholly segregated from other moneys and securities on deposit with the Escrow Agent; shall never commingle said Escrowed Securities and moneys with other moneys or securities of the Escrow Agent; and shall hold and dispose of the assets therein only as set forth herein. Nothing herein contained shall be construed as requiring the Escrow Agent to keep the identical moneys, or any part thereof, in said Escrow Fund, if it is impractical, but moneys of an equal amount, except to the extent such are represented by the Escrowed Securities, shall always be maintained on deposit in the Escrow Fund by the Escrow Agent and a special account evidencing such facts shall at all times be maintained on the books of the Escrow Agent.

SECTION 7: Escrow Fund Collections/Payments. The Escrow Agent shall from time to time collect and receive the principal of and interest on the Escrowed Securities as they respectively mature and become due and credit the same to the Escrow Fund. On or before each principal and/or interest payment date or redemption date, as the case may be, for the Refunded Obligations shown in **Exhibit A** attached hereto, the Escrow Agent, without further direction from anyone, including the City, shall cause to be withdrawn from the Escrow Fund the amount required to pay the accrued interest on the Refunded Obligations due and payable on said payment date and the principal of the Refunded Obligations due and payable on said payment date or redemption date, as the case may be, and the amount withdrawn from the Escrow Fund shall be immediately transmitted and deposited with the paying agent for the Refunded Obligations to be paid with such amount. The paying agent for the Refunded Obligations is the Escrow Agent.

If any Refunded Obligation shall not be presented for payment when the principal thereof or interest thereon shall have become due, and if cash shall at such times be held by the Escrow Agent in trust for that purpose sufficient and available to pay the principal of such Refunded Obligation and interest thereon it shall be the duty of the Escrow Agent to hold said cash without liability to the holder of such Refunded Obligation for interest thereon after such maturity or redemption date, in trust for the benefit of the holder of such Refunded Obligation, who shall thereafter be restricted exclusively to said cash for any claim of whatever nature on his part on or with respect to said Refunded Obligation, including for any claim for the payment thereof and interest thereon. All cash required by the provisions hereof to be set aside or held in trust for the payment of the Refunded Obligations, including interest thereon, shall be applied to and used solely for the payment of the Refunded Obligations and interest thereon with respect to which such cash has been so set aside in trust.

Subject to the provisions of the last sentence of Section 25 hereof, cash held by the Escrow Agent in trust for the payment and discharge of any of the Refunded Obligations and interest thereon which remains unclaimed for a period of three (3) years after the stated maturity date or redemption date of such Refunded Obligations shall be returned to the City. Notwithstanding the above and foregoing, any remittance of funds from the Escrow Agent to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

SECTION 8: Disposal of Refunded Obligations. All Refunded Obligations cancelled on account of payment by the Escrow Agent shall be cremated or otherwise destroyed by the Escrow Agent as paying agent for the Refunded Obligations, and an appropriate certificate of destruction furnished to the City.

SECTION 9: Escrow Fund Encumbrance. The escrow created hereby shall be irrevocable and the holders of the Refunded Obligations shall have an express lien on all moneys and Escrowed Securities in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

Unless disbursed in payment of the Refunded Obligations, all funds and the Escrowed Securities received by the Escrow Agent for the account of the City hereunder shall be and remain the property of the Escrow Fund and the City and the owners of the Refunded Obligations shall be entitled to a preferred claim and shall have a first lien upon such funds and Escrowed Securities enjoyed by a trust beneficiary. The funds and Escrowed Securities received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the City and the Escrow Agent and the City shall have no right or title with respect thereto, except as otherwise provided herein. Such funds and Escrowed Securities shall not be subject to checks or drafts drawn by the City.

SECTION 10: Absence of Claim/Lien on Escrow Fund. The Escrow Agent shall have no lien whatsoever upon any of the moneys or Escrowed Securities in the Escrow Fund for payment of services rendered hereunder, services rendered as paying agent/registrar for the Refunded Obligations, or for any costs or expenses incurred hereunder and reimbursable from the City.

SECTION 11: Substitution/Reinvestments. The Escrow Agent shall be authorized to accept initially and temporarily cash and/or substituted Governmental Securities pending the delivery of the Escrowed Securities identified in the Exhibit B attached hereto, or shall be authorized to redeem the Escrowed Securities and reinvest the proceeds thereof, together with other moneys held in the Escrow Fund in Governmental Securities, provided such early redemption and reinvestment of proceeds does not change the repayment schedule of the Refunded Obligations appearing in **Exhibit A** and the Escrow Agent receives the following:

(1) an opinion by an independent certified public accountant to the effect that (i) the initial and/or temporary substitution of cash and/or securities for one or more of the Escrowed Securities identified in Exhibit B pending the receipt and delivery thereof to the Escrow Agent or (ii) the redemption of one or more of the Escrowed Securities and the reinvestment of such funds in one or more substituted Governmental Securities, together with the interest thereon and other available moneys then held in the Escrow Fund, will, in either case, be sufficient without reinvestment to pay, as the same become due in accordance with Exhibit A, the principal of, and interest on, the Refunded Obligations which have not previously been paid, and

(2) with respect to an early redemption of Escrowed Securities and the reinvestment of the proceeds thereof, an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such investment will not cause interest on the Bonds or Refunded Obligations to be included in the gross income for federal income tax purposes, under the Code and related regulations as in effect on the date of such investment, or otherwise make the interest on the Bonds or the Refunded Obligations subject to Federal income taxation and (b) such reinvestment complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations and the Bonds.

(b) If on the date and in the amount shown in Exhibit C attached hereto there exists cash in the Escrow Fund, the Escrow Agent and the City agree at least fifteen (15) days prior to such date, to subscribe for the purchase of United States Treasury Securities - State and Local Government Series (SLGS) bearing zero interest (0%) and on such date, in the amount and scheduled to mature as provided in Exhibit C and subscription forms prepared therefor as may be then required by the United States Department of the Treasury; provided that the then existing rules and regulations and policy of United States Department of the Treasury permit and authorize such investments. Should the policy, rules and regulations of the United States Department of Treasury not permit or authorize the purchase of such SLGS at such time or times, such cash balance or balances shall remain uninvested and held in trust for the benefit of the holders of the Refunded Obligations and used for the payment of the Refunded Obligations on the dates and in the amount such moneys would have been expended had such SLGS been acquired and matured.

SECTION 12: Restriction Re: Escrow Fund Investments/ Re-investment. Except as provided in Section 11 hereof, moneys in the Escrow Fund will be invested only in the Escrowed

Securities listed in Exhibit B and neither the City nor the Escrow Agent shall reinvest any moneys deposited in the Escrow Fund except as specifically provided by this Agreement.

SECTION 13: Excess Funds. If at any time through redemption or cancellation of the Refunded Obligations there exists or will exist excesses of interest on or maturing principal of the Escrowed Securities in excess of the amounts necessary hereunder for the Refunded Obligations, the Escrow Agent may transfer such excess amounts to or on the order of the City, provided that the City delivers to the Escrow Agent the following:

(1) an opinion by an independent certified public accountant that after the transfer of such excess, the principal amount of securities in the Escrow Fund, together with the interest thereon and other available monies then held in the Escrow Fund, will be sufficient to pay, as the same become due, in accordance with Exhibit A, the principal of, and interest on, the Refunded Obligations which have not previously been paid, and

(2) an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such transfer will not cause interest on the Bonds or the Refunded Obligations to be included in gross income for federal income tax purposes, under the Code and related regulations as in effect on the date of such transfer, or otherwise make the interest on the Bonds or the Refunded Obligations subject to Federal income taxation, and (b) such transfer complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations or the Bonds.

SECTION 14: Collateralization. The Escrow Agent shall continuously secure the monies in the Escrow Fund not invested in Escrowed Securities by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America 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.

SECTION 15: Absence of Escrow Agent's Liability Re: Investments. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made in the Escrowed Securities or substitute securities as provided in Section 11 hereof.

SECTION 16: Escrow Agent's Compensation - Escrow Administration Settlement of Paying Agents' Charges. The City agrees to pay the Escrow Agent for the performance of services hereunder and as reimbursement for anticipated expenses to be incurred hereunder the amount of \$500 and, except for reimbursement of costs and expenses incurred by the Escrow Agent pursuant to Sections 3, 11, and 19 hereof, the Escrow Agent hereby agrees said amount is full and complete payment for the administration of this Agreement.

The City also agrees to deposit with the Escrow Agent on the effective date of this Agreement, the sum of \$300, which represents the total charges due the Escrow Agent as paying agent for the Refunded Obligations. The Escrow Agent hereby agrees to pay, assume and be fully responsible for any additional charges that it may incur in the performance of its duties and responsibilities as paying agent for the Refunded Obligations.

SECTION 17: Escrow Agent's Duties/Responsibilities/Liability. The Escrow Agent shall not be responsible for any recital herein, except with respect to its organization and its powers and authority. As to the existence or nonexistence of any fact relating to the City or as to the

sufficiency or validity of any instrument, paper or proceedings relating to the City, the Escrow Agent shall be entitled to rely upon a certificate signed on behalf of the City by its City Secretary or Finance Director of the City as sufficient evidence of the facts therein contained. The Escrow Agent may accept a certificate of the City Secretary under the City's seal, to the effect that a resolution or other instrument in the form therein set forth has been adopted by the City Council of the City, as conclusive evidence that such resolution or other instrument has been duly adopted and is in full force and effect.

The duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Agreement and the Escrow Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent.

In the absence of bad faith on the part of the Escrow Agent, the Escrow Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Escrow Agent, conforming to the requirements of this Agreement; but notwithstanding any provision of this Agreement to the contrary, in the case of any such certificate or opinion or any evidence which by any provision hereof is specifically required to be furnished to the Escrow Agent, the Escrow Agent shall be under a duty to examine the same to determine whether it conforms to the requirements of this Agreement.

The Escrow Agent shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Escrow Agent unless it shall be proven that the Escrow Agent was negligent in ascertaining or acting upon the pertinent facts.

The Escrow Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in aggregate principal amount of all said Refunded Obligations at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Escrow Agent not in conflict with the intent and purpose of this Agreement. For the purposes of determining whether the holders of the required principal amount of said Refunded Obligations have concurred in any such direction, Refunded Obligations owned by any obligor upon the Refunded Obligations, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such obligor, shall be disregarded, except that for the purposes of determining whether the Escrow Agent shall be protected in relying on any such direction only Refunded Obligations which the Escrow Agent actually knows are so owned shall be so disregarded unless all Refunded Obligations are so owned.

The term "Responsible Officers" of the Escrow Agent, as used in this Agreement, shall mean and include the Chairman of the Board of Directors, the President, any Vice President and any Second Vice President, the Secretary and any Assistant Secretary, the Treasurer and any Assistant Treasurer, and every other officer and assistant officer of the Escrow Agent customarily performing functions similar to those performed by the persons who at the time shall be officers, respectively, or to whom any corporate trust matter is referred, because of his knowledge of and familiarity with a particular subject; and the term "Responsible Officer" of the Escrow Agent, as used in this Agreement, shall mean and include any of said officers or persons.

The Escrow Agent may consult with "independent legal counsel" (such term does not include an attorney who is an employee of the Escrow Agent) and the Escrow Agent shall be entitled to conclusively rely on such advice of such independent legal counsel in good faith. Such

advice or opinion of independent legal counsel, relied upon in good faith, shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it in accordance with such advice. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through its agents or attorneys and may in all cases pay reasonable compensation to any agent or attorney retained or employed by it in connection therewith. The Escrow Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, written investment direction, statement, instrument, opinion, notice or other paper or document believed by it to be genuine and to have been signed or presented by the proper party. The Escrow Agent need not investigate any fact or matter stated in the document. None of the provisions of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder.

To the extent permitted by law, the City shall indemnify, defend and hold harmless the Escrow Agent and its officers, directors, employees, representatives and agents, from and against and reimburse the Escrow Agent for any and all claims, obligations, liabilities, losses, damages, actions, suits, judgments, reasonable costs and expenses (including reasonable attorneys' and agents' fees and expenses) of whatever kind or nature regardless of their merit, demanded, asserted or claimed against the Escrow Agent directly or indirectly relating to, or arising from, claims against the Escrow Agent by reason of its participation in the transactions contemplated hereby, except to the extent caused by the Escrow Agent's negligence or willful misconduct. The foregoing indemnity shall survive the termination of this Agreement or the earlier resignation or removal of the Escrow Agent.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

SECTION 18: Limitation Re: Escrow Agent's Duties/Responsibilities/Liabilities to Third Parties. The Escrow Agent shall not be responsible or liable to any person in any manner whatever for the sufficiency, correctness, genuineness, effectiveness, or validity of this Agreement with respect to the City, or for the identity or authority of any person making or executing this Agreement for and on behalf of the City. The Escrow Agent is authorized by the City to rely upon the representations of the City with respect to this Agreement and the deposits made pursuant hereto and as to the City's right and power to execute and deliver this Agreement, and the Escrow Agent shall not be liable in any manner as a result of such reliance. The duty of the Escrow Agent hereunder shall only be to the City and the holders of the Refunded Obligations. Neither the City nor the Escrow Agent shall assign or attempt to assign or transfer any interest hereunder or any portion of any such interest; provided, however, that such assignment or transfer by the Escrow Agent shall be permitted if such assignment or transfer is due to a merger, consolidation, conversion, or business sale of the Escrow Agent as described in the last paragraph of Section 17 hereof. Any such assignment or attempted assignment shall be in direct conflict with this Agreement and be without effect.

SECTION 19: Interpleader. In the event conflicting demands or notices are made upon the Escrow Agent growing out of or relating to this Agreement or the Escrow Agent in good faith is in doubt as to what action should be taken hereunder, the Escrow Agent shall have the right at its election to:

(a) Withhold and stop all further proceedings in, and performance of, this Agreement with respect to the issue in question and of all instructions received hereunder in regard to such issue; and

(b) File a suit in interpleader and obtain an order from a court of appropriate jurisdiction in the State of Texas requiring all persons involved to interplead and litigate in such court their several claims and rights among themselves.

In the event the Escrow Agent becomes involved in litigation in connection with this Section, the City to the extent permitted by law agrees to indemnify and save the Escrow Agent harmless from all loss, cost, damages, expenses and attorney fees suffered or incurred by the Escrow Agent as a result thereof. The obligations of the Escrow Agent under this Agreement shall be performable at the corporate office of the Escrow Agent in the City of Plano, Texas. To the extent permitted by law, and subject to any applicable statutes of limitation, the foregoing indemnification shall survive the resignation or removal of the Escrow Agent or the termination of this Agreement.

The Escrow Agent may advise with legal counsel in the event of any dispute or question regarding the construction of any of the provisions hereof or its duties hereunder, and in the absence of negligence or bad faith on the part of the Escrow Agent, no liability shall be incurred by the Escrow Agent for any action taken pursuant to this Section and the Escrow Agent shall be fully protected in acting in accordance with the opinion and instructions of legal counsel that is knowledgeable and has expertise in the field of law addressed in any such legal opinion or with respect to the instructions given.

SECTION 20: Accounting - Report. Following the final payment and redemption of the Refunded Obligations, the Escrow Agent shall forward by letter to the City, to the attention of the Finance Director, or other designated official of the City, a final accounting with respect to the Escrowed Securities and the payment and discharge of the Refunded Obligations.

SECTION 21: Notices. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed as follows:

CITY OF GARLAND, TEXAS
200 North Fifth Street
Garland, Texas 75040
Attention: Finance Director

Zions Bancorporation, National Association, Amegy Bank Division
1801 Main Street, Suite 850
Houston, Texas 77002
Attention: Corporate Trust Department

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery.

Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

SECTION 22: Performance Date. Whenever under the terms of this Agreement the performance date of any provision hereof, including the date of maturity of interest on or principal of the Refunded Obligations, shall be a Sunday or a legal holiday or a day on which the Escrow Agent is authorized by law to close, then the performance thereof, including the payment of principal of and interest on the Refunded Obligations, need not be made on such date but may be performed or paid, as the case may be, on the next succeeding business day of the Escrow Agent with the same force and effect as if made on the date of performance or payment and with respect to a payment, no interest shall accrue for the period after such date.

SECTION 23: Warranty of Parties Re: Power to Execute and Deliver Escrow Agreement. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in any and every said Refunded Obligation as executed, authenticated and delivered and in all proceedings pertaining thereto as said Refunded Obligations shall have been modified as provided in this Agreement. The City covenants that it is duly authorized under the Constitution and laws of the State of Texas to execute and deliver this Agreement, that all actions on its part for the payment of said Refunded Obligations as provided herein and the execution and delivery of this Agreement have been duly and effectively taken and that said Refunded Obligations and coupons in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the City according to the import thereof as provided in this Agreement.

SECTION 24: Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the parties to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement. In the event any covenant or agreement contained in this Agreement is declared to be severable from the other provisions of this Agreement, written notice of such event shall immediately be given to each national rating service (Moody's Investors Service, Standard & Poor's Corporation or Fitch Investors Service) which has rated the Refunded Obligations on the basis of this Agreement.

SECTION 25: Termination. This Agreement shall terminate when the Refunded Obligations, including interest due thereon, have been paid and discharged in accordance with the provisions of this Agreement. If any Refunded Obligations are not presented for payment when due and payable, the nonpayment thereof shall not prevent the termination of this Agreement. Funds for the payment of any nonpresented Refunded Obligations and accrued interest thereon shall upon termination of this Agreement be held by the Escrow Agent for such purpose in accordance with Section 7 hereof. Any moneys or Escrowed Securities held in the Escrow Fund at termination and not needed for the payment of the principal of or interest on any of the Refunded Obligations shall be paid or transferred to the City.

SECTION 26: Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

SECTION 27: Successors/Assigns.

(a) Should the Escrow Agent not be able to legally serve or perform the duties and obligations under this Agreement, or should the Escrow Agent be declared to be insolvent or

closed for any reason by federal or state regulatory authorities or a court of competent jurisdiction, the City, upon being notified or discovering the Escrow Agent's inability or disqualification to serve hereunder, shall forthwith appoint a successor to replace the Escrow Agent, and upon being notified of such appointment, the Escrow Agent shall (i) transfer all funds and securities held hereunder, together with all books, records and accounts relating to the Escrow Fund and the Refunded Obligations, to such successor and (ii) assign all rights, duties and obligations under this Agreement to such successor. If the City should fail to appoint such a successor within sixty (60) days from the date the City discovers, or is notified of, the event or circumstance causing the Escrow Agent's inability or disqualification to serve hereunder, the Escrow Agent, or a bondholder of the Refunded Obligations, may apply, at the expense of the City, to a court of competent jurisdiction to appoint a successor or assigns of the Escrow Agent and such court, upon determining the Escrow Agent is unable to continue to serve, shall appoint a successor to serve under this Agreement and the amount of compensation, if any, to be paid to such successor for the remainder of the term of this Agreement for services to be rendered both for administering the Escrow Fund and for paying agent duties and responsibilities for the Refunded Obligations.

(b) Furthermore, the Escrow Agent may resign and be discharged from performing its duties and responsibilities under this Agreement upon notifying the City in writing of its intention to resign and requesting the City to appoint a successor. No such resignation shall take effect until a successor has been appointed by the City and such successor has accepted such appointment and agreed to perform all duties and obligations hereunder for a total compensation equal to the unearned proportional amount paid the Escrow Agent under Section 16 hereof for the administration of this Agreement and the unearned proportional amount of the paying agents fees for the Refunded Obligations due the Escrow Agent. If the City does not make such appointment within sixty (60) days of the date that such resignation notice is sent to the City, the Escrow Agent shall be entitled to petition of a court of competent jurisdiction for the appointment of a successor.

Any successor to the Escrow Agent shall be a bank, trust company or other financial institution that is duly qualified under applicable law (the Act, or other appropriate statute) to serve as escrow agent hereunder and authorized and empowered to perform the duties and obligations contemplated by this Agreement and organized and doing business under the laws of the United States or the State of Texas, having an office and place of business in the State of Texas, having a combined capital and surplus of at least \$50,000,000 and be subject to the supervision or examination by Federal or State authority.

Any successor or assigns to the Escrow Agent shall execute, acknowledge and deliver to the City and the Escrow Agent, or its successor or assigns, an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor, subject to the terms of this Agreement, all the rights, powers and trusts created and established and to be performed under this Agreement. Upon the request of any such successor Escrow Agent, the City shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties. The term "Escrow Agent" as used herein shall be the Escrow Agent and its legal assigns and successor hereunder.

SECTION 28: Escrow Agreement - Amendment/Modification. This Agreement shall be binding upon the City and the Escrow Agent and their respective successors and legal representatives and shall inure solely to the benefit of the holders of the Refunded Obligations, the City, the Escrow Agent and their respective successors and legal representatives. Furthermore, no alteration, amendment or modification of any provision of this Agreement

(1) shall alter the firm financial arrangements made for the payment of the Refunded Bonds or (2) shall be effective unless (i) prior written consent of such alteration, amendment or modification shall have been obtained from the holders of all Refunded Obligations outstanding at the time of such alteration, amendment or modification and (ii) such alteration, amendment or modification is in writing and signed by the parties hereto; provided, however, the City and the Escrow Agent may, without the consent of the holders of the Refunded Obligations, amend or modify the terms and provisions of this Agreement to cure in a manner not materially adverse to the holders of the Refunded Obligations as evidenced by an opinion of counsel delivered to the Escrow Agent any ambiguity, formal defect or omission in this Agreement. If the parties hereto agree to any amendment or modification to this Agreement, prior written notice of such amendment or proposed modification, together with the legal documents amending or modifying this Agreement, shall be furnished to each national rating service (Standard & Poor's Corporation, Moody's Investors Service or Fitch Investors Service) which has rated the Refunded Obligations on the basis of this Agreement, prior to such amendment or modification being executed.

SECTION 29: No Boycott of Israel. The Escrow Agent 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 Escrow Agent understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

SECTION 30: Contracts With Companies Engaged in Business With Iran, Sudan or Foreign Terrorist Organizations Prohibited. The Escrow Agent 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 Escrow Agent 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 Escrow Agent understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

SECTION 31: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 32: Executed Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 33: Governing Law. This Agreement shall be governed by the laws of the State of Texas and shall be effective as of the date of the delivery of the Bonds.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

[signature page to Escrow Agreement – signatures continue on next page]

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION, as Escrow Agent

Title: _____
Amegy Bank Division

ATTEST:

Title: _____

[signature page to Escrow Agreement]

EXHIBIT A

DEBT SERVICE REQUIREMENTS FOR REFUNDED OBLIGATIONS

City of Garland, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2010

EXHIBIT B
DESCRIPTION OF ESCROWED SECURITIES

SLGS

EXHIBIT C
ZERO REINVESTMENTS

None.

EXHIBIT C

CITY OF GARLAND, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2010
Dated April 15, 2010

NOTICE IS HEREBY GIVEN that the certificates of obligation of the above series maturing on and after February 15, 2022, and aggregating in the principal amount of \$1,345,000, have been called for redemption on February 15, 2020 at the redemption price of par and accrued interest to the date of redemption, such certificates being identified as follows:

<u>Year of Maturity</u>	<u>Principal Amount (\$)</u>	<u>CUSIP Number</u>
2022*	225,000	
***	*****	
2024*	245,000	
***	*****	
2026*	265,000	
***	*****	
2028*	290,000	
***	*****	
2030*	320,000	

*term certificates

ALL SUCH CERTIFICATES shall become due and payable on February 15, 2020, and interest thereon shall cease to accrue from and after said redemption date and payment of the redemption price of said certificates shall be paid to the registered owners of the certificates only upon presentation and surrender thereof to Zions Bancorporation, National Association, Amegy Bank Division (successor paying agent/registrar to The Bank of New York Mellon Trust Company, N.A.) at its designated offices at the following address: One South Main Street, 17th Floor, Salt Lake City, UT 84133.

THIS NOTICE is issued and given pursuant to the terms and conditions prescribed for the redemption of said certificates and pursuant to an ordinance by the City Council of the City of Garland, Texas.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
Amegy Bank Division
1801 Main Street, Suite 850
Houston, Texas 77002



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

8.

Meeting Date: 11/05/2019

Item Title: Bond Refunding - Water and Sewer System Revenue Refunding Bonds and Commercial Paper Notes

Submitted By: Matt Watson, Finance Director

Summary of Request/Problem

At the September 16, 2019 Work Session, Council considered refunding approximately \$30 million of Water and Sewer System Commercial Paper Notes, Series 2015, approximately \$13 million Water and Sewer System Revenue Bonds, Series 2010 and approximately \$11.1 million Water and Sewer System Revenue Refunding Bonds, Series 2011A with Water and Sewer System Revenue Refunding Bonds, Series 2019A. The purpose of this transaction is to refund a portion of variable rate commercial paper notes with fixed rate long-term debt and to generate debt service savings.

Recommendation/Action Requested and Justification

Approve the sale of the Water and Sewer System Revenue Refunding Bonds, New Series 2019A.

Attachments

DRAFT - Bond Ordinance

ORDINANCE NO. _____

AN ORDINANCE authorizing the issuance of "CITY OF GARLAND, TEXAS, WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, NEW SERIES 2019A", pledging net revenues of the City's Water and Sewer System to the security of and the payment of the principal of and interest on said bonds; specifying the terms and conditions of such bonds; resolving other matters incident and related to the issuance, payment, security, sale and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement and an Escrow Agreement; and the approval and distribution of a Preliminary Official Statement and an Official Statement; and providing an effective date.

WHEREAS, the City Council (the "Council") of the City of Garland, Texas (the "City") has heretofore issued, sold, and delivered, and there is currently outstanding, obligations of the following issues or series, to wit (collectively, the "Refunded Bonds"):

City of Garland, Texas, Water and Sewer System Revenue Bonds, Series 2010, dated April 15, 2010, scheduled to mature on March 1 in each of the years 2022, 2024, 2026, 2028 and 2030, and aggregating in the principal amount of \$13,040,000 (hereinafter referred to as the "Series 2010 Refunded Bonds"); and

City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, Series 2011A, dated November 1, 2011, scheduled to mature on March 1 in each of the years 2021 through 2024, inclusive, and aggregating in the principal amount of \$11,130,000 (hereinafter referred to as the "Series 2011A Refunded Bonds");

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

WHEREAS, the Council hereby finds and determines \$_____,000,000 in principal amount of the Commercial Paper Notes should be refunded and refinanced into long term obligations at this time (such Commercial Paper Notes being hereinafter collectively referred to as the "Refunded CP Notes") for the purpose of replacing such Refunded CP Notes with long-term fixed rate debt, and further finds and determines that the issuance of the bonds herein authorized is in the best interests of the City and that the manner in which the refunding of the Refunded CP Notes is being executed does not make it practicable to make the determination required by Texas Government Code, Section 1207.008(a)(2) in connection with the Refunded CP Notes;

WHEREAS, pursuant to the provisions of Texas Government Code, Chapter 1207, as amended, the Council is authorized to issue refunding bonds and deposit the proceeds of sale directly with the places of payment for the Refunded Bonds and the Refunded CP Notes, as appropriate, or other authorized depository, and such deposits, when made in accordance with said statutes, and ordinances authorizing the issuance of the Refunded Bonds and the Refunded

CP Notes, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds and the Refunded CP Notes;

WHEREAS, the Council hereby finds and determines that refunding bonds should be issued at this time to refund the Refunded Bonds, and such refunding will result in the City saving approximately \$_____ in debt service payments on such indebtedness and provide a net present value savings of approximately \$_____; and

WHEREAS, the bonds to be issued pursuant to the terms and provisions of this Ordinance will be secured by a lien on and pledge of the net revenues of the System (as hereinafter defined) which is subordinate to the pledge of and lien on such net revenues associated with the Prior Lien Bonds (as hereinafter defined); and

WHEREAS, the Council finds and determines that it is in the best interest of the City and its inhabitants to proceed with the issuance of bonds to provide funds for the purposes hereinafter specified; now, therefore,

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

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 \$9,700,000 to be designated and bear the title "CITY OF GARLAND, TEXAS, WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, NEW SERIES 2019A" (the "Bonds"), for the purposes of (i) refunding certain outstanding obligations payable from revenues of the City's Water and Sewer System (identified in the preamble hereof as the "Refunded Bonds" and the "Refunded CP Notes") and (ii) paying costs of issuance, all in conformity with the Constitution and laws of the State of Texas, including Texas Government Code, Chapter 1207, as amended.

SECTION 2. Fully Registered Obligations - Authorized Denominations - Stated Maturities - Interest Maximum Rate - Bond Date. The Bonds shall be in fully registered form, without coupons; dated December 1, 2019 (the "Bond Date"); shall be in denominations of \$5,000 or integral multiples thereof; and shall become due and payable on March 1 in each of the years in the principal amounts (the "Stated Maturities") and bear interest at the per annum rate(s) in accordance with the following schedule:

<u>Year of Stated Maturity</u>	<u>Principal Amount (\$)</u>	<u>Interest Rates (%)</u>
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		

<u>Year of Stated Maturity</u>	<u>Principal Amount (\$)</u>	<u>Interest Rates (%)</u>
2035		
2036		
2037		
2038		
2039		
2040		

The Bonds shall bear interest on the unpaid principal amounts from the date of delivery to the initial purchasers at the rate(s) per annum shown above in this Section (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on March 1 and September 1 of each year commencing September 1, 2020, until maturity or prior redemption.

SECTION 3. Payment of the Bonds - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity or otherwise, shall be payable only to the registered owners or holders of the Bonds (hereinafter called the "Holders") appearing on the books and records relating to the registration, payment, exchange and transfer of the Bonds (the "Security Register") maintained by the Paying Agent/Registrar, and the payment thereof 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, and shall be without exchange or collection charges to the Holders.

The selection and appointment of Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, to serve as Paying Agent/Registrar for the Bonds is hereby approved and confirmed. The Security Register shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, all as provided herein, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement", substantially in the form attached hereto as **Exhibit A** and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor and City Secretary are hereby authorized to execute and deliver the Paying Agent/Registrar Agreement in connection with the delivery of the Bonds. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated offices, initially in Salt Lake City, Utah, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid to the Holders whose names appear in the Security Register at the close of business on the Record Date (the fifteenth (15th) day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk

and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer 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 Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a non-payment of interest on one or more maturities on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment for such maturity or maturities (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder of such maturity or maturities 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) Optional Redemption. The City reserves the right and option to redeem the Bonds maturing on and after March 1, 2030, in whole or in part, before their respective scheduled maturity dates, on March 1, 2029, or on any date thereafter at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest from the most recent interest payment date on which interest has been paid or duly provided for to the date fixed for redemption.

At least forty-five (45) days prior to an optional redemption date for the Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to optionally redeem Bonds, the principal amount of each Stated Maturity to be optionally redeemed, and the date of redemption therefor. The decision of the City to exercise the right to optionally redeem Bonds shall be entered in the minutes of the governing body of the City.

(b) Mandatory Redemption. The Bonds maturing on March 1 in each of the years 20__ and 20__ (collectively, the "Term Bonds") are subject to mandatory redemption on the dates and in the principal amounts shown below at a price of par plus accrued interest to the date of redemption:

<u>Term Bonds Due March 1, 20__</u>		<u>Term Bonds Due March 1, 20__</u>	
<u>Redemption Date</u>	<u>Principal Amount (\$)</u>	<u>Redemption Date</u>	<u>Principal Amount (\$)</u>
March 1, 20__		March 1, 20__	
March 1, 20__		March 1, 20__	
March 1, 20__		March 1, 20__	
March 1, 20__		March 1, 20__	
March 1, 20__*		March 1, 20__*	

*maturity

Approximately forty-five (45) days prior to each mandatory redemption date for the Term Bonds, the Paying Agent/Registrar shall select by lot the numbers of the Term Bonds within the applicable Stated Maturity to be redeemed on the next following March 1 from moneys set aside for that purpose in the Bond Fund (as hereinafter defined). Any Term Bond not selected for prior redemption shall be paid on the date of their Stated Maturity.

The principal amount of the Term Bonds for a Stated Maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Term Bonds of like Stated Maturity which, at least fifty (50) days prior to the mandatory redemption date, (1) 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 (2) shall have been redeemed pursuant to the optional redemption provisions set forth in paragraph(a) of this Section and not theretofore credited against a mandatory redemption requirement.】

(c) 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 treat such Bonds as representing the number of Bonds Outstanding, which is obtained by dividing the principal amount of such Bonds by \$5,000, and shall select the Bonds to be redeemed within such Stated Maturity by lot.

(d) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, 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.

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 Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Bond is subject by its terms to prior redemption and has been called for redemption and notice of redemption thereof has been duly given as hereinabove provided, such Bond (or the principal amount thereof to be redeemed) shall become due and payable and interest thereon shall cease to accrue from and after the redemption date therefor; provided moneys sufficient for the payment of such Bond (or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

(e) Conditional Notice of Redemption. With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption;

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

SECTION 5. Registration - Transfer - Exchange of Bonds - Predecessor Bonds. A Security Register relating to the registration, payment, and transfer or exchange of the Bonds shall at all times be kept and maintained by the City at the Designated Payment/Transfer Office of the Paying Agent/Registrar, as provided herein and in accordance with the provisions of an agreement with the Paying Agent/Registrar and such rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each Holder of the Bonds issued under and pursuant to the provisions of this Ordinance, 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 of any Bond (other than the Initial Bond(s) referenced in Section 8 hereof) for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bond(s) referenced in Section 8 hereof) may be exchanged for other Bonds 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 Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds to the Holder requesting the exchange.

All Bonds issued in any transfer or exchange of Bonds shall be delivered to the Holders at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States Mail, first class, postage prepaid to the Holders, and, upon the registration and delivery thereof, the same shall be the valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Bonds surrendered in 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 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 obligation to pay evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued,

registered, and delivered in lieu thereof pursuant to the provisions of Section 32 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

SECTION 6. Book-Entry-Only Transfers and Transactions. Notwithstanding the provisions contained in this Ordinance relating to the payment and transfer/exchange of the Bonds, the City hereby approves and authorizes the use of the “Book-Entry-Only” securities clearance, settlement, and transfer system provided by The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York (“DTC”), in accordance with the requirements and procedures identified in the DTC Operational Arrangements memorandum, as amended, the Blanket Issuer Letter of Representations, by and between the City and DTC, and the Letter of Representations from the Paying Agent/Registrar to DTC (collectively, the “Depository Agreement”) relating to the Bonds.

Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC who shall hold said Bonds for its participants (the “DTC Participants”). While the Bonds are held by DTC under the Depository Agreement, the Holder of the Bonds on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Bond (the “Beneficial Owners”) being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the City covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 3, 4 and 5 hereof.

SECTION 7. Execution - Registration. The Bonds shall be executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or impressed thereon and countersigned by the City Secretary. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the Bond Date shall be deemed to be duly executed on behalf of the City, notwithstanding that one or more of the individuals executing the same shall cease to hold such offices at the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Texas Government Code, Chapter 1201, as amended.

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 9(c), manually executed by the Comptroller of Public Accounts of the State of Texas, or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 9(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate duly signed upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered and delivered.

SECTION 8. Initial Bond(s). The Bonds herein authorized shall be initially issued either (i) as a single fully registered bond in the aggregate principal amount stated in Section 1 hereof with principal installments to become due and payable as provided in Section 2 hereof and numbered T-1, or (ii) as multiple fully registered bonds, being one bond for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Bond(s) shall be the Bond(s) 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 initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates 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 initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 9. Form of Bonds.

(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 identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends in the event the Bonds, or any maturities thereof, are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Bonds as evidenced by their execution. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The definitive Bonds and the Initial Bond(s) shall be printed, lithographed, engraved, typewritten, photocopied or otherwise reproduced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof.

(b) Form of Definitive Bonds.

REGISTERED
NO. ____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF GARLAND, TEXAS
WATER AND SEWER SYSTEM REVENUE REFUNDING BOND
NEW SERIES 2019A

Bond Date:
December 1, 2019

Stated Maturity:
March 1, 20__

Interest Rate:
_____%

CUSIP No.:

Registered Owner:

Principal Amount:

DOLLARS

The City of Garland (the "City"), in the State of Texas, for value received, hereby promises to pay to the Registered Owner named above (the "Holder") or its registered assigns, solely from the revenues hereinafter identified, on the Stated Maturity specified above, the Principal Amount hereinabove stated (or so much thereof as shall not have been paid upon prior redemption), and to pay interest on such unpaid principal amount from the later of the date of delivery to the initial purchasers or the most recent interest payment date to which interest has been paid or duly provided for, semiannually on March 1 and September 1 in each year, commencing September 1, 2020, until maturity or prior redemption, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months. The principal of this Bond is payable upon presentation and surrender of this Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. The interest payable on any interest payment date will be paid 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" for such interest, which shall be the fifteenth (15th) day of the month next preceding such interest payment date. If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized by law or executive order to close, and payment on such date shall have the same force and effect as if made on the original date payment was due. All such payments may be made by the Paying Agent/Registrar by check dated as of the interest payment date and mailed to such Holder at the address appearing in the register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar, requested in writing by, and at the risk and expense of, the Holder hereof. All payments of principal of, premium, if any, and interest on this Bond shall be made 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, without exchange or collection charges to the Holder of this Bond.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$_____ (herein referred to as the "Bonds") for the purposes of (i) providing funds for the discharge and final payment of the Refunded Bonds (identified and defined in the Ordinance hereinafter referenced) and the Refunded CP Notes (identified and defined in the Ordinance hereinafter referenced) and (ii) paying costs of issuance, all under and in strict conformity with the Constitution and laws of the State of Texas, including Texas Government Code, Chapter 1207, as amended, and an Ordinance adopted by the governing body of the City (herein referred to as the "Ordinance").

[The Bonds maturing on March 1 in each of the years 20__ and 20__ (collectively, the "Term Bonds") are subject to mandatory redemption prior to maturity with funds on deposit in the Interest and Sinking Fund established and maintained for the payment thereof in the Ordinance, and shall be redeemed in part prior to maturity at the price of par and accrued interest thereon to the date of redemption, and without premium, on the dates and in the principal amounts as follows:

<u>Term Bonds Due March 1, 20__</u>		<u>Term Bonds Due March 1, 20__</u>	
<u>Redemption Date</u>	<u>Principal Amount (\$)</u>	<u>Redemption Date</u>	<u>Principal Amount (\$)</u>

March 1, 20__
March 1, 20__
March 1, 20__
March 1, 20__
March 1, 20__*

March 1, 20__
March 1, 20__
March 1, 20__
March 1, 20__
March 1, 20__*

*maturity

The particular Term Bonds of a stated maturity to be redeemed on each redemption date shall be chosen by lot by the Paying Agent/Registrar; provided, however, that the principal amount of Term Bonds for a stated maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Term Bonds of like stated maturity which, at least fifty (50) days prior to the mandatory redemption date, (1) 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 (2) shall have been redeemed pursuant to the optional redemption provisions appearing below and not theretofore credited against a mandatory redemption requirement.】

The Bonds maturing on and after March 1, 2030, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on March 1, 2029, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

At least thirty days prior to the date fixed for any redemption of Bonds, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of each Bond to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinance. If a Bond (or any portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor; provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

In the event a portion of the principal amount of a Bond is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum thereof will be issued to the registered owner, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the registered owner within 45 days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Bond redeemed in part.

With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such

notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

The Bonds constitute special obligations of the City and, together with any Additional Bonds, if issued, are payable solely from and equally secured by a lien on and pledge of the Net Revenues of the System, such lien and pledge, however, being junior and subordinate to the lien on and pledge of such Net Revenues to the payment and security of the Prior Lien Bonds (as defined in the Ordinance). The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the System, except with respect to the Net Revenues.

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

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

As provided in the Ordinance, no additional obligations will be authorized or issued on a parity with the outstanding Prior Lien Bonds; and the Bonds, together with additional obligations hereafter issued on a parity therewith, will become obligations equally secured by a first lien on and pledge of the Net Revenues of the System at such time as the principal of and interest on the Prior Lien Bonds have been fully paid or provision for the payment of said Prior Lien Bonds has been made in accordance with applicable law.

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

Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Holder of this Bond by the acceptance hereof hereby assents, for (1) definitions of terms; (2) the description of and the nature and extent of the security for the payment of the Bonds; (3) the properties constituting the System; (4) the Net Revenues pledged to the payment of the principal of and interest on the Bonds; (5) the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; (6) the terms and conditions for the issuance of additional revenue obligations; (7) the terms and conditions relating to the transfer or exchange of this Bond; (8) the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; (9) the rights, duties, and obligations of the City and the

Paying Agent/Registrar; (10) the terms and provisions upon which the liens, pledges, charges, and covenants made therein may be discharged at or prior to the maturity of this Bond, and this Bond deemed to be no longer Outstanding thereunder; and (11) for the other terms and provisions contained therein. Capitalized terms used herein have the same meanings assigned in the Ordinance.

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

The City and the Paying Agent/Registrar, and any agent of either, shall treat the registered owner whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal hereof at its Stated Maturity, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each 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.

In case any provision in this Bond or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. This Bond shall be construed in accordance with and shall be governed by the laws of the State of Texas.

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

Mayor

COUNTERSIGNED:

City Secretary

(City Seal)

(c) Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Bond(s) only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

THE STATE OF TEXAS
OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS

§
§
§

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 further that this Bond has been 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)

(d) Form of Certificate of Paying Agent/Registrar to appear on Definitive Bonds only.

CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been duly issued and registered 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.

The designated offices of the Paying Agent/Registrar in Salt Lake City, Utah is the "Designated Payment/Transfer Office" for this Bond.

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

Dated: _____

By: _____
Authorized Signatory
Amegy Bank Division

(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: _____

Signature guaranteed:

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

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

Heading and first paragraph shall read as follows:

REGISTERED
NO. T-1

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF GARLAND, TEXAS
WATER AND SEWER SYSTEM REVENUE REFUNDING BOND
NEW SERIES 2019A

Bond Date: December 1, 2019

Registered Owner: _____

Principal Amount: _____ MILLION _____ HUNDRED THOUSAND DOLLARS

The City of Garland, Texas (hereinafter referred to as the "City"), for value received,
hereby promises to pay to the Registered Owner named above (the "Holder") or the registered
assigns thereof, solely from the revenues hereinafter identified, on March 1 in each of the years
and in principal amounts and bearing interest at per annum rates in accordance with the following
schedule:

YEAR OF
MATURITY

PRINCIPAL
INSTALLMENTS (\$)

INTEREST
RATES (%)

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

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on
such unpaid principal amount from the later of the date of delivery to the initial purchasers or the

most recent interest payment date to which interest has been paid or duly provided for, semiannually on March 1 and September 1 in each year, commencing September 1, 2020, until maturity or prior redemption, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months. The principal of this Bond is payable to the registered owner hereof by Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar"), upon its presentation and surrender, at its designated offices, initially in Salt Lake City, Utah, or, with respect to a successor paying agent/registrar, at the designated office of such successor (the "Designated Payment/Transfer Office"). The interest payable on any interest payment date will be paid 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 for such interest, which shall be the fifteenth (15th) day of the month next preceding such interest payment date. If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized by law or executive order to close, and payment on such date shall have the same force and effect as if made on the original date payment was due. All such payments may be made by the Paying Agent/Registrar by check dated as of the interest payment date and mailed to such Holder at the address appearing in the register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar, requested in writing by, and at the risk and expense of, the Holder hereof. All payments of principal of, premium, if any, and interest on this Bond shall be made 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, without exchange or collection charges to the Holder of this Bond.

SECTION 10. Definitions. For all purposes of this Ordinance and in particular for clarity with respect to the issuance of the Bonds and the pledge and appropriation of revenues therefor, the following definitions are provided:

(a) The term "Additional Bonds" shall mean the additional parity revenue obligations authorized to be issued in accordance with the terms and conditions prescribed in Section 20 hereof.

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

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

the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added;

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

(iii) Consent Sinking Fund. In the case of Balloon Debt (as defined in clause (ii) above), if the City Manager or the Finance Director or a designee of either shall deliver to the City a certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (iii) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule; and provided further that this clause (iii) shall not apply where the City has elected to apply the rule set forth in clause (ii) above;

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

(v) Variable Rate.

(1) Except as hereinafter provided in this subparagraph, the rate of interest on Variable Rate Obligations then proposed to be issued shall be deemed to be the average for the then immediately preceding five (5) years of the SIFMA Index, plus twenty (20) basis points; provided, however, that (i) if, after the issuance of the Variable Rate Obligations then proposed to be issued, more than 20% of the aggregate of the Bonds Similarly Secured Outstanding will bear interest at a variable rate and (ii) any Bond Similarly Secured is then insured by a Bond Insurer, the rate of interest on Variable Rate Obligations then proposed to be

issued shall be deemed to be the greater of (x) the most recently announced thirty (30) year Revenue Bond Index published by The Bond Buyer, a financial journal published, as of the date the Ordinance was adopted, in the City of New York, New York, (y) the rate of interest then borne by any Variable Rate Obligations then Outstanding, or (z) 1.25 times the average variable rate borne by any Variable Rate Obligations then Outstanding during the then immediately preceding twelve-month period; and

(2) Except as hereinafter provided in this subparagraph, the rate of interest on Variable Rate Obligations outstanding at the time of such calculation shall be deemed to be the lesser of (i) the then current per annum rate of interest borne by such Variable Rate Obligations or (ii) the average per annum rate of interest borne by such Variable Rate Obligations during the then immediately preceding twelve-month period; provided, however, that for any period during which (a) more than 20% of the aggregate of the Bonds Similarly Secured then Outstanding bear interest at a variable rate and (b) any Bond Similarly Secured is then insured by a Bond Insurer, the rate of interest on such Variable Rate Obligations shall be the greater of (x) the most recently announced 30-year Revenue Bond Index published by The Bond Buyer, a financial journal published, as of the date the Ordinance was adopted, in the City of New York, New York, (y) the rate of interest then in effect with respect to such Variable Rate Obligations in accordance with their terms, or (z) 1.25 times the average variable rate borne by such Variable Rate Obligations during the then immediately preceding twelve-month period;

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

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

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

(c) The term “Bonds” shall mean the “City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, New Series 2019A”, dated December 1, 2019, authorized by this Ordinance.

(d) The term “Bonds Similarly Secured” shall mean, collectively, the Bonds, the Previously Issued Bonds and any Additional Bonds.

(e) The term “City” shall mean the City of Garland, Texas.

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

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

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

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

(j) The term “Debt” shall mean, with respect to the System, all:

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

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

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

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

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

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

(l) The term "Government Obligations", as used herein, shall mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the City, 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 of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State of Texas.

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

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

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

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

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

(ii) those Bonds or Bonds Similarly Secured for which payment has been duly provided by the City in accordance with the provisions of Section 39 hereof by the irrevocable deposit with the Paying Agent/Registrar of money or Government Obligations, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds or Bonds Similarly Secured are to be redeemed, notice of redemption thereof shall have been duly given pursuant to the ordinance authorizing the issuance of such Bonds or Bonds Similarly Secured or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived; and

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

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

(r) The term “Paying Agent/Registrar” shall mean the person or entity designated as such pursuant to Section 3 of this Ordinance.

(s) The term “Previously Issued Bonds” includes the outstanding:

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

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

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

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

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

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

- (t) The term "Prior Lien Bonds" includes the outstanding:
- (i) "City of Garland, Texas, Water and Sewer System Revenue Bonds, Series 2010", dated April 15, 2010 (a portion of which are to be refunded by the Bonds);
 - (ii) "City of Garland, Texas, Water and Sewer System Revenue Bonds, Series 2011", dated June 15, 2011;
 - (iii) "City of Garland, Texas, Water and Sewer System Revenue Bonds, Series 2011A", dated November 1, 2011 (a portion of which are to be refunded by the Bonds);
 - (iv) "City of Garland, Texas, Water and Sewer System Revenue Bonds, Series 2012," dated June 1, 2012; and
 - (v) "City of Garland, Texas, Water and Sewer System Revenue Refunding and Improvement Bonds, Series 2013" dated May 1, 2013.

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

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

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

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

The City reserves the right to establish accounts within the Bond Fund for the payment of obligations, including specifically obligations incurred under a Credit Agreement, that is declared to be Bonds Similarly Secured in the ordinance authorizing the execution of such Credit Agreement.

SECTION 11. Pledge of Revenues. The City hereby covenants and agrees that, subject only to the prior lien on and pledge of the Net Revenues of the System to the payment and security of the Prior Lien Bonds (including the establishment and maintenance of the special funds created for the payment and security thereof) under the terms and conditions of the ordinances and proceedings pertaining to their authorization, the Net Revenues of the System, with the exception of those in excess of the amounts required for the payment and security of the Outstanding Bonds Similarly Secured, are hereby irrevocably pledged to the payment and security of the Outstanding Bonds Similarly Secured, including the maintenance of the special funds herein created in

connection with the issuance of the Bonds, all as hereinafter provided, and it is hereby ordained that the Bonds Similarly Secured, and the interest thereon, shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the System and be valid and binding without any filing or recording except for the filing of this Ordinance in the records of the City.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 19. No Additional Obligations to be Issued on a Parity with the Prior Lien Bonds - Obligations of Inferior Lien and Pledge. The City will not hereafter issue any additional obligations with a lien on and pledge of the Net Revenues on a parity with the lien on and pledge of the Net Revenues associated with the Prior Lien Bonds or create or issue evidences of indebtedness for any purpose possessing a lien on the Net Revenues of the System superior to that to be possessed by the Bonds Similarly Secured. The City, however, retains the right to create and issue evidences of indebtedness whose lien on and pledge of the Net Revenues of the System shall be subordinate to that possessed by the Bonds Similarly Secured.

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

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

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

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

but excluding and not deducting any charges or disbursements which under standard accounting practice should be charged to depreciation, betterment or capital expenditures;

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

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

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

SECTION 21. Maintenance and Operation - Insurance. The City covenants and agrees that the System shall be maintained in good condition and operated in an efficient manner and at reasonable cost. So long as any of the Bonds are Outstanding, the City agrees to maintain insurance on the System of a kind, and in an amount not less than, customarily carried by municipal corporations in the State of Texas engaged in a similar type of business. Nothing in this Ordinance shall be construed as requiring the City to expend any funds which are derived from sources other than the operation of the System, but nothing herein shall be construed as preventing the City from doing so.

SECTION 22. Records - Accounts - Accounting Reports. (a) The City hereby covenants and agrees that so long as any of the Bonds remain Outstanding, it will keep and maintain a proper and complete system of records and accounts pertaining to the operation of the System separate and apart from all other records and accounts of the City in accordance with accepted accounting principles prescribed for municipal corporations. The Owner of any Bond or any duly authorized agent or agents of such Owner, shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, and to inspect the System and all properties comprising same. The City further agrees that as soon as possible following the close of each Fiscal Year it will cause an audit of such books and accounts to be made by an independent firm of certified public accountants or licensed public accountants.

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

SECTION 23. Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in payments to be made to the Bond Fund as required by this Ordinance or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, the Holder or Holders of any Bond shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body

of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

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

SECTION 24. Special Covenants. The City hereby further covenants as follows:

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

(b) That, other than for the payment of the Outstanding Prior Lien Bonds, the Outstanding Previously Issued Bonds and the Bonds herein authorized, the Net Revenues of the System are not in any manner pledged to the payment of any debt or obligation of the City or of the System, except that, on a basis subordinate to that for the Prior Lien Bonds and the Bonds Similarly Secured, Net Revenues of the System have been pledged to the City's Water and Sewer System Commercial Paper Notes, Series 2015 and the Net Revenues have also been pledged in the amount of \$1,000 have been irrevocably pledged to the payment of the principal of and interest on the City's Combination Tax and Revenue Certificates of Obligation, Series 2019 (the "Certificates"), issued on June 19, 2019 and the limited pledge of Net Revenues made in the ordinance authorizing the issuance of said Certificates for the payment of the Certificates constitutes a subordinate lien on the Net Revenues until such time as the City shall pay all of such \$1,000, after which time the pledge shall cease.

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

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

(e) At such time as there are no Outstanding Prior Lien Bonds or Bonds Similarly Secured issued prior to the issuance of the New Series 2018 Bonds, the City may sell or exchange at any time and from time to time any properties and facilities constituting the System if the City shall have received a certificate executed by the Finance Director stating that the sale or exchange of such property or facilities will not materially adversely affect the financial condition

of the City or its ability to satisfy the System's rate covenants. The proceeds of any such sale or exchange shall be used by the City, at the option of the City, (i) to acquire additional System facilities; (ii) to purchase, defease, or redeem System Debt; or (iii) for any other lawful purpose. Additionally, the portion of property comprising personal property or machinery, properties, and equipment which has become obsolete or otherwise unneeded in the operation of the System may be sold or otherwise disposed in any manner deemed appropriate by the City acting through the City Manager, the Finance Director or a designee of either of such City representatives.

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

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

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

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

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

SECTION 29. Registered Owners, Notices, Waiver. The City, the Paying Agent/Registrar and any agent of either of them may treat the person in whose name any Bond is registered as the Holder of such Bond for the purpose of receiving payment of the principal of and interest on such Bond and for all other purposes whatsoever, and to the extent permitted by law, neither the City, the Paying Agent/Registrar, nor any agent of either of them shall be affected by notice to the contrary.

Wherever this Ordinance provides for notice to the Holder of a Bond 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 such Holder as it appears in the register kept by the Paying Agent/Registrar at the close of business on the business day next preceding the mailing of such notice.

In any case in which notice to the Holders of the Bonds is given by mail, neither the failure to mail such notice to any Holder of a Bond, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by any 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 of the Bond 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 30. Mutilated, Destroyed, Lost, and Stolen Bonds. (a) If (i) any mutilated Bond is surrendered to the Paying Agent/Registrar or the City or the Paying Agent/Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond and (ii) there is delivered to the City and the Paying Agent/Registrar such security or indemnity as may be required by the Paying Agent/Registrar to save and hold 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 of like tenor and principal amount, bearing a number not contemporaneously outstanding.

(b) 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 if it has become due and payable, or may pay such Bond when it becomes due and payable.

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

(d) 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.

(e) 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. Cancellation. All Bonds surrendered for payment, transfer, exchange or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled 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 cancelled by the Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be disposed of as directed by the City.

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 (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) 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 permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of the 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 (including property financed with Gross Proceeds of the Refunded

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 (including property financed with Gross Proceeds of the Refunded Bonds), other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by 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 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 final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, 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 City Secretary of the Treasury on Form 8038-G or such other form and in such place as the City 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 (defined herein) 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 construction fund, other appropriate fund or, if permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the Bond Fund, 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 the 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 on the Bonds not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager and Finance Director, either 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.

(k) Bonds Not Hedge Bonds. (1) At the time the original obligations being refunded by the Bonds were issued, the City reasonably expected to spend at least 85% of the spendable proceeds of such obligations within three years after such obligations were issued and (2) not

more than 50% of the proceeds of the original obligations being refunded by the Bonds were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

(l) Current Refunding. The Bonds are a current refunding of the Refunded Bonds and the Refunded CP Notes in that the Bonds will be issued less than 90 days before the redemption of the Refunded Bonds and the Refunded CP Notes.

SECTION 33. Sale of Bonds – Official Statement Approval. Pursuant to a public sale for the Bonds, the bid submitted by _____ (herein referred to as the “Purchasers”) is declared to be the best bid received producing the lowest true interest cost rate to the City, and the sale of the Bonds to said Purchasers at the price of par plus a cash premium of \$_____, is hereby determined to be in the best interests of the City and is approved and confirmed. Delivery of the Bonds to the Purchasers shall occur as soon as possible upon payment being made therefor in accordance with the terms of sale. The Initial Bond shall be registered in the name as provided in the winning bid form.

Furthermore, the use 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, which reflects the terms of sale (together with such changes approved by the Mayor, Mayor Pro Tem, City Manager, Finance Director or City Secretary, 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 said final Official Statement, dated November 5, 2019, in the reoffering, sale and delivery of the Bonds to the public. The Mayor or Mayor Pro Tem and City Secretary are further authorized and directed to cause to be delivered for and on behalf of the City copies of said Official Statement in final form as may be required by the Purchasers, and such final Official Statement shall be deemed to be approved by the Council and constitute the Official Statement authorized for distribution and use by the Purchasers.

SECTION 34. Proceeds of Sale. Immediately following the delivery of the Bonds, the proceeds of sale of the Bonds, less costs of issuance, (i) in the amount of \$_____ shall be deposited with U.S. Bank National Association (the current issuing and paying agent for the Refunded CP Notes) for the payment and discharge of the Refunded CP Notes and (ii) in the amount of \$_____ shall be deposited with the Escrow Agent (defined in Section 35 hereof) for the refunding of the Refunded Bonds. The balance of the proceeds of sale shall be disbursed for payment of costs of issuance in accordance with instructions from the City, and any proceeds of sale remaining after payment of the costs of issuance for the Bonds shall be deposited in the Bond Fund. All surplus proceeds of sale of the Bonds, including investment earnings, remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Bond Fund.

Additionally, on or immediately prior to the date of the delivery of the Bonds to the Purchasers, the Finance Director or other appropriate City official shall cause to be transferred in immediately available funds to the Escrow Agent from moneys on deposit in the interest and sinking fund maintained for the payment of the Refunded Bonds the sum of \$_____ to accomplish the refunding of the Refunded Bonds.

SECTION 35. Escrow Agreement Approval and Execution. The “Escrow Agreement” (the “Agreement”) by and between the City and Zions Bancorporation, National Association, Amegy Bank Division (the “Escrow Agent”), substantially in the form attached hereto as **Exhibit B** and incorporated herein by reference as a part of this Ordinance for all purposes, is hereby approved

as to form and content, and such Agreement in substantially the form and substance attached hereto, together with such changes or revisions as may be necessary to accomplish the refunding or benefit the City, is hereby authorized to be executed by the Mayor or Mayor Pro Tem and City Secretary for and on behalf of the City and as the act and deed of this Council; and such Agreement as executed by said officials shall be deemed approved by this Council and constitute the Agreement herein approved.

Furthermore, appropriate officials of the City in cooperation with the Escrow Agent are hereby authorized and directed to make the necessary arrangements for the purchase of any escrowed securities referenced in the Agreement and the delivery thereof to the Escrow Agent on the day of delivery of the Bonds to the Purchasers for deposit to the credit of the "SPECIAL 2019A CITY OF GARLAND, TEXAS, WATER AND SEWER REFUNDING BOND ESCROW FUND" (the "Escrow Fund"); all as contemplated and provided in Texas Government Code, Chapter 1207, as amended, this Ordinance and the Agreement.

SECTION 36. Redemption of Refunded Bonds.

The Refunded Bonds shall be redeemed and the same are hereby called for redemption on March 1, 2020, at the price of par and accrued interest to the date of redemption. The City Secretary is hereby authorized and directed to file a copy of this Ordinance, together with suggested forms of notices of redemption to be sent to bondholders, with Zions Bancorporation, National Association, Amegy Bank Division (successor to The Bank of New York Mellon Trust Company, N.A. and the current paying agent/registrar for the Refunded Bonds), in accordance with the redemption provisions applicable to such bonds; such suggested form of notice of redemption being attached hereto as **Exhibit C** and **Exhibit D** and incorporated herein by reference as a part of this Ordinance for all purposes.

The redemption of the Refunded Bonds described above being associated with the refunding of such Refunded Bonds, the approval, authorization and arrangements herein given and provided for the redemption of such Refunded Bonds on the redemption date designated therefor and in the manner provided shall be irrevocable upon the issuance and delivery of the Bonds; and the City Secretary is hereby authorized and directed to make all arrangements necessary to notify the holders of such Refunded Bonds of the City's decision to redeem such Refunded Bonds on the date and in the manner herein provided and in accordance with the ordinances authorizing the issuance of such Refunded Bonds and this Ordinance.

SECTION 37. Legal Opinion. The Purchasers' obligation to accept delivery of the Bonds herein authorized is subject to their being furnished a final opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel for the City, approving the Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Bonds. A true and correct reproduction of said opinion or an executed counterpart thereof shall accompany the global Bonds deposited with DTC, or a reproduction thereof may be printed on or attached to the definitive Bonds in the event the book-entry-only system shall be discontinued.

SECTION 38. CUSIP Numbers. CUSIP numbers may be printed on the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect in regard to the legality thereof and neither the City nor attorneys approving the Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

SECTION 39. Payment and Discharge. (a) If the City shall pay or cause to be paid or there shall otherwise be paid to the Holders of the Bonds, 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 Net Revenues of the System under this Ordinance and all covenants, agreements and other obligations of the City to the Holders of the Bonds shall thereupon cease, terminate, and become void and be discharged and satisfied.

(b) Bonds or any principal amount thereof and interest installments for which money shall have been set aside in full payment to maturity and held in trust by the Paying Agent/Registrar (through deposit by the City of funds for such payment or otherwise) shall be deemed to have been paid within the meaning and with the effect expressed above in this Section. All Outstanding Bonds shall be deemed to have been paid, prior to their stated maturity within the meaning and with the effect expressed above in this Section if there shall have been deposited with the Paying Agent/Registrar or an authorized escrow agent either money in an amount which shall be sufficient, or Government Obligations which have been certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to pay when due the principal of, premium, if any, and interest to become due on such Bonds on the stated maturity. The City covenants that no deposit of moneys 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 Internal Revenue Code of 1986, as amended, or any regulations or published rulings adopted pursuant thereto. Neither Government Obligations nor moneys deposited with the Paying Agent/Registrar or an escrow agent pursuant to this Section, nor principal or interest payments on any such Government Obligations, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on the Bonds. Any cash received from such principal of and interest on such Government Obligations deposited with the Paying Agent/Registrar or such escrow agent, if not needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations (which may be non-interest bearing) maturing at times and in amounts sufficient to pay when due the principal of, premium, if any, and interest on such Bonds on and prior to the stated maturity thereof, and interest earned from such reinvestments shall be paid over to the City as received by the Paying Agent/Registrar or escrow agent, free and clear of any trust, lien or pledge. Any payment for Government Obligations purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Government Obligations.

(c) At such time as all of the Bonds are retired, or provision is made for their payment, money in the Bond Fund, if any, held for the payment of the Bonds may be used by the City for any lawful purpose, provided that any money held by the Paying Agent/Registrar which has been provided for the payment of interest or principal and not so utilized for any reason shall continue to be held by the Paying Agent/Registrar for a period of four calendar years, and if not claimed subject to the applicable escheat or similar laws, the same shall be returned to the City.

SECTION 40. Ordinance a Contract; Amendments. This Ordinance shall constitute a contract with the Holder of any Bond from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section and in Section 42 hereof. The City, may, without the consent of or notice to any Holders of Bonds, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders of any Bond, including the curing of any ambiguity, inconsistency or formal defect or omission herein. In addition, the City may, with the written consent of the Holders of Bonds owning a majority in aggregate principal amount of the Bonds

then Outstanding, amend, add to or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition or rescission shall (a) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof 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, (b) give any preference to any Bond over any other Bond or (c) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition or rescission.

SECTION 41. Control and Custody of Bonds. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending the delivery of the Bonds, and shall take and have charge and control of the Initial Bond(s) pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchasers.

SECTION 42. Continuing Disclosure Undertaking.

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

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

“MSRB” means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports. The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year, beginning in or after 2019, financial information and operating data with respect to the City of the general type included in Tables 1 through 13 in the Official Statement, and (2) within twelve months after the end of each fiscal year ending in or after 2019, audited financial statements of the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in Appendix B to the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and 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 audited financial statements are not available within 12 months after the end of any fiscal year, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available.

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

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC.

(c) Notice of Certain Events. The City shall provide 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;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

For these purposes, (a) 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 and (b) the City intends the words used in the immediately preceding

paragraphs (15) and (16) in this Section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

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

(d) Filings with the MSRB. All financial information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) 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 the notice required by subsection (c) of this Section of any Bond calls and defeasance that cause the City to be no longer such an “obligated person.”

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 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.

Notwithstanding anything herein to the contrary, 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 provisions of this Section 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 Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 43. Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar, and the 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, the Paying Agent/Registrar, and the Holders.

SECTION 44. 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 45. Effect of Headings. The Section headings herein are for convenience of reference only and shall not affect the construction hereof.

SECTION 46. Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance or the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 47. Incorporation of Findings and Determinations. The findings and determinations of this Council contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

SECTION 48. Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders.

SECTION 49. Further Procedures. Any one or more of the Mayor, Mayor Pro Tem, City Manager, Finance Director and City Secretary are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the issuance, sale and delivery of the Bonds. In addition, prior to the delivery of the Bonds, the Mayor, Mayor Pro Tem, City Manager, Finance Director or Bond Counsel to the City are each hereby

authorized and directed to approve any changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any ambiguity, formal defect, or omission in this Ordinance or such other document, or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Bonds by the Attorney General. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 50. 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 Texas Government Code, Chapter 551, as amended.

SECTION 51. Effective Date. This Ordinance shall take effect and be in full force from and after its adoption on the date shown below in accordance with Texas Government Code, Section 1201.028, as amended.

[Remainder of page left blank intentionally]

PASSED AND ADOPTED this November 5, 2019.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

(City Seal)

EXHIBIT A

PAYING AGENT/REGISTRAR AGREEMENT

EXHIBIT C

NOTICE OF REDEMPTION

CITY OF GARLAND, TEXAS,
WATER AND SEWER SYSTEM REVENUE BONDS
SERIES 2010
Dated April 15, 2010

NOTICE IS HEREBY GIVEN that the bonds of the above series maturing on and after March 1, 2022, and aggregating in the principal amount of \$13,040,000, have been called for redemption on March 1, 2020 at the redemption price of par and accrued interest to the date of redemption, such bonds being identified as follows:

<u>Year of Maturity</u>	<u>Principal Amount (\$)</u>	<u>CUSIP Number</u>
2022* *****	2,150,000 *****	
2024* *****	2,375,000 *****	
2026* *****	2,585,000 *****	
2028* *****	2,815,000 *****	
2030*	3,115,000	

* term bond

ALL SUCH BONDS shall become due and payable on March 1, 2020, and interest thereon shall cease to accrue from and after said redemption date and payment of the redemption price of said bonds shall be paid to the registered owners of the bonds only upon presentation and surrender thereof to Zions Bancorporation, National Association, Amegy Bank Division (successor paying agent/registrar to The Bank of New York Mellon Trust Company, N.A.) at its designated offices at the following address: One South Main Street, 17th Floor, Salt Lake City, UT 84133.

THIS NOTICE is issued and given pursuant to the terms and conditions prescribed for the redemption of said bonds and pursuant to an ordinance by the City Council of the City of Garland, Texas.

Zions Bancorporation, National Association,
Amegy Bank Division
1801 Main Street, Suite 850
Houston, Texas 77002

EXHIBIT D

NOTICE OF REDEMPTION

CITY OF GARLAND, TEXAS,
WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS
SERIES 2011A
Dated November 1, 2011

NOTICE IS HEREBY GIVEN that the bonds of the above series maturing on and after March 1, 2021, and aggregating in the principal amount of \$11,130,000, have been called for redemption on March 1, 2020 at the redemption price of par and accrued interest to the date of redemption, such bonds being identified as follows:

<u>Year of Maturity</u>	<u>Principal Amount (\$)</u>	<u>CUSIP Number</u>
2021	2,830,000	
2022	2,980,000	
2023	3,120,000	
2024	2,200,000	

ALL SUCH BONDS shall become due and payable on March 1, 2020, and interest thereon shall cease to accrue from and after said redemption date and payment of the redemption price of said bonds shall be paid to the registered owners of the bonds only upon presentation and surrender thereof to Zions Bancorporation, National Association, Amegy Bank Division (successor paying agent/registrar to The Bank of New York Mellon Trust Company, N.A.) at its designated offices at the following address: One South Main Street, 17th Floor, Salt Lake City, UT 84133.

THIS NOTICE is issued and given pursuant to the terms and conditions prescribed for the redemption of said bonds and pursuant to an ordinance by the City Council of the City of Garland, Texas.

Zions Bancorporation, National Association,
Amegy Bank Division
1801 Main Street, Suite 850
Houston, Texas 77002

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT is entered into as of November 5, 2019 (this "Agreement"), by and between Zions Bancorporation, National Association, Amegy Bank Division, a national banking association organized and existing under the laws of the United States of America and authorized to transact business in the State of Texas (the "Bank") and the City of Garland, Texas (the "Issuer").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "City of Garland, Texas Water and Sewer System Revenue Refunding Bonds, New Series 2019A" (the "Securities"), dated December 1, 2019, such Securities scheduled to be delivered to the initial purchasers thereof on or about December 3, 2019; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

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 serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the "Authorizing Document" (hereinafter defined). The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the "Authorizing Document".

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

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 attached hereto; provided however, notwithstanding anything herein or in Annex A to the contrary, the aggregate value of this agreement shall not exceed the dollar limitation set forth in Section 2270.002(a)(2) of the Texas Government Code, as amended.

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:

“Acceleration Date” on any Security means the date, if any, 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 pursuant to the terms of the Security.

“Authorizing Document” means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, as the same may be amended or modified, including any pricing certificate related thereto, certified by the secretary or any other officer of the Issuer and delivered to the Bank.

“Bank Office” means the designated office of the Bank at the address shown in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

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

“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 purposes 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 Authorizing Document).

“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 Authorizing Document.

“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, the Cashier, any Assistant Cashier, 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.

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

“Stated Maturity” means the date specified in the Authorizing Document the principal of a Security is scheduled to be due and payable.

Section 2.02 Other Definitions. The terms “Bank,” “Issuer,” and “Securities (Security)” have the meanings assigned to them in the recital paragraphs of this Agreement.

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

ARTICLE THREE PAYING AGENT

Section 3.01 Duties of Paying Agent. As Paying Agent, the Bank shall pay, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the following address:

Zions Bancorporation, National Association, Amegy Bank Division
One South Main Street, 17th Floor
Salt Lake City, UT 84133

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, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Securities (or their Predecessor Securities) on the Record Date (as defined in the Authorizing Document). All payments of principal and/or interest on the Securities to the registered owners shall be accomplished (1) by the issuance of checks, payable to the registered owners, drawn on the paying agent account provided in Section 5.05 hereof, sent by United States mail, first class, postage prepaid, to the address appearing on the Security Register or (2) by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder’s risk and expense.

Section 3.02 Payment Dates. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Authorizing Document.

ARTICLE FOUR REGISTRAR

Section 4.01 Security Register – Transfers and Exchanges. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office and at the Bank’s office shown on the signature page hereof books and records (herein sometimes referred to as the “Security Register”) for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be

reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges and replacements of Securities shall be noted in the Security Register.

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, such written instrument to be in a form satisfactory to the Bank, and duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank 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 will 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 cancelled in an 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 Securities. The Issuer shall provide additional Securities when needed to facilitate transfers or exchanges thereof. The Bank covenants that such additional Securities, if and when provided, will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03 Form of Security Register. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities 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 Security 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 the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained 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 contents 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 court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register, provided the Bank is not prohibited from providing such notice.

Section 4.05 Return of Cancelled Securities. The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, all Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06 Mutilated, Destroyed, Lost or Stolen Securities. The Issuer hereby instructs the Bank, subject to the provisions of the Authorizing Document, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

In case any Security shall be mutilated, destroyed, lost or stolen, the Bank may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such mutilated, destroyed lost or stolen Security, only upon the approval of the Issuer and after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

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, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE THE BANK

Section 5.01 Duties of Bank. The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

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.

(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.

(g) 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 or letter as prepared by the Issuer, Issuer's financial advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum or letter acknowledged by the Issuer, the Issuer's financial advisor or other agent as the final closing memorandum or letter. 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 5.03 Recitals of Issuer. The recitals contained herein with respect to the Issuer 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.

Section 5.05 Moneys Held by Bank - Paying Agent Account/Collateralization. A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of moneys received from the Issuer under this Agreement 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 both the laws of the State of Texas and the laws of the United States of America 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. Payments made from such paying agent account shall be made by check drawn on such account unless the owner of the Securities shall, at its own expense and risk, request an alternative method of payment.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal of, 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, as amended. The Bank shall have no liability by virtue of actions taken in compliance with this provision.

The Bank is not obligated to pay interest on any money received by it under this Agreement.

This Agreement relates solely to money deposited for the purposes described herein, and the parties agree that the Bank may serve as depository for other funds of the Issuer, act as trustee under indentures authorizing other bond transactions of the Issuer, or act in any other capacity not in conflict with its duties hereunder.

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank 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 against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the state and county where the administrative office of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement 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 any interest herein.

Section 5.08 DTC Services. 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, and in the event the Bank has the capability to comply with the "Operational Arrangements", which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls, the Bank will comply with the "Operational Arrangements"

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 hereto.

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 pages hereof.

Section 6.04 Effect of Headings. The Article and Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 6.05 Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06 Severability. In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07 Merger, Conversion, Consolidation, or Succession. Any corporation or association into which the Bank may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank as Paying Agent under this Agreement without the execution or filing of any paper or any further act on the part of either parties hereto.

Section 6.08 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 6.09 Entire Agreement. This Agreement and the Authorizing Document constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Authorizing Document, the Authorizing Document shall govern.

Section 6.10 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 6.11 Termination. This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. However, if the Issuer fails to appoint a successor Paying Agent/Registrar within a reasonable time, the Bank may petition a court of competent jurisdiction within the State of Texas to appoint a successor. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with the 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 6.12 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.

[Remainder of page left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION

By: _____

Title: _____

Amegy Bank Division

Attest:

Address: 1801 Main Street, Suite 850
Houston, Texas 77002

Title: _____

[signature page to Paying Agent/Registrar Agreement]

CITY OF GARLAND, TEXAS

By: _____
Mayor

Address: 200 North Fifth Street
Garland, Texas 75040

Attest:

City Secretary

[signature page to Paying Agent/Registrar Agreement]

ANNEX A
TO PAYING AGENT/REGISTRAR AGREEMENT

BANK'S FEES AND CHARGES

EXHIBIT B
ESCROW AGREEMENT

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Agreement"), made and entered into as of November 5, 2019, by and between the City of Garland, Texas (the "City"), and Zions Bancorporation, National Association, Amegy Bank Division, a national banking association organized and existing under the laws of the United States of America (the "Escrow Agent"),

WITNESSETH:

WHEREAS, the City Council of the City has heretofore issued, sold, and delivered and there is currently outstanding obligations of the following issue or series (hereinafter collectively referred to as the "Refunded Obligations"), to wit:

City of Garland, Texas, Water and Sewer System Revenue Bonds, Series 2010, dated April 15, 2010, scheduled to mature on March 1 in each of the years 2022, 2024, 2026, 2028 and 2030, and aggregating in the principal amount of \$13,040,000 (hereinafter referred to as the "Series 2010 Refunded Bonds"); and

City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, Series 2011A, dated November 1, 2011, scheduled to mature on March 1 in each of the years 2021 through 2024, inclusive, and aggregating in the principal amount of \$11,130,000 (hereinafter referred to as the "Series 2011A Refunded Bonds")

WHEREAS, in accordance with the provisions of Texas Government Code, Chapter 1207, as amended (the "Act"), the City is authorized to sell refunding bonds in an amount sufficient to provide for the payment of the Refunded Obligations, deposit the proceeds of such refunding bonds with any place of payment for the obligations being refunded, or other authorized depository, and enter into an escrow or similar agreement with such place of payment for the safekeeping, investment, reinvestment, administration and disposition of such deposit, upon such terms and conditions as the parties may agree, provided such deposits may be invested only (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and on the date of their acquisition or purchase by the City are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent (hereinafter called "Governmental Securities") that mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of the Refunded Obligations; and

WHEREAS, the Refunded Obligations are scheduled to mature, or be redeemed, and interest thereon is payable on the dates and in the manner set forth in **Exhibit A** attached hereto and incorporated herein by reference as a part of this Agreement for all purposes; and

WHEREAS, the City on November 5, 2019, pursuant to an ordinance (the "Bond Ordinance") duly passed and adopted by the City Council authorized the issuance of bonds known as "City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, New Series

2019A" (the "Bonds"), and such Bonds are being issued to refund, discharge and make final payment of the principal of and interest on the Refunded Obligations; and

WHEREAS, upon the delivery of the Bonds, the proceeds of sale, together with other available funds of the City to be deposited with the Escrow Agent, are to be used in part to purchase the Governmental Securities listed and identified in **Exhibit B** attached hereto and incorporated herein by reference as a part of this Agreement for all purposes (together with substituted securities therefor in accordance with the provisions of Section 11 hereof hereinafter referred to as the "Escrowed Securities"); and

WHEREAS, the Escrowed Securities shall be held and deposited to the credit of the "Escrow Fund" to be established and maintained by the Escrow Agent in accordance with this Agreement; and

WHEREAS, the Escrowed Securities, together with the beginning cash balance in the Escrow Fund, shall mature and the interest thereon shall be payable at such times to insure the existence of monies sufficient to pay the principal amount of the Refunded Obligations and the accrued interest thereon, as the same shall become due in accordance with the terms of the ordinances authorizing the issuance of the Refunded Obligations and as set forth in **Exhibit A** attached hereto; and

WHEREAS, the City has completed all arrangements for the purchase of the Escrowed Securities listed in **Exhibit B** and the deposit and credit of the same to the Escrow Fund as provided herein; and

WHEREAS, the Escrow Agent is a banking association organized and existing under the laws of the United States of America, possessing trust powers and is fully qualified and empowered to enter into this Agreement; and

WHEREAS, in Section 35 of the Bond Ordinance, the City Council duly approved and authorized the execution of this Agreement; and

WHEREAS, the City and the Escrow Agent, as the case may be, shall take all action necessary to call, pay, redeem and retire said Refunded Obligations in accordance with the provisions thereof, including, without limitation, all actions required by the ordinance authorizing the Refunded Obligations, the Act, the Bond Ordinance and this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and to secure the payment of the principal of and the interest on the Refunded Obligations as the same shall become due, the City and the Escrow Agent hereby mutually undertake, promise and agree as follows:

SECTION 1: Receipt of Refunded Obligation Ordinances and the Bond Ordinance. Receipt of true and correct copies of the ordinances authorizing the issuance of the Refunded Obligations and the Bond Ordinance are hereby acknowledged by the Escrow Agent. Reference herein to or citation herein of any provision of said documents shall be deemed an incorporation of such provision as a part hereof in the same manner and with the same effect as if it were fully set forth herein.

SECTION 2: Escrow Fund Creation/Funding. There is hereby created by the City with the Escrow Agent a special segregated and irrevocable trust fund designated "SPECIAL 2019A

CITY OF GARLAND, TEXAS, WATER AND SEWER REFUNDING BOND ESCROW FUND” (hereinafter called the “Escrow Fund”) for the benefit of the holders of the Refunded Obligations, and, immediately following the delivery of the Bonds, the City agrees and covenants to cause to be deposited with the Escrow Agent the following:

\$_____ for the purchase of the Escrowed Securities listed in Exhibit B to be held for the account of the Escrow Fund;

\$_____ for deposit in the Escrow Fund as a beginning cash balance.

The Escrow Agent hereby accepts the Escrow Fund and further agrees to receive said moneys, apply the same as set forth herein, and to hold the cash and Escrowed Securities deposited and credited to the Escrow Fund for application and disbursement for the purposes and in the manner provided in this Agreement.

SECTION 3: Escrow Fund Sufficiency Warranty. The City hereby represents that the cash and Escrowed Securities, together with the interest to be earned thereon, deposited to the credit of the Escrow Fund will be sufficient to pay the principal of and premium and interest on the Refunded Obligations as the same shall become due and payable, and such Refunded Obligations, and the interest thereon, are to mature or be redeemed and shall be paid at the times and in the amounts set forth and identified in **Exhibit A** attached hereto.

FURTHERMORE, the Escrow Agent acknowledges receipt of a copy of the Bond Ordinance which provides for the redemption of the Refunded Obligations on March 1, 2020 at the price of par plus accrued interest to the date of redemption; all in accordance with the provisions of the notice requirements applicable to said Refunded Obligations and the notice requirements contained in the ordinances authorizing the issuance of the Refunded Obligations.

The Escrow Agent, as paying agent/registrar for the Refunded Obligations, agrees to cause notices of redemption pertaining to the Refunded Obligations to be sent to the registered owners thereof appearing on the registration books at least thirty (30) days prior to the redemption date therefor.

SECTION 4: Pledge of Escrow. The Escrow Agent agrees that all cash and Escrowed Securities, together with any income or interest earned thereon, held in the Escrow Fund shall be and is hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations which will mature and become due on and after the date of this Agreement, and such funds initially deposited and to be received from maturing principal and interest on the Escrowed Securities in the Escrow Fund shall be applied solely in accordance with the provisions of this Agreement.

SECTION 5: Escrow Insufficiency-City Warranty to Cure. If, for any reason, the funds on hand in the Escrow Fund shall be insufficient to make the payments set forth in **Exhibit A** attached hereto, as the same becomes due and payable, the City shall make timely deposits to the Escrow Fund, from lawfully available funds, of additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be immediately given by the Escrow Agent to the City by the fastest means possible, but the Escrow Agent shall in no manner be responsible for the City’s failure to make such deposits.

SECTION 6: Escrow Fund Securities/Segregation. The Escrow Agent shall hold said Escrowed Securities and moneys in the Escrow Fund at all times as a special and separate trust

fund for the benefit of the holders of the Refunded Obligations, wholly segregated from other moneys and securities on deposit with the Escrow Agent; shall never commingle said Escrowed Securities and moneys with other moneys or securities of the Escrow Agent; and shall hold and dispose of the assets therein only as set forth herein. Nothing herein contained shall be construed as requiring the Escrow Agent to keep the identical moneys, or any part thereof, in said Escrow Fund, if it is impractical, but moneys of an equal amount, except to the extent such are represented by the Escrowed Securities, shall always be maintained on deposit in the Escrow Fund by the Escrow Agent and a special account evidencing such facts shall at all times be maintained on the books of the Escrow Agent.

SECTION 7: Escrow Fund Collections/Payments. The Escrow Agent shall from time to time collect and receive the principal of and interest on the Escrowed Securities as they respectively mature and become due and credit the same to the Escrow Fund. On or before each principal and/or interest payment date or redemption date, as the case may be, for the Refunded Obligations shown in **Exhibit A** attached hereto, the Escrow Agent, without further direction from anyone, including the City, shall cause to be withdrawn from the Escrow Fund the amount required to pay the accrued interest on the Refunded Obligations due and payable on said payment date and the principal of the Refunded Obligations due and payable on said payment date or redemption date, as the case may be, and the amount withdrawn from the Escrow Fund shall be immediately transmitted and deposited with the paying agent for the Refunded Obligations to be paid with such amount. The paying agent for the Refunded Obligations is the Escrow Agent.

If any Refunded Obligation shall not be presented for payment when the principal thereof or interest thereon shall have become due, and if cash shall at such times be held by the Escrow Agent in trust for that purpose sufficient and available to pay the principal of such Refunded Obligation and interest thereon it shall be the duty of the Escrow Agent to hold said cash without liability to the holder of such Refunded Obligation for interest thereon after such maturity or redemption date, in trust for the benefit of the holder of such Refunded Obligation, who shall thereafter be restricted exclusively to said cash for any claim of whatever nature on his part on or with respect to said Refunded Obligation, including for any claim for the payment thereof and interest thereon. All cash required by the provisions hereof to be set aside or held in trust for the payment of the Refunded Obligations, including interest thereon, shall be applied to and used solely for the payment of the Refunded Obligations and interest thereon with respect to which such cash has been so set aside in trust.

Subject to the provisions of the last sentence of Section 25 hereof, cash held by the Escrow Agent in trust for the payment and discharge of any of the Refunded Obligations and interest thereon which remains unclaimed for a period of three (3) years after the stated maturity date or redemption date of such Refunded Obligations shall be returned to the City. Notwithstanding the above and foregoing, any remittance of funds from the Escrow Agent to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

SECTION 8: Disposal of Refunded Obligations. All Refunded Obligations cancelled on account of payment by the Escrow Agent shall be cremated or otherwise destroyed by the Escrow Agent as paying agent for the Refunded Obligations, and an appropriate certificate of destruction furnished to the City.

SECTION 9: Escrow Fund Encumbrance. The escrow created hereby shall be irrevocable and the holders of the Refunded Obligations shall have an express lien on all moneys and Escrowed Securities in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

Unless disbursed in payment of the Refunded Obligations, all funds and the Escrowed Securities received by the Escrow Agent for the account of the City hereunder shall be and remain the property of the Escrow Fund and the City and the owners of the Refunded Obligations shall be entitled to a preferred claim and shall have a first lien upon such funds and Escrowed Securities enjoyed by a trust beneficiary. The funds and Escrowed Securities received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the City and the Escrow Agent and the City shall have no right or title with respect thereto, except as otherwise provided herein. Such funds and Escrowed Securities shall not be subject to checks or drafts drawn by the City.

SECTION 10: Absence of Claim/Lien on Escrow Fund. The Escrow Agent shall have no lien whatsoever upon any of the moneys or Escrowed Securities in the Escrow Fund for payment of services rendered hereunder, services rendered as paying agent/registrar for the Refunded Obligations, or for any costs or expenses incurred hereunder and reimbursable from the City.

SECTION 11: Substitution/Reinvestments. The Escrow Agent shall be authorized to accept initially and temporarily cash and/or substituted Governmental Securities pending the delivery of the Escrowed Securities identified in the Exhibit B attached hereto, or shall be authorized to redeem the Escrowed Securities and reinvest the proceeds thereof, together with other moneys held in the Escrow Fund in Governmental Securities, provided such early redemption and reinvestment of proceeds does not change the repayment schedule of the Refunded Obligations appearing in **Exhibit A** and the Escrow Agent receives the following:

(1) an opinion by an independent certified public accountant to the effect that (i) the initial and/or temporary substitution of cash and/or securities for one or more of the Escrowed Securities identified in Exhibit B pending the receipt and delivery thereof to the Escrow Agent or (ii) the redemption of one or more of the Escrowed Securities and the reinvestment of such funds in one or more substituted Governmental Securities, together with the interest thereon and other available moneys then held in the Escrow Fund, will, in either case, be sufficient without reinvestment to pay, as the same become due in accordance with Exhibit A, the principal of, and interest on, the Refunded Obligations which have not previously been paid, and

(2) with respect to an early redemption of Escrowed Securities and the reinvestment of the proceeds thereof, an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such investment will not cause interest on the Bonds or Refunded Obligations to be included in the gross income for federal income tax purposes, under the Code and related regulations as in effect on the date of such investment, or otherwise make the interest on the Bonds or the Refunded Obligations subject to Federal income taxation and (b) such reinvestment complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations and the Bonds.

(b) If on the date and in the amount shown in Exhibit C attached hereto there exists cash in the Escrow Fund, the Escrow Agent and the City agree at least fifteen (15) days prior to such date, to subscribe for the purchase of United States Treasury Securities - State and Local Government Series (SLGS) bearing zero interest (0%) and on such date, in the amount and scheduled to mature as provided in Exhibit C and subscription forms prepared therefor as may be then required by the United States Department of the Treasury; provided that the then existing

rules and regulations and policy of United States Department of the Treasury permit and authorize such investments. Should the policy, rules and regulations of the United States Department of Treasury not permit or authorize the purchase of such SLGS at such time or times, such cash balance or balances shall remain uninvested and held in trust for the benefit of the holders of the Refunded Obligations and used for the payment of the Refunded Obligations on the dates and in the amount such moneys would have been expended had such SLGS been acquired and matured.

SECTION 12: Restriction Re: Escrow Fund Investments/ Re-investment. Except as provided in Section 11 hereof, moneys in the Escrow Fund will be invested only in the Escrowed Securities listed in Exhibit B and neither the City nor the Escrow Agent shall reinvest any moneys deposited in the Escrow Fund except as specifically provided by this Agreement.

SECTION 13: Excess Funds. If at any time through redemption or cancellation of the Refunded Obligations there exists or will exist excesses of interest on or maturing principal of the Escrowed Securities in excess of the amounts necessary hereunder for the Refunded Obligations, the Escrow Agent may transfer such excess amounts to or on the order of the City, provided that the City delivers to the Escrow Agent the following:

(1) an opinion by an independent certified public accountant that after the transfer of such excess, the principal amount of securities in the Escrow Fund, together with the interest thereon and other available monies then held in the Escrow Fund, will be sufficient to pay, as the same become due, in accordance with Exhibit A, the principal of, and interest on, the Refunded Obligations which have not previously been paid, and

(2) an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such transfer will not cause interest on the Bonds or the Refunded Obligations to be included in gross income for federal income tax purposes, under the Code and related regulations as in effect on the date of such transfer, or otherwise make the interest on the Bonds or the Refunded Obligations subject to Federal income taxation, and (b) such transfer complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations or the Bonds.

SECTION 14: Collateralization. The Escrow Agent shall continuously secure the monies in the Escrow Fund not invested in Escrowed Securities by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America 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.

SECTION 15: Absence of Escrow Agent's Liability Re: Investments. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made in the Escrowed Securities or substitute securities as provided in Section 11 hereof.

SECTION 16: Escrow Agent's Compensation - Escrow Administration Settlement of Paying Agents' Charges. The City agrees to pay the Escrow Agent for the performance of services hereunder and as reimbursement for anticipated expenses to be incurred hereunder the amount of \$500 and, except for reimbursement of costs and expenses incurred by the Escrow Agent pursuant to Sections 3, 11, and 19 hereof, the Escrow Agent hereby agrees said amount is full and complete payment for the administration of this Agreement.

The City also agrees to deposit with the Escrow Agent on the effective date of this Agreement, the sum of \$600, which represents the total charges due the Escrow Agent as paying agent for the Refunded Obligations. The Escrow Agent hereby agrees to pay, assume and be fully responsible for any additional charges that it may incur in the performance of its duties and responsibilities as paying agent for the Refunded Obligations.

SECTION 17: Escrow Agent's Duties/Responsibilities/Liability. The Escrow Agent shall not be responsible for any recital herein, except with respect to its organization and its powers and authority. As to the existence or nonexistence of any fact relating to the City or as to the sufficiency or validity of any instrument, paper or proceedings relating to the City, the Escrow Agent shall be entitled to rely upon a certificate signed on behalf of the City by its City Secretary or Finance Director of the City as sufficient evidence of the facts therein contained. The Escrow Agent may accept a certificate of the City Secretary under the City's seal, to the effect that a resolution or other instrument in the form therein set forth has been adopted by the City Council of the City, as conclusive evidence that such resolution or other instrument has been duly adopted and is in full force and effect.

The duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Agreement and the Escrow Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent.

In the absence of bad faith on the part of the Escrow Agent, the Escrow Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Escrow Agent, conforming to the requirements of this Agreement; but notwithstanding any provision of this Agreement to the contrary, in the case of any such certificate or opinion or any evidence which by any provision hereof is specifically required to be furnished to the Escrow Agent, the Escrow Agent shall be under a duty to examine the same to determine whether it conforms to the requirements of this Agreement.

The Escrow Agent shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Escrow Agent unless it shall be proven that the Escrow Agent was negligent in ascertaining or acting upon the pertinent facts.

The Escrow Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in aggregate principal amount of all said Refunded Obligations at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Escrow Agent not in conflict with the intent and purpose of this Agreement. For the purposes of determining whether the holders of the required principal amount of said Refunded Obligations have concurred in any such direction, Refunded Obligations owned by any obligor upon the Refunded Obligations, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such obligor, shall be disregarded, except that for the purposes of determining whether the Escrow Agent shall be protected in relying on any such direction only Refunded Obligations which the Escrow Agent actually knows are so owned shall be so disregarded unless all Refunded Obligations are so owned.

The term "Responsible Officers" of the Escrow Agent, as used in this Agreement, shall mean and include the Chairman of the Board of Directors, the President, any Vice President and any Second Vice President, the Secretary and any Assistant Secretary, the Treasurer and any

Assistant Treasurer, and every other officer and assistant officer of the Escrow Agent customarily performing functions similar to those performed by the persons who at the time shall be officers, respectively, or to whom any corporate trust matter is referred, because of his knowledge of and familiarity with a particular subject; and the term "Responsible Officer" of the Escrow Agent, as used in this Agreement, shall mean and include any of said officers or persons.

The Escrow Agent may consult with "independent legal counsel" (such term does not include an attorney who is an employee of the Escrow Agent) and the Escrow Agent shall be entitled to conclusively rely on such advice of such independent legal counsel in good faith. Such advice or opinion of independent legal counsel, relied upon in good faith, shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it in accordance with such advice. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through its agents or attorneys and may in all cases pay reasonable compensation to any agent or attorney retained or employed by it in connection therewith. The Escrow Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, written investment direction, statement, instrument, opinion, notice or other paper or document believed by it to be genuine and to have been signed or presented by the proper party. The Escrow Agent need not investigate any fact or matter stated in the document. None of the provisions of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder.

To the extent permitted by law, the City shall indemnify, defend and hold harmless the Escrow Agent and its officers, directors, employees, representatives and agents, from and against and reimburse the Escrow Agent for any and all claims, obligations, liabilities, losses, damages, actions, suits, judgments, reasonable costs and expenses (including reasonable attorneys' and agents' fees and expenses) of whatever kind or nature regardless of their merit, demanded, asserted or claimed against the Escrow Agent directly or indirectly relating to, or arising from, claims against the Escrow Agent by reason of its participation in the transactions contemplated hereby, except to the extent caused by the Escrow Agent's negligence or willful misconduct. The foregoing indemnity shall survive the termination of this Agreement or the earlier resignation or removal of the Escrow Agent.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

SECTION 18: Limitation Re: Escrow Agent's Duties/Responsibilities/Liabilities to Third Parties. The Escrow Agent shall not be responsible or liable to any person in any manner whatever for the sufficiency, correctness, genuineness, effectiveness, or validity of this Agreement with respect to the City, or for the identity or authority of any person making or executing this Agreement for and on behalf of the City. The Escrow Agent is authorized by the City to rely upon the representations of the City with respect to this Agreement and the deposits made pursuant hereto and as to the City's right and power to execute and deliver this Agreement, and the Escrow Agent shall not be liable in any manner as a result of such reliance. The duty of

the Escrow Agent hereunder shall only be to the City and the holders of the Refunded Obligations. Neither the City nor the Escrow Agent shall assign or attempt to assign or transfer any interest hereunder or any portion of any such interest; provided, however, that such assignment or transfer by the Escrow Agent shall be permitted if such assignment or transfer is due to a merger, consolidation, conversion, or business sale of the Escrow Agent as described in the last paragraph of Section 17 hereof. Any such assignment or attempted assignment shall be in direct conflict with this Agreement and be without effect.

SECTION 19: Interpleader. In the event conflicting demands or notices are made upon the Escrow Agent growing out of or relating to this Agreement or the Escrow Agent in good faith is in doubt as to what action should be taken hereunder, the Escrow Agent shall have the right at its election to:

(a) Withhold and stop all further proceedings in, and performance of, this Agreement with respect to the issue in question and of all instructions received hereunder in regard to such issue; and

(b) File a suit in interpleader and obtain an order from a court of appropriate jurisdiction in the State of Texas requiring all persons involved to interplead and litigate in such court their several claims and rights among themselves.

In the event the Escrow Agent becomes involved in litigation in connection with this Section, the City to the extent permitted by law agrees to indemnify and save the Escrow Agent harmless from all loss, cost, damages, expenses and attorney fees suffered or incurred by the Escrow Agent as a result thereof. The obligations of the Escrow Agent under this Agreement shall be performable at the corporate office of the Escrow Agent in the City of Plano, Texas. To the extent permitted by law, and subject to any applicable statutes of limitation, the foregoing indemnification shall survive the resignation or removal of the Escrow Agent or the termination of this Agreement.

The Escrow Agent may advise with legal counsel in the event of any dispute or question regarding the construction of any of the provisions hereof or its duties hereunder, and in the absence of negligence or bad faith on the part of the Escrow Agent, no liability shall be incurred by the Escrow Agent for any action taken pursuant to this Section and the Escrow Agent shall be fully protected in acting in accordance with the opinion and instructions of legal counsel that is knowledgeable and has expertise in the field of law addressed in any such legal opinion or with respect to the instructions given.

SECTION 20: Accounting - Report. Following the final payment and redemption of the Refunded Obligations, the Escrow Agent shall forward by letter to the City, to the attention of the Finance Director, or other designated official of the City, a final accounting with respect to the Escrowed Securities and the payment and discharge of the Refunded Obligations.

SECTION 21: Notices. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed as follows:

CITY OF GARLAND, TEXAS
200 North Fifth Street
Garland, Texas 75040
Attention: Finance Director

Zions Bancorporation, National Association, Amegy Bank Division
1801 Main Street, Suite 850
Houston, Texas 77002
Attention: Corporate Trust Department

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery.

Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

SECTION 22: Performance Date. Whenever under the terms of this Agreement the performance date of any provision hereof, including the date of maturity of interest on or principal of the Refunded Obligations, shall be a Sunday or a legal holiday or a day on which the Escrow Agent is authorized by law to close, then the performance thereof, including the payment of principal of and interest on the Refunded Obligations, need not be made on such date but may be performed or paid, as the case may be, on the next succeeding business day of the Escrow Agent with the same force and effect as if made on the date of performance or payment and with respect to a payment, no interest shall accrue for the period after such date.

SECTION 23: Warranty of Parties Re: Power to Execute and Deliver Escrow Agreement. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in any and every said Refunded Obligation as executed, authenticated and delivered and in all proceedings pertaining thereto as said Refunded Obligations shall have been modified as provided in this Agreement. The City covenants that it is duly authorized under the Constitution and laws of the State of Texas to execute and deliver this Agreement, that all actions on its part for the payment of said Refunded Obligations as provided herein and the execution and delivery of this Agreement have been duly and effectively taken and that said Refunded Obligations and coupons in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the City according to the import thereof as provided in this Agreement.

SECTION 24: Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the parties to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement. In the event any covenant or agreement contained in this Agreement is declared to be severable from the other provisions of this Agreement, written notice of such event shall immediately be given to each national rating service (Moody's Investors Service, Standard & Poor's Corporation or Fitch Investors Service) which has rated the Refunded Obligations on the basis of this Agreement.

SECTION 25: Termination. This Agreement shall terminate when the Refunded Obligations, including interest due thereon, have been paid and discharged in accordance with the provisions of this Agreement. If any Refunded Obligations are not presented for payment when due and payable, the nonpayment thereof shall not prevent the termination of this Agreement. Funds for the payment of any nonpresented Refunded Obligations and accrued interest thereon shall upon termination of this Agreement be held by the Escrow Agent for such purpose in accordance with Section 7 hereof. Any moneys or Escrowed Securities held in the Escrow Fund at termination and not needed for the payment of the principal of or interest on any of the Refunded Obligations shall be paid or transferred to the City.

SECTION 26: Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

SECTION 27: Successors/Assigns.

(a) Should the Escrow Agent not be able to legally serve or perform the duties and obligations under this Agreement, or should the Escrow Agent be declared to be insolvent or closed for any reason by federal or state regulatory authorities or a court of competent jurisdiction, the City, upon being notified or discovering the Escrow Agent's inability or disqualification to serve hereunder, shall forthwith appoint a successor to replace the Escrow Agent, and upon being notified of such appointment, the Escrow Agent shall (i) transfer all funds and securities held hereunder, together with all books, records and accounts relating to the Escrow Fund and the Refunded Obligations, to such successor and (ii) assign all rights, duties and obligations under this Agreement to such successor. If the City should fail to appoint such a successor within sixty (60) days from the date the City discovers, or is notified of, the event or circumstance causing the Escrow Agent's inability or disqualification to serve hereunder, the Escrow Agent, or a bondholder of the Refunded Obligations, may apply, at the expense of the City, to a court of competent jurisdiction to appoint a successor or assigns of the Escrow Agent and such court, upon determining the Escrow Agent is unable to continue to serve, shall appoint a successor to serve under this Agreement and the amount of compensation, if any, to be paid to such successor for the remainder of the term of this Agreement for services to be rendered both for administering the Escrow Fund and for paying agent duties and responsibilities for the Refunded Obligations.

(b) Furthermore, the Escrow Agent may resign and be discharged from performing its duties and responsibilities under this Agreement upon notifying the City in writing of its intention to resign and requesting the City to appoint a successor. No such resignation shall take effect until a successor has been appointed by the City and such successor has accepted such appointment and agreed to perform all duties and obligations hereunder for a total compensation equal to the unearned proportional amount paid the Escrow Agent under Section 16 hereof for the administration of this Agreement and the unearned proportional amount of the paying agents fees for the Refunded Obligations due the Escrow Agent. If the City does not make such appointment within sixty (60) days of the date that such resignation notice is sent to the City, the Escrow Agent shall be entitled to petition of a court of competent jurisdiction for the appointment of a successor.

Any successor to the Escrow Agent shall be a bank, trust company or other financial institution that is duly qualified under applicable law (the Act, or other appropriate statute) to serve as escrow agent hereunder and authorized and empowered to perform the duties and obligations contemplated by this Agreement and organized and doing business under the laws of the United States or the State of Texas, having an office and place of business in the State of Texas, having a combined capital and surplus of at least \$50,000,000 and be subject to the supervision or examination by Federal or State authority.

Any successor or assigns to the Escrow Agent shall execute, acknowledge and deliver to the City and the Escrow Agent, or its successor or assigns, an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor, subject to the terms of this Agreement, all the rights, powers and trusts created and established and to be performed under this Agreement. Upon the request of any such successor Escrow Agent, the City shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights,

powers and duties. The term "Escrow Agent" as used herein shall be the Escrow Agent and its legal assigns and successor hereunder.

SECTION 28: Escrow Agreement - Amendment/Modification. This Agreement shall be binding upon the City and the Escrow Agent and their respective successors and legal representatives and shall inure solely to the benefit of the holders of the Refunded Obligations, the City, the Escrow Agent and their respective successors and legal representatives. Furthermore, no alteration, amendment or modification of any provision of this Agreement (1) shall alter the firm financial arrangements made for the payment of the Refunded Bonds or (2) shall be effective unless (i) prior written consent of such alteration, amendment or modification shall have been obtained from the holders of all Refunded Obligations outstanding at the time of such alteration, amendment or modification and (ii) such alteration, amendment or modification is in writing and signed by the parties hereto; provided, however, the City and the Escrow Agent may, without the consent of the holders of the Refunded Obligations, amend or modify the terms and provisions of this Agreement to cure in a manner not materially adverse to the holders of the Refunded Obligations as evidenced by an opinion of counsel delivered to the Escrow Agent any ambiguity, formal defect or omission in this Agreement. If the parties hereto agree to any amendment or modification to this Agreement, prior written notice of such amendment or proposed modification, together with the legal documents amending or modifying this Agreement, shall be furnished to each national rating service (Standard & Poor's Corporation, Moody's Investors Service or Fitch Investors Service) which has rated the Refunded Obligations on the basis of this Agreement, prior to such amendment or modification being executed.

SECTION 29: No Boycott of Israel. The Escrow Agent 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 Escrow Agent understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

SECTION 30: Contracts With Companies Engaged in Business With Iran, Sudan or Foreign Terrorist Organizations Prohibited. The Escrow Agent 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 Escrow Agent 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 Escrow Agent understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

SECTION 31: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 32: Executed Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 33: Governing Law. This Agreement shall be governed by the laws of the State of Texas and shall be effective as of the date of the delivery of the Bonds.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

[signature page to Escrow Agreement – signatures continue on next page]

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION, as Escrow Agent

Title: _____
Amegy Bank Division

ATTEST:

Title: _____

[signature page to Escrow Agreement]

EXHIBIT A

DEBT SERVICE REQUIREMENTS FOR REFUNDED OBLIGATIONS

City of Garland, Texas, Water and Sewer System Revenue Bonds, Series 2010

City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, Series 2011A

EXHIBIT B
DESCRIPTION OF ESCROWED SECURITIES
SLGS

EXHIBIT C
ZERO REINVESTMENTS

None.



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

9.

Meeting Date: 11/05/2019

Item Title: Bond Refunding – Electric Utility System Commercial Paper Notes and Revenue Refunding Bonds

Submitted By: Matt Watson, Finance Director

Summary of Request/Problem

At the September 16, 2019 Work Session, the City Council considered authorizing the refunding of approximately \$41 million of Electric Utility System Commercial Paper Notes, Series 2018, approximately \$8 million of Electric Utility System Revenue Refunding Bonds, Series 2011A, and approximately \$114 million of Combination Tax and Electric Utility System Revenue Refunding Bonds, Series 2010 with Electric System Revenue Refunding Bonds, Series 2019A. The purpose of this transaction is to refund a portion of variable rate commercial paper notes with fixed rate long-term debt and to generate savings in debt service.

Recommendation/Action Requested and Justification

Approve the sale of Electric Utility System Revenue Refunding Bonds, Series 2019A.

Attachments

DRAFT - Bond Ordinance

ORDINANCE NO. _____

AN ORDINANCE authorizing the issuance of "CITY OF GARLAND, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, NEW SERIES 2019A", pledging the net revenues of the City's electric utility system to the payment of the principal of and interest on said bonds; specifying the terms and conditions of such bonds; resolving other matters incident and related to the issuance, payment, security, sale and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement, an Escrow Agreement and a Purchase Agreement; and the approval and distribution of a Preliminary Official Statement and an Official Statement; and providing an effective date.

WHEREAS, the City Council (the "Council") of the City of Garland, Texas (the "City") has heretofore issued, sold, and delivered, and there is currently outstanding, obligations of the following issues or series, to wit (collectively, the "Refunded Bonds"):

"City of Garland, Texas, Combination Tax and Electric Utility System Revenue Refunding Bonds, Series 2010" dated March 1, 2010, scheduled to mature on February 15 in each of the years 2021 through 2030, inclusive, and aggregating in the principal amount of \$113,950,000 (the "Series 2010 Refunded Bonds"); and

"City of Garland, Texas, Electric Utility System Revenue Bonds, Series 2011A" dated November 1, 2011, scheduled to mature on March 1 in each of the years 2021 through 2024, inclusive, and aggregating in the principal amount of \$7,545,000 (the "Series 2011A Refunded Bonds");

WHEREAS, the City Council of the City, in accordance with the provisions of Texas Government Code, Chapter 1371, has heretofore authorized by ordinance and provided for the issuance of "City of Garland, Texas Electric Utility System Commercial Paper Notes, Series 2018" (the "Commercial Paper Notes") in an aggregate principal amount not to exceed \$80,000,000 for the purpose of financing additions, improvements and extensions to the City's Electric Utility System (the "System");

WHEREAS, the Council hereby finds and determines \$_____,000,000 in principal amount of the Commercial Paper Notes should be refunded and refinanced into long term obligations at this time (such Commercial Paper Notes being hereinafter collectively referred to as the "Refunded CP Notes") for the purpose of replacing such Refunded CP Notes with long-term fixed rate debt, and further finds and determines that the issuance of the bonds herein authorized is in the best interests of the City and that the manner in which the refunding of the Refunded CP Notes is being executed does not make it practicable to make the determination required by Texas Government Code, Section 1207.008(a)(2) in connection with the Refunded CP Notes;

WHEREAS, pursuant to the provisions of Texas Government Code, Chapter 1207, as amended, the Council is authorized to issue refunding bonds and deposit the proceeds of sale directly with the places of payment for the Refunded Bonds and the Refunded CP Notes, as appropriate, or other authorized depository, and such deposits, when made in accordance with said statutes, and ordinances authorizing the issuance of the Refunded Bonds and the Refunded

CP Notes, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds and the Refunded CP Notes;

WHEREAS, the bonds to be issued pursuant to the terms and provisions of this Ordinance will be secured by a lien on and a pledge of the net revenues of the System, which is subordinate to the pledge of and lien on such net revenues associated with the Prior Lien Bonds (as hereinafter defined);

WHEREAS, the Council hereby finds and determines that the Refunded Bonds should be refunded at this time, and the refunding of the Refunded Bonds will result in the City saving approximately \$_____ in debt service payments on such indebtedness and further provide a net present value savings of approximately \$_____; and

WHEREAS, the Council finds and determines that it is in the best interest of the City and its inhabitants to proceed with the issuance of bonds to provide funds for the purposes hereinafter specified; now, therefore,

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

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 \$_____ to be designated and bear the title "CITY OF GARLAND, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, NEW SERIES 2019A" (the "Bonds"), for the purpose of refunding certain outstanding obligations payable from revenues of the City's Electric Utility System (identified in the preamble hereof as the "Refunded Bonds" and the "Refunded CP Notes") and paying costs of issuance, all in conformity with the Constitution and laws of the State of Texas, including Texas Government Code, Chapter 1207, as amended.

SECTION 2. Fully Registered Obligations - Authorized Denominations - Stated Maturities - Interest Maximum Rate - Bond Date. The Bonds shall be in fully registered form, without coupons; dated December 1, 2019 (the "Bond Date"); shall be in denominations of \$5,000 or integral multiples thereof; and shall become due and payable on March 1 in each of the years in the principal amounts (the "Stated Maturities") and bear interest at the per annum rate(s) in accordance with the following schedule:

<u>Year of Stated Maturity</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		

<u>Year of Stated Maturity</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2044		
2045		
2046		
2047		
2048		
2049		
2050		

The Bonds shall bear interest on the unpaid principal amounts from the date of initial delivery of the Bonds at the rate(s) per annum shown above in this Section (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on March 1 and September 1 of each year commencing September 1, 2020, until maturity or prior redemption.

SECTION 3. Payment of the Bonds - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity or otherwise, shall be payable only to the registered owners or holders of the Bonds (hereinafter called the "Holders") appearing on the books and records relating to the registration, payment, exchange and transfer of the Bonds (the "Security Register") maintained by the Paying Agent/Registrar, and the payment thereof 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, and shall be without exchange or collection charges to the Holders.

The selection and appointment of Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, to serve as Paying Agent/Registrar for the Bonds is hereby approved and confirmed. The Security Register shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, all as provided herein, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement", substantially in the form attached hereto as **Exhibit A** and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor and City Secretary are hereby authorized to execute and deliver the Paying Agent/Registrar Agreement in connection with the delivery of the Bonds. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated offices, initially in Salt Lake City, Utah, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid to the Holders whose names appear in the Security Register at the close of business on the Record Date (the fifteenth (15th) day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent by first class United States mail, postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer 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 Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a non-payment of interest on one or more maturities on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment for such maturity or maturities (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder of such maturity or maturities 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) Optional Redemption. The City reserves the right and option to redeem the Bonds maturing on and after March 1, 2030, in whole or in part, before their respective scheduled maturity dates, on March 1, 2029, or on any date thereafter at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest from the most recent interest payment date on which interest has been paid or duly provided for to the date fixed for redemption.

At least forty-five (45) days prior to an optional redemption date for the Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to optionally redeem Bonds, the principal amount of each Stated Maturity to be optionally redeemed, and the date of redemption therefor. The decision of the City to exercise the right to optionally redeem Bonds shall be entered in the minutes of the governing body of the City.

(b) [Mandatory Redemption]. The Bonds maturing on March 1 in each of the years 20__ and 20__ (collectively, the "Term Bonds") are subject to mandatory redemption on the dates and in the principal amounts shown below at a price of par plus accrued interest to the date of redemption:

<u>Term Bonds Due March 1, 20__</u>		<u>Term Bonds Due March 1, 20__</u>	
<u>Redemption Date</u>	<u>Principal Amount (\$)</u>	<u>Redemption Date</u>	<u>Principal Amount (\$)</u>
March 1, 20__		March 1, 20__	

March 1, 20__
March 1, 20__
March 1, 20__
March 1, 20__*

March 1, 20__
March 1, 20__
March 1, 20__
March 1, 20__*

*maturity

Approximately forty-five (45) days prior to each mandatory redemption date for the Term Bonds, the Paying Agent/Registrar shall select by lot the numbers of the Term Bonds within the applicable Stated Maturity to be redeemed on the next following March 1 from moneys set aside for that purpose in the Bond Fund (as hereinafter defined). Any Term Bond not selected for prior redemption shall be paid on the date of their Stated Maturity.

The principal amount of the Term Bonds for a Stated Maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Term Bonds of like Stated Maturity which, at least fifty (50) days prior to the mandatory redemption date, (1) 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 (2) shall have been redeemed pursuant to the optional redemption provisions set forth in paragraph(a) of this Section and not theretofore credited against a mandatory redemption requirement.】

(c) 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 treat such Bonds as representing the number of Bonds Outstanding, which is obtained by dividing the principal amount of such Bonds by \$5,000, and shall select the Bonds to be redeemed within such Stated Maturity by lot.

(d) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, 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.

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 Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Bond is subject by its terms to prior redemption and has been called for redemption and notice of redemption thereof has been duly given as hereinabove provided, such Bond (or the principal amount thereof to be redeemed) shall become due and payable and interest thereon shall cease to accrue from and after the redemption date therefor; provided moneys sufficient for the payment of such Bond

(or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

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

SECTION 5. Registration - Transfer - Exchange of Bonds - Predecessor Bonds. A Security Register relating to the registration, payment, and transfer or exchange of the Bonds shall at all times be kept and maintained by the City at the Designated Payment/Transfer Office of the Paying Agent/Registrar, as provided herein and in accordance with the provisions of an agreement with the Paying Agent/Registrar and such rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each Holder of the Bonds issued under and pursuant to the provisions of this Ordinance, 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 of any Bond (other than the Initial Bond(s) referenced in Section 8 hereof) for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bond(s) referenced in Section 8 hereof) may be exchanged for other Bonds 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 Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds to the Holder requesting the exchange.

All Bonds issued in any transfer or exchange of Bonds shall be delivered to the Holders at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States Mail, first class, postage prepaid to the Holders, and, upon the registration and delivery thereof, the same shall be the valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Bonds surrendered in 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 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 obligation to pay evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered, and delivered in lieu thereof pursuant to the provisions of Section 31 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange to an assignee of the owner of the Bonds any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption of such Bond; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered Holder of the unredeemed balance of a Bond called for redemption in part.

SECTION 6. Book-Entry-Only Transfers and Transactions. Notwithstanding the provisions contained in this Ordinance relating to the payment and transfer/exchange of the Bonds, the City hereby approves and authorizes the use of the "Book-Entry-Only" securities clearance, settlement, and transfer system provided by The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York ("DTC"), in accordance with the requirements and procedures identified in the DTC Operational Arrangements memorandum, as amended, the Blanket Issuer Letter of Representations, by and between the City and DTC, and the Letter of Representations from the Paying Agent/Registrar to DTC (collectively, the "Depository Agreement") relating to the Bonds.

Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC who shall hold said Bonds for its participants (the "DTC Participants"). While the Bonds are held by DTC under the Depository Agreement, the Holder of the Bonds on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Bond (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the City covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 3, 4 and 5 hereof.

If, at any time, DTC ceases to hold the Bonds as securities depository, all references herein to DTC shall be of no further force or effect.

SECTION 7. Execution - Registration. The Bonds shall be executed on behalf of the City by the Mayor under its seal reproduced or impressed thereon and countersigned by the City

Secretary. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the Bond Date shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Texas Government Code, Chapter 1201, as amended.

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 9(c), manually executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 9(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate upon any Bond duly signed shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered, and delivered.

SECTION 8. Initial Bond(s). The Bonds herein authorized shall be initially issued either (i) as a single fully registered bond in the aggregate principal amount stated in Section 1 hereof with principal installments to become due and payable as provided in Section 2 hereof and numbered T-1, or (ii) as multiple fully registered bonds, being one bond for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Bond(s) shall be the Bond(s) 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 initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates 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 initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 9. Form of Bonds.

(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 identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends in the event the Bonds, or any maturities thereof, are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Bonds as evidenced by their execution. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The definitive Bonds and the Initial Bond(s) shall be printed, lithographed, engraved, typewritten, photocopied or otherwise reproduced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof.

(b) Form of Definitive Bonds.

REGISTERED
NO. ____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF GARLAND, TEXAS
ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND
NEW SERIES 2019A

Bond Date: December 1, 2019 Stated Maturity: _____ Interest Rate: _____ % CUSIP No.: _____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Garland (the "City"), in the State of Texas, for value received, hereby promises to pay to the Registered Owner named above (the "Holder") or its registered assigns, solely from the revenues hereinafter identified, on the Stated Maturity specified above, the Principal Amount hereinabove stated (or so much thereof as shall not have been paid upon prior redemption), and to pay interest on such unpaid principal amount from the later of the date of initial delivery of the Bonds or the most recent interest payment date to which interest has been paid or duly provided for, semiannually on March 1 and September 1 in each year, commencing September 1, 2020, until maturity or prior redemption, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30 day months. The principal of this Bond is payable upon presentation and surrender of this Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. The interest payable on any interest payment date will be paid 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" for such interest, which shall be the fifteenth (15th) day of the month next preceding such interest payment date. If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized by law or executive order to close, and payment on such date shall have the same force and effect as if made on the original date payment was due. All such payments may be made by the Paying Agent/Registrar by check dated as of the interest payment date and mailed to such Holder at the address appearing in the register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar, requested in writing by, and at the risk and expense of, the Holder hereof. All payments of principal of, premium, if any, and interest on this Bond shall be made 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, without exchange or collection charges to the Holder of this Bond.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$_____ (herein referred to as the "Bonds") for the purpose of refunding certain outstanding obligations payable from revenues of the City's Electric Utility System (identified and defined in the Ordinance hereinafter referenced) and paying costs of issuance, all under and in strict conformity with the Constitution and laws of the State of Texas, including Texas Government Code, Chapter 1207, as amended, and an Ordinance adopted by the governing body of the City (herein referred to as the "Ordinance").

[The Bonds maturing on March 1 in each of the years 20__ and 20__ (collectively, the "Term Bonds") are subject to mandatory redemption prior to maturity with funds on deposit in the Interest and Sinking Fund established and maintained for the payment thereof in the Ordinance, and shall be redeemed in part prior to maturity at the price of par and accrued interest thereon to the date of redemption, and without premium, on the dates and in the principal amounts as follows:

<u>Term Bonds Due March 1, 20__</u>		<u>Term Bonds Due March 1, 20__</u>	
<u>Redemption Date</u>	<u>Principal Amount (\$)</u>	<u>Redemption Date</u>	<u>Principal Amount (\$)</u>
March 1, 20__		March 1, 20__	
March 1, 20__		March 1, 20__	
March 1, 20__		March 1, 20__	
March 1, 20__		March 1, 20__	
March 1, 20__*		March 1, 20__*	

*maturity

The particular Term Bonds of a stated maturity to be redeemed on each redemption date shall be chosen by lot by the Paying Agent/Registrar; provided, however, that the principal amount of Term Bonds for a stated maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Term Bonds of like stated maturity which, at least fifty (50) days prior to the mandatory redemption date, (1) 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 (2) shall have been redeemed pursuant to the optional redemption provisions appearing below and not theretofore credited against a mandatory redemption requirement.】

The Bonds maturing on and after March 1, 2030, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on March 1, 2029, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

At least thirty days prior to the date fixed for any redemption of Bonds, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of each Bond to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinance. If a Bond (or any portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor; provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

In the event a portion of the principal amount of a Bond is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum thereof will be issued to the registered owner, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the registered owner within 45 days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Bond redeemed in part.

With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

The Bonds constitute special obligations of the City and, together any Additional Bonds, if issued, are payable solely from and equally secured by a lien on and pledge of the Net Revenues of the System, such lien and pledge, however, being junior and subordinate to the lien on and pledge of such Net Revenues of the System to the payment and security of the Prior Lien Bonds (as defined in the Ordinance). The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the System, except with respect to the Net Revenues.

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

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

As provided in the Ordinance, no additional obligations will be authorized or issued on a parity with the outstanding Prior Lien Bonds; and the Bonds, together with additional obligations hereafter issued on a parity therewith, will become obligations equally secured by a first lien on and pledge of the Net Revenues of the System at such time as the principal of and interest on the Prior Lien Bonds have been fully paid or provision for the payment of said Prior Lien Bonds has been made in accordance with applicable law.

It is hereby certified and recited that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of the Bonds to render the same lawful and valid have been properly done, have happened and have been performed in regular and due time, form and manner as required by

the Constitution and laws of the State of Texas and the Ordinance; that the Bonds do not exceed any constitutional or statutory limitation; and that provision has been made for the payment of the principal of and interest on the Bonds by irrevocably pledging the Net Revenues of the System, as hereinabove recited.

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

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

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

In case any provision in this Bond or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. This Bond shall be construed in accordance with and shall be governed by the laws of the State of Texas.

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

Mayor

COUNTERSIGNED

City Secretary

(City Seal)

(c) Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Bond(s) only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

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 further that this Bond has been 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)

(d) Form of Certificate of Paying Agent/Registrar to appear on Definitive Bonds only.

CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been duly issued and registered 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.

The designated offices of the Paying Agent/Registrar in Salt Lake City, Utah is the "Designated Payment/Transfer Office" for this Bond.

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

Dated: _____

By: _____
Authorized Signatory
Amegy Bank Division

(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: _____

Signature guaranteed:

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

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

Heading and first paragraph shall read as follows:

REGISTERED
NO. T-1

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF GARLAND, TEXAS
ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND
NEW SERIES 2019A

Bond Date: December 1, 2019

Registered Owner: GOLDMAN SACHS

Principal Amount: _____ MILLION ____ HUNDRED ____ THOUSAND DOLLARS

The City of Garland, Texas (hereinafter referred to as the "City"), for value received, hereby promises to pay to the Registered Owner named above (the "Holder") or the registered assigns thereof, solely from the revenues hereinafter identified, on March 1 in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL INSTALLMENTS (\$)</u>	<u>INTEREST RATES (%)</u>
-----------------------------	--	-------------------------------

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

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on such unpaid principal amount from the later of the date of initial delivery of the Bonds or the most recent interest payment date to which interest has been paid or duly provided for, semiannually on March 1 and September 1 in each year, commencing September 1, 2020, until maturity or prior redemption, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months. The principal of this Bond is payable to the registered owner hereof by Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar"), upon its presentation and surrender, at its designated offices, initially in Salt Lake City, Utah, or, with respect to a successor paying agent/registrar, at the designated office of such successor (the "Designated Payment/Transfer Office"). The interest payable on any interest payment date will be paid 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 for such interest, which shall be the fifteenth (15th) day of the month next preceding such interest payment date. If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized by law or executive order to close, and payment on such date shall have the same force and effect as if made on the original date payment was due. All such payments may be made by the Paying Agent/Registrar by check dated as of the interest payment date and mailed to such Holder at the address appearing in the register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar, requested in writing by, and at the risk and expense of, the Holder hereof. All payments of principal of, premium, if any, and interest on this Bond shall be made 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, without exchange or collection charges to the Holder of this Bond.

SECTION 10. Definitions. For all purposes of this Ordinance and in particular for clarity with respect to the issuance of the Bonds and the pledge and appropriation of revenues therefor, the following definitions are provided:

(a) The term "Additional Bonds" shall mean the additional parity revenue obligations authorized to be issued in accordance with the terms and conditions prescribed in Section 21 hereof.

(b) The term "Annual Debt Service Requirements" shall mean, for any Fiscal Year, the principal of and interest on all Bonds Similarly Secured coming due at Maturity or Stated Maturity

(or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default by the City on such Debt, or be payable in respect of any required purchase of such Debt by the City) in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the City:

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

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

(3) Consent Sinking Fund. In the case of Balloon Debt (as defined in clause (2) above), if the City Manager or the Finance Director or a designee of either shall deliver to the City a certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (3) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule; and provided further that this clause (3) shall not apply where the City has elected to apply the rule set forth in clause (2) above;

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

deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Debt;

(5) Variable Rate.

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

(ii) Except as hereinafter provided in this subparagraph, the rate of interest on Variable Rate Obligations outstanding at the time of such calculation shall be deemed to be the lesser of (i) the then current per annum rate of interest borne by such Variable Rate Obligations or (ii) the average per annum rate of interest borne by such Variable Rate Obligations during the then immediately preceding twelve-month period; provided, however, that for any period during which (a) more than 20% of the aggregate of the Bonds Similarly Secured then Outstanding bear interest at a variable rate and (b) any Bond Similarly Secured is then insured by a Bond Insurer, the rate of interest on such Variable Rate Obligations shall be the greater of (x) the most recently announced 30-year Revenue Bond Index published by The Bond Buyer, a financial journal published, as of the date the Ordinance was adopted, in the City of New York, New York, (y) the rate of interest then in effect with respect to such Variable Rate Obligations in accordance with their terms, or (z) 1.25 times the average variable rate borne by such Variable Rate Obligations during the then immediately preceding twelve-month period;

(6) Guarantee. In the case of any guarantee, as described in clause (2) of the definition of Debt, no obligation will be counted if the City does not anticipate in its annual budget that it will make any payments on the guarantee. If however, the City is making payments on a guarantee or anticipates doing so in its annual budget, such obligation shall be treated as Parity Bonds and calculations of annual debt service requirements with respect to such guarantee shall be made assuming that the City will make all additional payments due under the guaranteed obligation. If the entity whose obligation is guaranteed cures all defaults and the City no longer anticipates making payments under the guarantee, the guaranteed obligations shall not be included in the calculation of Annual Debt Service Requirements;

(7) Commercial Paper. With respect to any Bonds Similarly Secured issued in the form of commercial paper with maturities not exceeding 270 days, the interest on such Bonds Similarly Secured shall be calculated in the manner provided in clause (5) of this

definition and the maturity schedule shall be calculated in the manner provided in clause (2) of this definition; and

(8) Credit Agreement Payments. If the City has entered into a Credit Agreement in connection with an issue of Debt, payments due under the Credit Agreement (other than payments made by the City in connection with the termination or unwinding of a Credit Agreement), from either the City or the Credit Provider, shall be included in such calculation except to the extent that the payments are already taken into account under (1) through (7) above and any payments otherwise included above under (1) through (7) which are to be replaced by payments under a Credit Agreement, from either the City or the Credit Provider, shall be excluded from such calculation.

(c) The term “Bonds” shall mean the “City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2019A,” dated December 1, 2019, authorized by this Ordinance.

(d) The term “Bonds Similarly Secured” shall mean, collectively, the Bonds, the Previously Issued Bonds and any Additional Bonds.

(e) The term “City” shall mean the City of Garland, Texas.

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

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

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

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

(j) The term “Debt” shall mean, with respect to the System, all:

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

(2) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the City, or that is in effect guaranteed, directly or indirectly, by the City through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

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

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

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

(l) The term "Gross Revenues" shall mean those revenues, income, and receipts derived or received by the City from the operation and ownership of the System, including interest income and earnings from the investment or deposit of money in any Fund created by the Ordinance or another ordinance or authorizing document associated with the Bonds or Additional Bonds or maintained by the City in connection with the System, and money transferred to the System Fund, other than those amounts subject to the payment of the United States of America as rebate pursuant to Section 148 of the Code. The term "Gross Revenues", however, does not include refundable meter deposits, restricted gifts, grants in aid of construction or "transition charges" or similar charges imposed pursuant to the Texas Utilities Code, Subchapter G of Chapter 39, as amended, or similar law imposed for the payment of "transition bonds".

(m) The term "Government Obligations", as used herein, shall mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their

acquisition or purchase by the City, 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 of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State of Texas.

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

(o) The term "Net Revenues" shall mean for any period of time the Gross Revenues of the System less the Operation and Maintenance Expenses incurred during such period.

(p) The term "New Series 2018 Bonds" shall mean the "City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2018," dated May 15, 2018.

(q) The term "Operation and Maintenance Expense" means the expenses of operation and maintenance of the System, including all salaries, labor, material, repairs, and extensions necessary to render efficient service, provided, however, that only such repairs and extensions, as in the judgment of the City, reasonably and fairly exercised by the passage of appropriate ordinances are necessary to render adequate service, or such as might be necessary to meet some physical accident or condition which would otherwise impair any Bonds Similarly Secured. Operation and Maintenance Expenses shall include the purchase of power. Depreciation shall not be considered as an expense of operation and maintenance.

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

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

(2) those Bonds or Bonds Similarly Secured for which payment has been duly provided by the City in accordance with the provisions of Section 39 hereof by the irrevocable deposit with the Paying Agent/Registrar of money or Government Obligations, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds or Bonds Similarly Secured are to be redeemed, notice of redemption thereof shall have been duly given pursuant to the ordinance authorizing the issuance of such Bonds or Bonds Similarly Secured or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived; and

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

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

(t) The term “Paying Agent/Registrar” shall mean the person or entity designated as such pursuant to Section 3 of this Ordinance.

(u) The term “Previously Issued Bonds” includes (i) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2014, dated June 1, 2014, (ii) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2015, dated February 1, 2015, (iii) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2016A, dated November 15, 2016, (iv) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2016B, dated November 15, 2016, (v) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2018, dated May 15, 2018 and (vi) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2019, dated February 15, 2019.

(v) The term “Prior Lien Bonds” includes (i) “City of Garland, Texas, Electric Utility System Revenue Bonds, Series 2011,” dated June 15, 2011, (ii) “City of Garland, Texas Electric Utility System Revenue Refunding Bonds, Series 2011A,” dated November 1, 2011 (the 2021-2024 maturities to be refunded by the Bonds) and (iii) “City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, Series 2013” dated May 1, 2013.

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

(x) The term “System” shall mean the City’s Electric Utility System, including all present and future extensions, additions, replacements and improvements thereto.

(y) The term “Term of Issue” shall mean, with respect to any Balloon Debt, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or (ii) thirty (30) years.

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

The City reserves the right to establish accounts within the Bond Fund for the payment of obligations, including specifically obligations incurred under a Credit Agreement or a Variable Rate Obligation; that is declared to be a Bond Similarly Secured in the ordinance authorizing the execution of such Credit Agreement or such Variable Rate Obligation.

SECTION 11. Pledge of Revenues. The City hereby covenants and agrees that, subject only to the prior lien on and pledge of the Net Revenues of the System to the payment and security of the Prior Lien Bonds (including the establishment and maintenance of the special funds created for the payment and security thereof) under the terms and conditions of the ordinances and proceedings pertaining to their authorization, the Net Revenues of the System, with the exception of those in excess of the amounts required for the payment and security of the Outstanding Bonds Similarly Secured, are hereby irrevocably pledged to the payment and security of the Outstanding

Bonds Similarly Secured, including the maintenance of the special funds herein created in connection with the issuance of the Bonds, all as hereinafter provided, and it is hereby ordained that the Bonds Similarly Secured, and the interest thereon, shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the System and be valid and binding without any filing or recording except for the filing of this Ordinance in the records of the City.

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

SECTION 12. Rates and Charges. The City hereby covenants and agrees with the Holders of the Bonds that rates and charges for electric utility services afforded by the System will be established and maintained to provide Gross Revenues, including the money transferred to the System Fund for the sole purpose of compliance with this Section 12, sufficient at all times to:

- (a) Pay for all operation, maintenance, depreciation, replacement, and betterment charges of said System;
- (b) Maintain the Bond Fund;
- (c) Maintain the Reserve Fund at the Required Reserve Amount; and
- (d) Pay all other outstanding indebtedness against said System as and when the same becomes due.

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

- (a) City of Garland, Texas Electric Utility System Fund, hereinafter called the "System Fund," which Fund is kept and maintained at a depository bank of the City.
- (b) City of Garland, Texas New Series Electric Utility System Interest and Sinking Fund, hereinafter called the "Bond Fund," which Bond Fund is hereby declared to be the combined interest and sinking fund created for the payment of principal of and interest on any Outstanding Bonds Similarly Secured, and the same shall continue to be a single fund for the payment of principal of and interest on such Outstanding Bonds Similarly Secured. The Bond Fund shall be kept and maintained at a City depository, as custodian of the pledged revenues, and moneys

deposited therein shall be used solely for the purpose of paying the principal of and interest on the Outstanding Bonds Similarly Secured when and as the same become due and payable.

(c) City of Garland, Texas New Series Electric Utility System Revenue Reserve Fund, hereinafter called the "Reserve Fund," which Reserve Fund, if required to be established and maintained as set forth herein or as set forth in an ordinance of the City relating to the issuance of Additional Bonds, shall be kept and maintained at a City depository, and moneys or instruments or any combination of both deposited in the Reserve Fund shall be used to pay principal of and interest on any Outstanding Bonds Similarly Secured falling due at any time when there is insufficient money available in the Bond Fund for such purpose.

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

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

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

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

SECTION 16. Reserve Fund. (a) Establishment. A Reserve Fund shall not be required to be established or maintained by the City for the payment of the Bonds or any other Bonds

Similarly Secured so long as the Net Revenues of the System for a Fiscal Year equal or exceed one hundred fifty per cent (150%) of the annual debt service requirements of Bonds Similarly Secured due and payable in such Fiscal Year. If for any Fiscal Year such Net Revenues do not exceed 150% of the annual debt service requirements of the Bonds Similarly Secured, the City shall be obligated to establish and maintain on the books of the City a separate fund or account designated as the Reserve Fund. Upon being established and except as provided below, the amount on deposit to the credit of the Reserve Fund shall be maintained for the benefit of the owners of the Bonds Similarly Secured. The amounts deposited to the credit of the Reserve Fund shall be in a special fund maintained at a depository of the City. Monies or investments held in the Reserve Fund shall be used for the purpose of retiring the last of the Bonds Similarly Secured as they become due or paying principal of and interest on the Bonds Similarly Secured when and to the extent the amounts in the Bond Fund are insufficient for such purpose.

When a Reserve Fund is required to be established as noted above and while the same is required to be maintained, the Required Reserve Amount to be accumulated and maintained in such Fund shall be determined and re-determined as follows:

- (1) ten per cent (10%) of the average annual debt service requirement for all Bonds Similarly Secured if the Net Revenues for the previous Fiscal Year were less than 150% of the annual debt service requirement for such Fiscal Year;
- (2) twenty per cent (20%) of the average annual debt service requirement for all Bonds Similarly Secured if the Net Revenues for the previous Fiscal Year were less than 140% of the annual debt service requirement for such Fiscal Year, but greater than or equal to 130% of the annual debt service requirement for such Fiscal Year;
- (3) thirty per cent (30%) of the average annual debt service requirement for all Bonds Similarly Secured then Outstanding if the Net Revenues for the previous Fiscal Year were less than 130% of the annual debt service requirement for such Fiscal Year, but greater than or equal to 120% of the annual debt service requirement for such Fiscal Year;
- (4) forty per cent (40%) of the average annual debt service requirement for all Bonds Similarly Secured if the Net Revenues for the previous Fiscal Year were less than 120% of the annual debt service requirement for such Fiscal Year, but greater than or equal to 110% of the annual debt service requirement for such Fiscal Year; and
- (5) fifty per cent (50%) of the average annual debt service requirement for all Bonds Similarly Secured if the Net Revenues for the previous Fiscal Year were less than 110% of the annual debt service requirement for such Fiscal Year.

The City shall review the amount, if any, on deposit in the Reserve Fund within thirty (30) days of the receipt of the audited financial statements applicable to the System for the preceding Fiscal Year to determine compliance with the provisions of subparagraph (i), (ii), (iii), (iv) and (v) of subsection (a) of this Section 16. If at any time the City is required to fund the Required Reserve Amount, or to increase the Required Reserve Amount, the Required Reserve Amount or increase in the Required Reserve Amount, as applicable, shall be funded as provided in subsection (b) of this Section 16 in not more than sixty (60) substantially equal consecutive monthly deposits commencing not later than the month following the receipt of audited financial statements for the System for the preceding Fiscal Year.

(b) Funding. The Required Reserve Amount shall be established and maintained with Net Revenues of the System, transfer(s) of funds from refunded obligations, proceeds of sale of Bonds Similarly Secured, or by depositing to the credit of the Reserve Fund, to the extent permitted by law, one or more surety bonds or insurance policies issued by a company or institution which at the time of such deposit has a rating in one of the two highest rating categories by two nationally recognized rating agencies or services, or any combination thereof. The City hereby covenants and agrees to accumulate in the Reserve Fund the Required Reserve Amount either by depositing, from Net Revenues, in not more than sixty (60) substantially equal monthly payments, which initial fractional payment thereof shall be made on or before the fifteenth (15th) day of the month next following the determination that additional amounts need to be accumulated in the Reserve Fund to satisfy the Required Reserve Amount or by funding the Reserve Fund in the Required Reserve Amount from funds received from the transfer of funds from refunded obligations, from proceeds of sale of Bonds Similarly Secured, or by depositing one or more surety bonds or insurance policies issued by a company or companies meeting the aforesaid criteria, or any combination of the foregoing.

Concurrently with the delivery of a series of Additional Bonds, the appropriate City officials shall determine the Required Reserve Amount as well as the amount then held in the Reserve Fund, and the amount of such difference shall be deposited in the said Reserve Fund (i) by depositing to the credit of the Reserve Fund (concurrently with the delivery of the then proposed Additional Bonds) cash or an additional surety bond or insurance policy or revised surety bond or revised insurance policy with coverage in an amount sufficient to provide for the new Required Reserve to be fully or partially funded, or (ii) at the option of the City, in not more than sixty (60) substantially equal consecutive monthly payments, cash, the initial payment to be made on or before the fifteenth (15th) day of the month next following the month in which such Additional Bonds are delivered (or 1/60th of the balance of the additional amount not deposited immediately in cash or provided by a surety bond or insurance policy).

When and so long as the cash and investments in the Reserve Fund and/or coverage afforded by a surety bond or insurance policy held for the account of the Reserve Fund total not less than 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 (or so much thereof as shall then be required to be contained therein if Additional Bonds have been issued and the City has elected to accumulate all or a portion of the Required Reserve Amount with Net Revenues), the City covenants and agrees to cause monthly deposits to be made to the Reserve Fund on or before the fifteenth (15th) day of each month (beginning the month next following the month the deficiency in the Required Reserve Amount occurred by reason of a draw on the Reserve Fund or as a result of a reduction in the market value of investments held for the account of the Reserve Fund) from Net Revenues of the System in an amount equal to either (i) one-sixtieth (1/60th) of the Required Reserve Amount until the total Required Reserve Amount then required to be maintained in said Fund has been fully restored or (ii) the amounts to pay principal of and interest on Bonds Similarly Secured held by an insurer, or evidenced by an instrument of assignment entitling an insurer to payment of principal of and interest on Bonds Similarly Secured, as a result of payments or draws made on a surety bond or insurance policy held for the account of the Reserve Fund, and such payments will result in (x) the principal of and/or interest on such Bonds Similarly Secured to be paid and (y) the restoration and replenishment of the surety bond or insurance policy coverage representing all or a portion of the Required Reserve Amount.

During such time as the Reserve Fund contains the total Required Reserve Amount, the City may, at its option, withdraw all surplus in the Reserve Fund over the Required Reserve

Amount and deposit such surplus in the System Fund. Any such amount to be withdrawn that is allocated to proceeds of Bonds Similarly Secured shall be deposited to the Bond Fund or otherwise used for only such purposes as other bond proceeds may be used.

If the Reserve Fund is required to be established as provided in (a) above, and for two consecutive Fiscal Years, the Net Revenues of the System for a Fiscal Year equal or exceed one hundred fifty per cent (150%) of the annual debt service requirements of Bonds Similarly Secured due and payable in such Fiscal Year, then the Reserve Fund does not need to be maintained and the amounts in the Reserve Fund may be deposited to the Bond Fund or otherwise used for only such purposes as other bond proceeds may be used.

SECTION 17. Deficiencies in Funds. If in any month the City shall, for any reason, fail to pay into the Bond Fund or Reserve Fund the full amounts above stipulated, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available and unallocated Net Revenues of the System for the following month or months, and such payments shall be in addition to the amounts otherwise required to be paid into said Funds during such month or months.

SECTION 18. Excess Revenues. Any Net Revenues in excess of those required to establish and maintain the special Funds as herein required may be used for any other lawful purpose.

SECTION 19. Security of Funds. All moneys deposited in the Funds referred to in this Ordinance shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and shall be used only for the purposes permitted by this Ordinance and the ordinances authorizing the issuance of other Bonds Similarly Secured.

SECTION 20. No Additional Obligations to be Issued on a Parity with the Prior Lien Bonds - Obligations of Inferior Lien and Pledge. The City will not hereafter issue any additional obligations with a lien on and pledge of the Net Revenues on a parity with the lien on and pledge of the Net Revenues associated with the Prior Lien Bonds or create or issue evidences of indebtedness for any purpose possessing a lien on the Net Revenues of the System superior to that to be possessed by the Bonds Similarly Secured. The City, however, retains the right to create and issue evidences of indebtedness whose lien on and pledge of the Net Revenues of the System shall be subordinate to that possessed by the Bonds Similarly Secured.

SECTION 21. Issuance of Additional Bonds. In addition to the right to issue obligations of inferior lien as authorized by the laws of the State of Texas, the City hereby reserves the right to issue additional parity obligations. The Additional Bonds, when issued, shall be payable from and secured by a lien on and pledge of the Net Revenues of the System in the same manner and to the same extent as the Outstanding Bonds Similarly Secured, and the Outstanding Bonds Similarly Secured and any Additional Bonds shall in all respects be of equal dignity. The Additional Bonds may be issued in one or more installments, provided, however, that none shall be issued unless and until the following conditions have been met:

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

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

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

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

(e) The ordinance authorizing the issuance of such Additional Bonds provides that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased by an additional amount not less than the applicable percentage of the average annual debt service requirements for the Bonds Similarly Secured, taking into account the proposed Additional Bonds and that such additional amount shall (i) be so accumulated within sixty (60) months from the date of the Additional Bonds by the deposit in the Reserve Fund of the necessary sums in substantially equal consecutive monthly installments; or (ii) be deposited therein transfers of lawfully available funds, proceeds of sale of Bonds Similarly Secured or depositing to the credit of the Reserve Fund one or more surety bonds or insurance policies as provided in this Ordinance; provided, however, that the aggregate amount to be accumulated in the Reserve Fund shall never be required to exceed the applicable percentage of the average annual debt service requirements for all Bonds Similarly Secured taking into account the series of Additional Bonds then proposed to be issued; and

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

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

SECTION 22. Maintenance and Operation - Insurance. The City covenants and agrees that the System shall be maintained in good condition and operated in an efficient manner and at reasonable cost. So long as any of the Bonds are Outstanding, the City agrees to maintain insurance on the System of a kind, including self-insurance by the City, and in an amount not less than, customarily carried by municipal corporations in the State of Texas engaged in a similar type of business. Nothing in this Ordinance shall be construed as requiring the City to expend any funds which are derived from sources other than the operation of the System, but nothing herein shall be construed as preventing the City from doing so.

SECTION 23. Records - Accounts - Accounting Reports.

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

(b) Expenses incurred in making the audits above referred to are to be regarded as maintenance and operating expenses of the System and paid as such. Copies of the aforesaid annual audit shall be immediately furnished to the Executive Director of the Municipal Advisory Council of Texas at his or her office in Austin, Texas, and, upon written request to the Purchasers and any subsequent Owners of the Bonds.

SECTION 24. Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in payments to be made to the Bond Fund and Reserve Fund as required by this Ordinance or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, the Holder or Holders of any Bond shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence

therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive. Notwithstanding anything in this Ordinance to the contrary, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

SECTION 25. Special Covenants. The City hereby further covenants as follows:

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

(b) That, other than for the payment of the Prior Lien Bonds, the Previously Issued Bonds and 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 that is on a parity with the pledge of the Net Revenues to Bonds Similarly Secured. The Net Revenues have been pledged to the City's Electric Utility System Commercial Paper Notes, Series 2018 (a portion of which are being discharged with proceeds of the Bonds), subject to the lien on and pledge of the Net Revenues to the Outstanding Prior Lien Bonds and the Outstanding Bonds Similarly Secured.

(c) That, as long as any of the Prior Lien Bonds and the Bonds Similarly Secured issued prior to the issuance of the New Series 2018 Bonds or any interest thereon remain Outstanding, the City will not sell or encumber the System or any substantial part thereof; provided that this shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the System; also, with the exception of the Additional Bonds expressly permitted by this Ordinance to be issued, it will not encumber the Net Revenues thereof unless such encumbrance is made subordinate to the lien on and pledge of said Net Revenues to any Prior Lien Bonds or Bonds Similarly Secured.

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

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

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 electric utility system other than that owned by the City.

SECTION 26. Bonds are Special Obligations. The Bonds are special obligations of the City payable from the pledged Net Revenues of the System, and the Holders thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

SECTION 27. Bonds are Negotiable Instruments. That each of the Bonds shall be deemed and construed to be a "security," and as such a negotiable instrument, within the meaning of Texas Business and Commerce Code, Chapter 8, as amended.

SECTION 28. Investments. Moneys in the Bond Fund and the Reserve Fund may at the option of the City be invested or reinvested from time to time in direct obligations of the United States of America, or other obligations permitted by the Texas Public Funds Investment Act, as amended.

SECTION 29. Payment of Bond. While any of the Bonds are Outstanding, the Mayor, the Finance Director and the City Secretary, individually or jointly, are hereby authorized to transfer or cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Bond Fund 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 as the same accrue or mature or come due; such transfer of funds to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds on or before the date of payment for the Bonds.

SECTION 30. Registered Owners, Notices, Waiver. The City, the Paying Agent/Registrar and any agent of either of them may treat the person in whose name any Bond is registered as the Holder of such Bond for the purpose of receiving payment of the principal of and interest on such Bond and for all other purposes whatsoever, and to the extent permitted by law, neither the City, the Paying Agent/Registrar, nor any agent of either of them shall be affected by notice to the contrary.

Wherever this Ordinance provides for notice to the Holder of a Bond 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 such Holder as it appears in the register kept by the Paying Agent/Registrar at the close of business on the business day next preceding the mailing of such notice.

In any case in which notice to the Holders of the Bonds is given by mail, neither the failure to mail such notice to any Holder of a Bond, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by any 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 of the Bond 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 31. Mutilated, Destroyed, Lost, and Stolen Bonds. (a) If (i) any mutilated Bond is surrendered to the Paying Agent/Registrar or the City or the Paying Agent/Registrar receives

evidence to its satisfaction of the destruction, loss or theft of any Bond and (ii) there is delivered to the City and the Paying Agent/Registrar such security or indemnity as may be required by the Paying Agent/Registrar to save and hold 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 of like tenor and principal amount, bearing a number not contemporaneously outstanding.

(b) 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 if it has become due and payable, or may pay such Bond when it becomes due and payable.

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

(d) 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.

(e) 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 32. Cancellation. All Bonds surrendered for payment, transfer, exchange or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled 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 cancelled by the Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be disposed of as directed by the City.

SECTION 33. 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 (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) 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 permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of the 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 (including property financed with Gross Proceeds of the Refunded Bonds and the Refunded Notes), 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 (including property financed with Gross Proceeds of the Refunded Bonds and the Refunded Notes), other than taxes of general

application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by 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 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 final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, 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 City Secretary of the Treasury on Form 8038-G or such other form and in such place as the City 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 construction fund, other appropriate fund or, if permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the Bond Fund, 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 the 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 on the Bonds not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, Finance Director, either 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.

(k) Bonds Not Hedge Bonds. (1) At the time the original obligations being refunded by the Bonds were issued, the City reasonably expected to spend at least 85% of the spendable proceeds of such obligations within three years after such obligations were issued and (2) not more than 50% of the proceeds of the original obligations being refunded by the Bonds were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

(l) Current Refunding. The Bonds are a current refunding of the Refunded Bonds and the Refunded CP Notes in that the Bonds will be issued less than 90 days before the redemption of the Refunded Bonds and the Refunded CP Notes.

SECTION 34. Sale of Bonds; Purchase Agreement and Official Statement Approval. The Bonds authorized by this Ordinance are hereby sold by the City to Goldman Sachs, Bank of America Merrill Lynch, Pierce & Fenner, Inc. and Wells Fargo Bank, National Association (collectively, the "Purchasers") in accordance with the Purchase Agreement, dated November 5,

2019, substantially in the form attached hereto as **Exhibit B** and incorporated herein by reference as a part of this Ordinance for all purposes, and the City has determined and does determine that the terms of such Purchase Agreement are in the City's best interests. The Mayor or Mayor Pro Tem are hereby authorized and directed to execute said Purchase Agreement for and on behalf of the City and as the act and deed of the Council, and in regard to the approval and execution of the Purchase Agreement, the Council hereby finds, determines, and declares that the representations, warranties, and agreements of the City contained therein are true and correct in all material respects and shall be honored and performed by the City.

Furthermore, the use 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, which reflects the terms of sale (together with such changes approved by the Mayor, Mayor Pro Tem, City Manager, Finance Director or City Secretary, 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 said final Official Statement, dated November 5, 2019, in the reoffering, sale and delivery of the Bonds to the public. The Mayor or Mayor Pro Tem and City Secretary are further authorized and directed to cause to be delivered for and on behalf of the City copies of said Official Statement in final form as may be required by the Purchasers, and such final Official Statement shall be deemed to be approved by the Council and constitute the Official Statement authorized for distribution and use by the Purchasers.

SECTION 35. Legal Opinion. The Purchasers' obligation to accept delivery of the Bonds herein authorized is subject to their being furnished a final opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel to the City, approving the Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Bonds. A true and correct reproduction of said opinion or an executed counterpart thereof shall accompany the global Bonds deposited with DTC, or a reproduction thereof may be printed on or attached to the definitive Bonds in the event the book-entry only system shall be discontinued.

SECTION 36. Proceeds of Sale. Immediately following the delivery of the Bonds, proceeds of sale (i) in the amount of \$_____ shall be deposited with U.S. Bank National Association (the current issuing and paying agent for the Refunded CP Notes) for the payment and discharge of the Refunded CP Notes and (ii) in the amount of \$_____ shall be deposited with the Escrow Agent (defined in Section 37 hereof) for the refunding of the Refunded Bonds. The balance of the proceeds of sale of the Bonds shall be expended to pay costs of issuance and any excess amount budgeted for such purpose shall be deposited in the Bond Fund.

Additionally, on or immediately prior to the date of the delivery of the Bonds, the Finance Director or other appropriate City official shall cause to be transferred in immediately available funds (1) to the paying agent/registrars for the Refunded Bonds from moneys on deposit in the interest and sinking fund maintained for the payment of the Refunded Bonds the sum of \$_____ to accomplish the refunding of the Refunded Bonds and (2) to the issuing and paying agent for the Refunded CP Notes from moneys on deposit in the note payment fund maintained for the payment of the Refunded CP Notes the sum of \$_____ to accomplish the refunding of the Refunded CP Notes. The Finance Director is further authorized to provide, from lawfully available funds of the City, any additional money necessary to fully discharge the Refunded CP Notes.

SECTION 37. Escrow Agreement Approval and Execution; Redemption of Refunded Bonds.

The Escrow Agreement (the "Escrow Agreement") by and between the City and Zions Bancorporation, National Association, Amegy Bank Division (the "Escrow Agent"), substantially in the form attached hereto as **Exhibit C** and incorporated herein by reference as a part of this Ordinance for all purposes, is hereby approved as to form and content, and such Escrow Agreement in substantially the form and substance attached hereto, together with such changes or revisions as may be necessary to accomplish the refunding or benefit the City, is hereby authorized to be executed by the Mayor and City Secretary for and on behalf of the City and as the act and deed of this City Council; and such Escrow Agreement as executed by said officials shall be deemed approved by the City Council and constitute the Escrow Agreement herein approved.

Furthermore, appropriate officials of the City in cooperation with the Escrow Agent are hereby authorized and directed to make the necessary arrangements on the day of delivery of the Bonds to the Underwriters for the purchase of any federal securities referenced in the Escrow Agreement and the delivery thereof to the Escrow Agent and for deposit of certain proceeds of sale of the Bonds and any federal securities to the credit of the "SPECIAL 2019A CITY OF GARLAND, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND ESCROW FUND" (the "Escrow Fund"), including the execution of subscription forms for the purchase and issuance of any "United States Treasury Securities State and Local Government Series"; all as contemplated and provided in Texas Government Code, Chapter 1207, as amended, this Ordinance and the Escrow Agreement.

The Series 2010 Refunded Bonds shall be redeemed and the same are hereby called for redemption on February 15, 2020, at the price of par and accrued interest to the date of redemption. The City Secretary is hereby authorized and directed to file a copy of this Ordinance, together with a suggested form of notice of redemption to be sent to holders of the Series 2010 Refunded Bonds, with Zions Bancorporation, National Association, Amegy Bank Division (the current paying agent/registrar for the Series 2010 Refunded Bonds and successor to The Bank of New York Mellon Trust Company, N.A.), in accordance with the redemption provisions applicable to such obligations; such suggested form of notice of redemption being substantially in the form attached hereto as **Exhibit D** and incorporated herein by reference as a part of this Ordinance for all purposes.

The Series 2011A Refunded Bonds shall be redeemed and the same are hereby called for redemption on March 1, 2020, at the price of par and accrued interest to the date of redemption. The City Secretary is hereby authorized and directed to file a copy of this Ordinance, together with a suggested form of notice of redemption to be sent to holders of the Series 2010 Refunded Bonds, with Zions Bancorporation, National Association, Amegy Bank Division (the current paying agent/registrar for the Series 2011A Refunded Bonds and successor to The Bank of New York Mellon Trust Company, N.A.), in accordance with the redemption provisions applicable to such obligations; such suggested form of notice of redemption being substantially in the form attached hereto as **Exhibit E** and incorporated herein by reference as a part of this Ordinance for all purposes.

The redemption of the Refunded Bonds described above being associated with the refunding of such Refunded Bonds, the approval, authorization and arrangements herein given and provided for the redemption of such Refunded Bonds on the redemption date designated therefor and in the manner provided shall be irrevocable upon the issuance and delivery of the

Bonds; and the City Secretary is hereby authorized and directed to make all arrangements necessary to notify the holders of such Refunded Bonds of the City's decision to redeem such Refunded Bonds on the date and in the manner herein provided and in accordance with the ordinances and related pricing certificate authorizing the issuance of such Refunded Bonds and this Ordinance.

SECTION 38. CUSIP Numbers. CUSIP numbers may be printed on the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect in regard to the legality thereof and neither the City nor attorneys approving the Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

SECTION 39. Payment and Discharge. (a) If the City shall pay or cause to be paid or there shall otherwise be paid to the Holders of the Bonds, 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 Net Revenues of the System under this Ordinance and all covenants, agreements and other obligations of the City to the Holders of the Bonds shall thereupon cease, terminate, and become void and be discharged and satisfied.

(b) Bonds or any principal amount thereof and interest installments for which money shall have been set aside in full payment to maturity thereof and held in trust by the Paying Agent/Registrar (through deposit by the City of funds for such payment) shall be deemed to have been paid within the meaning and with the effect expressed above in this Section. All Outstanding Bonds shall be deemed to have been paid, prior to their stated maturity within the meaning and with the effect expressed above in this Section if there shall have been deposited with the Paying Agent/Registrar or an authorized escrow agent either money in an amount which shall be sufficient, or Government Obligations which have been certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to pay when due the principal of, premium, if any, and interest to become due on such Bonds on and prior to the stated maturity. The City covenants that no deposit of moneys 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 Internal Revenue Code of 1986, as amended, or any regulations or published rulings adopted pursuant thereto. Neither Government Obligations nor moneys deposited with the Paying Agent/Registrar or an escrow agent pursuant to this Section, nor principal or interest payments on any such Government Obligations, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on the Bonds. Any cash received from such principal of and interest on such Government Obligations deposited with the Paying Agent/Registrar or such escrow agent, if not needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations (which may be non-interest bearing) maturing at times and in amounts sufficient to pay when due the principal of, premium, if any, and interest on such Bonds on and prior to the stated maturity thereof, and interest earned from such reinvestments shall be paid over to the City as received by the Paying Agent/Registrar or escrow agent, free and clear of any trust, lien or pledge. Any payment for Government Obligations purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Government Obligations.

(c) At such time as all of the Bonds are retired, or provision is made for their payment, money in the Bond Fund, if any, held for the payment of the Bonds may be used by the City for any lawful purpose, provided that any money held by the Paying Agent/Registrar which has been

provided for the payment of interest or principal and not so utilized for any reason shall continue to be held by the Paying Agent/Registrar for a period of four calendar years, and if not claimed subject to the applicable escheat or similar laws, the same shall be returned to the City.

SECTION 40. Ordinance a Contract; Amendments. This Ordinance shall constitute a contract with the Holder of any Bond from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section and in Section 42 hereof. The City, may, without the consent of or notice to any Holders of Bonds, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders of any Bond, including the curing of any ambiguity, inconsistency or formal defect or omission herein. In addition, the City may, with the written consent of the Holders of Bonds owning a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition or rescission shall (a) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (b) give any preference to any Bond over any other Bond or (c) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition or rescission.

SECTION 41. Control and Custody of Bonds. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending the delivery of the Bonds, and shall take and have charge and control of the Initial Bond(s) pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchasers.

SECTION 42. Continuing Disclosure Undertaking.

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

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

“MSRB” means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports. The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year, beginning in or after 2018, financial information and operating data with respect to the City of the general type included in Tables 1 through 10 in the Official Statement and (2) within twelve months after the end of each fiscal year ending in or after 2018, audited financial statements of the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in Appendix B to the Official Statement, or such other accounting principles as the City may be required to employ from time to time

pursuant to state law or regulation, and 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 audited financial statements are not available by the required time, the City will file unaudited financial statements within such twelve-month period and audited financial statements when and if such audited financial statements become available.

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

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC.

(c) Notice of Certain Events. The City shall provide 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;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

For these purposes, (a) 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 and (b) the City intends the words used in the immediately preceding paragraphs (15) and (16) in this Section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

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

(d) Filings with the MSRB. All financial information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) 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 the notice required by subsection (c) of this Section of any Bond calls and defeasance that cause the City to be no longer such an “obligated person.”

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 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.

Notwithstanding anything herein to the contrary, 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 provisions of this Section 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 Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 43. Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar, and the 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, the Paying Agent/Registrar, and the Holders.

SECTION 44. 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 45. Effect of Headings. The Section headings herein are for convenience of reference only and shall not affect the construction hereof.

SECTION 46. Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance or the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 47. Incorporation of Findings and Determinations. The findings and determinations of this Council contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

SECTION 48. Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders.

SECTION 49. Further Procedures. Any one or more of the Mayor, Mayor Pro Tem, City Manager, Finance Director and City Secretary are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the issuance, sale and delivery of the Bonds. In addition, prior to the delivery of the Bonds, the Mayor, Mayor Pro Tem, City Manager, Finance Director or Bond Counsel to the City are each hereby authorized and directed to approve any changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any ambiguity, formal defect, or omission in this Ordinance or such other document, or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Bonds by the Attorney General. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 50. 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 Texas Government Code, Chapter 551, as amended.

SECTION 51. Effective Date. This Ordinance shall take effect and be in full force from and after its adoption on the date shown below in accordance with Texas Government Code, Section 1201.028, as amended.

[remainder of page intentionally left blank]

PASSED AND ADOPTED this November 5, 2019.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

(City Seal)

EXHIBIT A

PAYING AGENT/REGISTRAR AGREEMENT

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT is entered into as of November 5, 2019 (this "Agreement"), by and between Zions Bancorporation, National Association, Amegy Bank Division, a national banking association organized and existing under the laws of the United States of America and authorized to transact business in the State of Texas (the "Bank") and the City of Garland, Texas (the "Issuer").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "City of Garland, Texas Electric Utility System Revenue Refunding Bonds, New Series 2019A" (the "Securities"), dated December 1, 2019, such Securities scheduled to be delivered to the initial purchasers thereof on or about December 3, 2019; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

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 serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the "Authorizing Document" (hereinafter defined). The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the "Authorizing Document".

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

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 attached hereto; provided however, notwithstanding anything herein or in Annex A to the contrary, the aggregate value of this agreement shall not exceed the dollar limitation set forth in Section 2270.002(a)(2) of the Texas Government Code, as amended.

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:

“Acceleration Date” on any Security means the date, if any, 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 pursuant to the terms of the Security.

“Authorizing Document” means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, as the same may be amended or modified, including any pricing certificate related thereto, certified by the secretary or any other officer of the Issuer and delivered to the Bank.

“Bank Office” means the designated office of the Bank at the address shown in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

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

“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 purposes 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 Authorizing Document).

“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 Authorizing Document.

“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, the Cashier, any Assistant Cashier, 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.

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

“Stated Maturity” means the date specified in the Authorizing Document the principal of a Security is scheduled to be due and payable.

Section 2.02 Other Definitions. The terms “Bank,” “Issuer,” and “Securities (Security)” have the meanings assigned to them in the recital paragraphs of this Agreement.

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

ARTICLE THREE PAYING AGENT

Section 3.01 Duties of Paying Agent. As Paying Agent, the Bank shall pay, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the following address:

Zions Bancorporation, National Association, Amegy Bank Division
One South Main Street, 17th Floor
Salt Lake City, UT 84133

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, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Securities (or their Predecessor Securities) on the Record Date (as defined in the Authorizing Document). All payments of principal and/or interest on the Securities to the registered owners shall be accomplished (1) by the issuance of checks, payable to the registered owners, drawn on the paying agent account provided in Section 5.05 hereof, sent by United States mail, first class, postage prepaid, to the address appearing on the Security Register or (2) by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder’s risk and expense.

Section 3.02 Payment Dates. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Authorizing Document.

ARTICLE FOUR REGISTRAR

Section 4.01 Security Register – Transfers and Exchanges. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office and at the Bank’s office shown on the signature page hereof books and records (herein sometimes referred to as the “Security Register”) for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be

reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges and replacements of Securities shall be noted in the Security Register.

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, such written instrument to be in a form satisfactory to the Bank, and duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank 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 will 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 cancelled in an 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 Securities. The Issuer shall provide additional Securities when needed to facilitate transfers or exchanges thereof. The Bank covenants that such additional Securities, if and when provided, will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03 Form of Security Register. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities 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 Security 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 the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained 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 contents 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 court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register, provided the Bank is not prohibited from providing such notice.

Section 4.05 Return of Cancelled Securities. The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, all Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06 Mutilated, Destroyed, Lost or Stolen Securities. The Issuer hereby instructs the Bank, subject to the provisions of the Authorizing Document, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

In case any Security shall be mutilated, destroyed, lost or stolen, the Bank may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such mutilated, destroyed lost or stolen Security, only upon the approval of the Issuer and after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

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, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE THE BANK

Section 5.01 Duties of Bank. The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

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.

(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.

(g) 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 or letter as prepared by the Issuer, Issuer's financial advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum or letter acknowledged by the Issuer, the Issuer's financial advisor or other agent as the final closing memorandum or letter. 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 5.03 Recitals of Issuer. The recitals contained herein with respect to the Issuer 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.

Section 5.05 Moneys Held by Bank - Paying Agent Account/Collateralization. A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of moneys received from the Issuer under this Agreement 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 both the laws of the State of Texas and the laws of the United States of America 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. Payments made from such paying agent account shall be made by check drawn on such account unless the owner of the Securities shall, at its own expense and risk, request an alternative method of payment.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal of, 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, as amended. The Bank shall have no liability by virtue of actions taken in compliance with this provision.

The Bank is not obligated to pay interest on any money received by it under this Agreement.

This Agreement relates solely to money deposited for the purposes described herein, and the parties agree that the Bank may serve as depository for other funds of the Issuer, act as trustee under indentures authorizing other bond transactions of the Issuer, or act in any other capacity not in conflict with its duties hereunder.

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank 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 against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the state and county where the administrative office of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement 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 any interest herein.

Section 5.08 DTC Services. 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, and in the event the Bank has the capability to comply with the "Operational Arrangements", which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls, the Bank will comply with the "Operational Arrangements"

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 hereto.

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 pages hereof.

Section 6.04 Effect of Headings. The Article and Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 6.05 Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06 Severability. In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07 Merger, Conversion, Consolidation, or Succession. Any corporation or association into which the Bank may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank as Paying Agent under this Agreement without the execution or filing of any paper or any further act on the part of either parties hereto.

Section 6.08 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 6.09 Entire Agreement. This Agreement and the Authorizing Document constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Authorizing Document, the Authorizing Document shall govern.

Section 6.10 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 6.11 Termination. This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. However, if the Issuer fails to appoint a successor Paying Agent/Registrar within a reasonable time, the Bank may petition a court of competent jurisdiction within the State of Texas to appoint a successor. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with the 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 6.12 Contracts With Companies Engaged in Business With Iran, Sudan or Foreign Terrorist Organizations Prohibited. 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.

[Remainder of page left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION

By: _____

Title: _____
Amegy Bank Division

Attest:

Address: 1801 Main Street, Suite 1190
Houston, Texas 77002

Title: _____

*[signature page to Paying Agent/Registrar Agreement -
City of Garland, Texas Electric Utility System Revenue Refunding Bonds, New Series 2019A]*

CITY OF GARLAND, TEXAS

By: _____
Mayor

Address: 200 North Fifth Street
Garland, Texas 75040

Attest:

City Secretary

*[signature page to Paying Agent/Registrar Agreement -
City of Garland, Texas Electric Utility System Revenue Refunding Bonds, New Series 2019A]*

ANNEX A
TO PAYING AGENT/REGISTRAR AGREEMENT

BANK'S FEES AND CHARGES

EXHIBIT B
PURCHASE AGREEMENT

EXHIBIT C
ESCROW AGREEMENT

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Agreement"), made and entered into as of November 5, 2019, by and between the City of Garland, Texas (the "City"), and Zions Bancorporation, National Association, Amegy Bank Division, a national banking association organized and existing under the laws of the United States of America (the "Escrow Agent"),

W I T N E S S E T H :

WHEREAS, the City Council of the City has heretofore issued, sold, and delivered and there is currently outstanding obligations of the following issue or series (hereinafter collectively referred to as the "Refunded Obligations"), to wit:

"City of Garland, Texas, Combination Tax and Electric Utility System Revenue Refunding Bonds, Series 2010" dated March 1, 2010, scheduled to mature on February 15 in each of the years 2021 through 2030, inclusive, and aggregating in the principal amount of \$113,950,000 (the "Series 2010 Refunded Bonds"); and

"City of Garland, Texas, Electric Utility System Revenue Bonds, Series 2011A" dated November 1, 2011, scheduled to mature on March 1 in each of the years 2021 through 2024, inclusive, and aggregating in the principal amount of \$7,545,000 (the "Series 2011A Refunded Bonds");

WHEREAS, in accordance with the provisions of Texas Government Code, Chapter 1207, as amended (the "Act"), the City is authorized to sell refunding bonds in an amount sufficient to provide for the payment of the Refunded Obligations, deposit the proceeds of such refunding bonds with any place of payment for the obligations being refunded, or other authorized depository, and enter into an escrow or similar agreement with such place of payment for the safekeeping, investment, reinvestment, administration and disposition of such deposit, upon such terms and conditions as the parties may agree, provided such deposits may be invested only (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and on the date of their acquisition or purchase by the City are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent (hereinafter called "Governmental Securities") that mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of the Refunded Obligations; and

WHEREAS, the Refunded Obligations are scheduled to mature, or be redeemed, and interest thereon is payable on the dates and in the manner set forth in **Exhibit A** attached hereto and incorporated herein by reference as a part of this Agreement for all purposes; and

WHEREAS, the City on November 5, 2019, pursuant to an ordinance (the "Bond Ordinance") duly passed and adopted by the City Council authorized the issuance of bonds known as "City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2019A"

(the "Bonds"), and such Bonds are being issued to refund, discharge and make final payment of the principal of and interest on the Refunded Obligations; and

WHEREAS, upon the delivery of the Bonds, the proceeds of sale, together with other available funds of the City to be deposited with the Escrow Agent, are to be used in part to purchase the Governmental Securities listed and identified in **Exhibit B** attached hereto and incorporated herein by reference as a part of this Agreement for all purposes (together with substituted securities therefor in accordance with the provisions of Section 11 hereof hereinafter referred to as the "Escrowed Securities"); and

WHEREAS, the Escrowed Securities shall be held and deposited to the credit of the "Escrow Fund" to be established and maintained by the Escrow Agent in accordance with this Agreement; and

WHEREAS, the Escrowed Securities, together with the beginning cash balance in the Escrow Fund, shall mature and the interest thereon shall be payable at such times to insure the existence of monies sufficient to pay the principal amount of the Refunded Obligations and the accrued interest thereon, as the same shall become due in accordance with the terms of the ordinances authorizing the issuance of the Refunded Obligations and as set forth in **Exhibit A** attached hereto; and

WHEREAS, the City has completed all arrangements for the purchase of the Escrowed Securities listed in **Exhibit B** and the deposit and credit of the same to the Escrow Fund as provided herein; and

WHEREAS, the Escrow Agent is a banking association organized and existing under the laws of the United States of America, possessing trust powers and is fully qualified and empowered to enter into this Agreement; and

WHEREAS, in Section 37 of the Bond Ordinance, the City Council duly approved and authorized the execution of this Agreement; and

WHEREAS, the City and the Escrow Agent, as the case may be, shall take all action necessary to call, pay, redeem and retire said Refunded Obligations in accordance with the provisions thereof, including, without limitation, all actions required by the ordinances and related Pricing Certificate authorizing the Refunded Obligations, the Act, the Bond Ordinance and this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and to secure the payment of the principal of and the interest on the Refunded Obligations as the same shall become due, the City and the Escrow Agent hereby mutually undertake, promise and agree as follows:

SECTION 1: Receipt of Refunded Obligation Ordinances and the Bond Ordinance.
Receipt of true and correct copies of the ordinances and related pricing certificates authorizing the issuance of the Refunded Obligations and the Bond Ordinance are hereby acknowledged by the Escrow Agent. Reference herein to or citation herein of any provision of said documents shall be deemed an incorporation of such provision as a part hereof in the same manner and with the same effect as if it were fully set forth herein.

SECTION 2: Escrow Fund Creation/Funding. There is hereby created by the City with the Escrow Agent a special segregated and irrevocable trust fund designated "SPECIAL 2019A CITY OF GARLAND, TEXAS, ELECTRIC REFUNDING BOND ESCROW FUND" (hereinafter called the "Escrow Fund") for the benefit of the holders of the Refunded Obligations, and, immediately following the delivery of the Bonds, the City agrees and covenants to cause to be deposited with the Escrow Agent the following:

\$_____ for the purchase of the Escrowed Securities listed in Exhibit B to be held for the account of the Escrow Fund;

\$_____ for deposit in the Escrow Fund as a beginning cash balance.

The Escrow Agent hereby accepts the Escrow Fund and further agrees to receive said moneys, apply the same as set forth herein, and to hold the cash and Escrowed Securities deposited and credited to the Escrow Fund for application and disbursement for the purposes and in the manner provided in this Agreement.

SECTION 3: Escrow Fund Sufficiency Warranty. The City hereby represents that the cash and Escrowed Securities, together with the interest to be earned thereon, deposited to the credit of the Escrow Fund will be sufficient to pay the principal of and premium and interest on the Refunded Obligations as the same shall become due and payable, and such Refunded Obligations, and the interest thereon, are to mature or be redeemed and shall be paid at the times and in the amounts set forth and identified in **Exhibit A** attached hereto.

FURTHERMORE, the Escrow Agent acknowledges receipt of a copy of the Bond Ordinance which provides for the redemption of (1) the Series 2010 Refunded Bonds on February 15, 2020 at the price of par plus accrued interest to the date of redemption and (2) the Series 2011A Refunded Bonds on March 1, 2020 at the price of par plus accrued interest to the date of redemption; all in accordance with the provisions of the notice requirements applicable to said Refunded Obligations and the notice requirements contained in the ordinances and pricing certificate(s) authorizing the issuance of the Refunded Obligations.

The Escrow Agent, as paying agent/registrar for the Refunded Obligations, agrees to cause notices of redemption pertaining to the Refunded Obligations to be sent to the registered owners thereof appearing on the registration books at least thirty (30) days prior to the redemption dates therefor.

SECTION 4: Pledge of Escrow. The Escrow Agent agrees that all cash and Escrowed Securities, together with any income or interest earned thereon, held in the Escrow Fund shall be and is hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations which will mature and become due on and after the date of this Agreement, and such funds initially deposited and to be received from maturing principal and interest on the Escrowed Securities in the Escrow Fund shall be applied solely in accordance with the provisions of this Agreement.

SECTION 5: Escrow Insufficiency-City Warranty to Cure. If, for any reason, the funds on hand in the Escrow Fund shall be insufficient to make the payments set forth in **Exhibit A** attached hereto, as the same becomes due and payable, the City shall make timely deposits to the Escrow Fund, from lawfully available funds, of additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be immediately given by the Escrow

Agent to the City by the fastest means possible, but the Escrow Agent shall in no manner be responsible for the City's failure to make such deposits.

SECTION 6: Escrow Fund Securities/Segregation. The Escrow Agent shall hold said Escrowed Securities and moneys in the Escrow Fund at all times as a special and separate trust fund for the benefit of the holders of the Refunded Obligations, wholly segregated from other moneys and securities on deposit with the Escrow Agent; shall never commingle said Escrowed Securities and moneys with other moneys or securities of the Escrow Agent; and shall hold and dispose of the assets therein only as set forth herein. Nothing herein contained shall be construed as requiring the Escrow Agent to keep the identical moneys, or any part thereof, in said Escrow Fund, if it is impractical, but moneys of an equal amount, except to the extent such are represented by the Escrowed Securities, shall always be maintained on deposit in the Escrow Fund by the Escrow Agent and a special account evidencing such facts shall at all times be maintained on the books of the Escrow Agent.

SECTION 7: Escrow Fund Collections/Payments. The Escrow Agent shall from time to time collect and receive the principal of and interest on the Escrowed Securities as they respectively mature and become due and credit the same to the Escrow Fund. On or before each principal and/or interest payment date or redemption date, as the case may be, for the Refunded Obligations shown in **Exhibit A** attached hereto, the Escrow Agent, without further direction from anyone, including the City, shall cause to be withdrawn from the Escrow Fund the amount required to pay the accrued interest on the Refunded Obligations due and payable on said payment date and the principal of the Refunded Obligations due and payable on said payment date or redemption date, as the case may be, and the amount withdrawn from the Escrow Fund shall be immediately transmitted and deposited with the paying agent for the Refunded Obligations to be paid with such amount. The paying agent for the Refunded Obligations is the Escrow Agent.

If any Refunded Obligation shall not be presented for payment when the principal thereof or interest thereon shall have become due, and if cash shall at such times be held by the Escrow Agent in trust for that purpose sufficient and available to pay the principal of such Refunded Obligation and interest thereon it shall be the duty of the Escrow Agent to hold said cash without liability to the holder of such Refunded Obligation for interest thereon after such maturity or redemption date, in trust for the benefit of the holder of such Refunded Obligation, who shall thereafter be restricted exclusively to said cash for any claim of whatever nature on his part on or with respect to said Refunded Obligation, including for any claim for the payment thereof and interest thereon. All cash required by the provisions hereof to be set aside or held in trust for the payment of the Refunded Obligations, including interest thereon, shall be applied to and used solely for the payment of the Refunded Obligations and interest thereon with respect to which such cash has been so set aside in trust.

Subject to the provisions of the last sentence of Section 25 hereof, cash held by the Escrow Agent in trust for the payment and discharge of any of the Refunded Obligations and interest thereon which remains unclaimed for a period of three (3) years after the stated maturity date or redemption date of such Refunded Obligations shall be returned to the City. Notwithstanding the above and foregoing, any remittance of funds from the Escrow Agent to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

SECTION 8: Disposal of Refunded Obligations. All Refunded Obligations cancelled on account of payment by the Escrow Agent shall be cremated or otherwise destroyed by the Escrow Agent as paying agent for the Refunded Obligations, and an appropriate certificate of destruction furnished to the City.

SECTION 9: Escrow Fund Encumbrance. The escrow created hereby shall be irrevocable and the holders of the Refunded Obligations shall have an express lien on all moneys and Escrowed Securities in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

Unless disbursed in payment of the Refunded Obligations, all funds and the Escrowed Securities received by the Escrow Agent for the account of the City hereunder shall be and remain the property of the Escrow Fund and the City and the owners of the Refunded Obligations shall be entitled to a preferred claim and shall have a first lien upon such funds and Escrowed Securities enjoyed by a trust beneficiary. The funds and Escrowed Securities received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the City and the Escrow Agent and the City shall have no right or title with respect thereto, except as otherwise provided herein. Such funds and Escrowed Securities shall not be subject to checks or drafts drawn by the City.

SECTION 10: Absence of Claim/Lien on Escrow Fund. The Escrow Agent shall have no lien whatsoever upon any of the moneys or Escrowed Securities in the Escrow Fund for payment of services rendered hereunder, services rendered as paying agent/registrar for the Refunded Obligations, or for any costs or expenses incurred hereunder and reimbursable from the City.

SECTION 11: Substitution/Reinvestments. The Escrow Agent shall be authorized to accept initially and temporarily cash and/or substituted Governmental Securities pending the delivery of the Escrowed Securities identified in the Exhibit B attached hereto, or shall be authorized to redeem the Escrowed Securities and reinvest the proceeds thereof, together with other moneys held in the Escrow Fund in Governmental Securities, provided such early redemption and reinvestment of proceeds does not change the repayment schedule of the Refunded Obligations appearing in **Exhibit A** and the Escrow Agent receives the following:

(1) an opinion by an independent certified public accountant to the effect that (i) the initial and/or temporary substitution of cash and/or securities for one or more of the Escrowed Securities identified in Exhibit B pending the receipt and delivery thereof to the Escrow Agent or (ii) the redemption of one or more of the Escrowed Securities and the reinvestment of such funds in one or more substituted Governmental Securities, together with the interest thereon and other available moneys then held in the Escrow Fund, will, in either case, be sufficient without reinvestment to pay, as the same become due in accordance with Exhibit A, the principal of, and interest on, the Refunded Obligations which have not previously been paid, and

(2) with respect to an early redemption of Escrowed Securities and the reinvestment of the proceeds thereof, an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such investment will not cause interest on the Bonds or Refunded Obligations to be included in the gross income for federal income tax purposes, under the Code and related regulations as in effect on the date of such investment, or otherwise make the interest on the Bonds or the Refunded Obligations subject to Federal income taxation and (b) such reinvestment complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations and the Bonds.

(b) If on the date and in the amount shown in Exhibit C attached hereto there exists cash in the Escrow Fund, the Escrow Agent and the City agree at least fifteen (15) days prior to such date, to subscribe for the purchase of United States Treasury Securities - State and Local Government Series (SLGS) bearing zero interest (0%) and on such date, in the amount and scheduled to mature as provided in Exhibit C and subscription forms prepared therefor as may be then required by the United States Department of the Treasury; provided that the then existing rules and regulations and policy of United States Department of the Treasury permit and authorize such investments. Should the policy, rules and regulations of the United States Department of Treasury not permit or authorize the purchase of such SLGS at such time or times, such cash balance or balances shall remain uninvested and held in trust for the benefit of the holders of the Refunded Obligations and used for the payment of the Refunded Obligations on the dates and in the amount such moneys would have been expended had such SLGS been acquired and matured.

SECTION 12: Restriction Re: Escrow Fund Investments/ Re-investment. Except as provided in Section 11 hereof, moneys in the Escrow Fund will be invested only in the Escrowed Securities listed in Exhibit B and neither the City nor the Escrow Agent shall reinvest any moneys deposited in the Escrow Fund except as specifically provided by this Agreement.

SECTION 13: Excess Funds. If at any time through redemption or cancellation of the Refunded Obligations there exists or will exist excesses of interest on or maturing principal of the Escrowed Securities in excess of the amounts necessary hereunder for the Refunded Obligations, the Escrow Agent may transfer such excess amounts to or on the order of the City, provided that the City delivers to the Escrow Agent the following:

(1) an opinion by an independent certified public accountant that after the transfer of such excess, the principal amount of securities in the Escrow Fund, together with the interest thereon and other available monies then held in the Escrow Fund, will be sufficient to pay, as the same become due, in accordance with Exhibit A, the principal of, and interest on, the Refunded Obligations which have not previously been paid, and

(2) an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such transfer will not cause interest on the Bonds or the Refunded Obligations to be included in gross income for federal income tax purposes, under the Code and related regulations as in effect on the date of such transfer, or otherwise make the interest on the Bonds or the Refunded Obligations subject to Federal income taxation, and (b) such transfer complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations or the Bonds.

SECTION 14: Collateralization. The Escrow Agent shall continuously secure the monies in the Escrow Fund not invested in Escrowed Securities by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America 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.

SECTION 15: Absence of Escrow Agent's Liability Re: Investments. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made in the Escrowed Securities or substitute securities as provided in Section 11 hereof.

SECTION 16: Escrow Agent's Compensation - Escrow Administration Settlement of Paying Agents' Charges. The City agrees to pay the Escrow Agent for the performance of services hereunder and as reimbursement for anticipated expenses to be incurred hereunder the amount of \$500 and, except for reimbursement of costs and expenses incurred by the Escrow Agent pursuant to Sections 3, 11, and 19 hereof, the Escrow Agent hereby agrees said amount is full and complete payment for the administration of this Agreement.

The City also agrees to deposit with the Escrow Agent on the effective date of this Agreement, the sum of \$600, which represents the total charges due the Escrow Agent as paying agent for the Refunded Obligations. The Escrow Agent hereby agrees to pay, assume and be fully responsible for any additional charges that it may incur in the performance of its duties and responsibilities as paying agent for the Refunded Obligations.

SECTION 17: Escrow Agent's Duties/Responsibilities/Liability. The Escrow Agent shall not be responsible for any recital herein, except with respect to its organization and its powers and authority. As to the existence or nonexistence of any fact relating to the City or as to the sufficiency or validity of any instrument, paper or proceedings relating to the City, the Escrow Agent shall be entitled to rely upon a certificate signed on behalf of the City by its City Secretary or Finance Director of the City as sufficient evidence of the facts therein contained. The Escrow Agent may accept a certificate of the City Secretary under the City's seal, to the effect that a resolution or other instrument in the form therein set forth has been adopted by the City Council of the City, as conclusive evidence that such resolution or other instrument has been duly adopted and is in full force and effect.

The duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Agreement and the Escrow Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent.

In the absence of bad faith on the part of the Escrow Agent, the Escrow Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Escrow Agent, conforming to the requirements of this Agreement; but notwithstanding any provision of this Agreement to the contrary, in the case of any such certificate or opinion or any evidence which by any provision hereof is specifically required to be furnished to the Escrow Agent, the Escrow Agent shall be under a duty to examine the same to determine whether it conforms to the requirements of this Agreement.

The Escrow Agent shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Escrow Agent unless it shall be proven that the Escrow Agent was negligent in ascertaining or acting upon the pertinent facts.

The Escrow Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in aggregate principal amount of all said Refunded Obligations at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Escrow Agent not in conflict with the intent and purpose of this Agreement. For the purposes of determining whether the holders of the required principal amount of said Refunded Obligations have concurred in any such direction, Refunded Obligations owned by any obligor upon the Refunded Obligations, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such obligor, shall be disregarded, except that for the

purposes of determining whether the Escrow Agent shall be protected in relying on any such direction only Refunded Obligations which the Escrow Agent actually knows are so owned shall be so disregarded unless all Refunded Obligations are so owned.

The term "Responsible Officers" of the Escrow Agent, as used in this Agreement, shall mean and include the Chairman of the Board of Directors, the President, any Vice President and any Second Vice President, the Secretary and any Assistant Secretary, the Treasurer and any Assistant Treasurer, and every other officer and assistant officer of the Escrow Agent customarily performing functions similar to those performed by the persons who at the time shall be officers, respectively, or to whom any corporate trust matter is referred, because of his knowledge of and familiarity with a particular subject; and the term "Responsible Officer" of the Escrow Agent, as used in this Agreement, shall mean and include any of said officers or persons.

The Escrow Agent may consult with "independent legal counsel" (such term does not include an attorney who is an employee of the Escrow Agent) and the Escrow Agent shall be entitled to conclusively rely on such advice of such independent legal counsel in good faith. Such advice or opinion of independent legal counsel, relied upon in good faith, shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it in accordance with such advice. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through its agents or attorneys and may in all cases pay reasonable compensation to any agent or attorney retained or employed by it in connection therewith. The Escrow Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, written investment direction, statement, instrument, opinion, notice or other paper or document believed by it to be genuine and to have been signed or presented by the proper party. The Escrow Agent need not investigate any fact or matter stated in the document. None of the provisions of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder.

To the extent permitted by law, the City shall indemnify, defend and hold harmless the Escrow Agent and its officers, directors, employees, representatives and agents, from and against and reimburse the Escrow Agent for any and all claims, obligations, liabilities, losses, damages, actions, suits, judgments, reasonable costs and expenses (including reasonable attorneys' and agents' fees and expenses) of whatever kind or nature regardless of their merit, demanded, asserted or claimed against the Escrow Agent directly or indirectly relating to, or arising from, claims against the Escrow Agent by reason of its participation in the transactions contemplated hereby, except to the extent caused by the Escrow Agent's negligence or willful misconduct. The foregoing indemnity shall survive the termination of this Agreement or the earlier resignation or removal of the Escrow Agent.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

SECTION 18: Limitation Re: Escrow Agent's Duties/Responsibilities/Liabilities to Third Parties. The Escrow Agent shall not be responsible or liable to any person in any manner whatever for the sufficiency, correctness, genuineness, effectiveness, or validity of this Agreement with respect to the City, or for the identity or authority of any person making or executing this Agreement for and on behalf of the City. The Escrow Agent is authorized by the City to rely upon the representations of the City with respect to this Agreement and the deposits made pursuant hereto and as to the City's right and power to execute and deliver this Agreement, and the Escrow Agent shall not be liable in any manner as a result of such reliance. The duty of the Escrow Agent hereunder shall only be to the City and the holders of the Refunded Obligations. Neither the City nor the Escrow Agent shall assign or attempt to assign or transfer any interest hereunder or any portion of any such interest; provided, however, that such assignment or transfer by the Escrow Agent shall be permitted if such assignment or transfer is due to a merger, consolidation, conversion, or business sale of the Escrow Agent as described in the last paragraph of Section 17 hereof. Any such assignment or attempted assignment shall be in direct conflict with this Agreement and be without effect.

SECTION 19: Interpleader. In the event conflicting demands or notices are made upon the Escrow Agent growing out of or relating to this Agreement or the Escrow Agent in good faith is in doubt as to what action should be taken hereunder, the Escrow Agent shall have the right at its election to:

(a) Withhold and stop all further proceedings in, and performance of, this Agreement with respect to the issue in question and of all instructions received hereunder in regard to such issue; and

(b) File a suit in interpleader and obtain an order from a court of appropriate jurisdiction in the State of Texas requiring all persons involved to interplead and litigate in such court their several claims and rights among themselves.

In the event the Escrow Agent becomes involved in litigation in connection with this Section, the City to the extent permitted by law agrees to indemnify and save the Escrow Agent harmless from all loss, cost, damages, expenses and attorney fees suffered or incurred by the Escrow Agent as a result thereof. The obligations of the Escrow Agent under this Agreement shall be performable at the corporate office of the Escrow Agent in the City of Houston, Texas. To the extent permitted by law, and subject to any applicable statutes of limitation, the foregoing indemnification shall survive the resignation or removal of the Escrow Agent or the termination of this Agreement.

The Escrow Agent may advise with legal counsel in the event of any dispute or question regarding the construction of any of the provisions hereof or its duties hereunder, and in the absence of negligence or bad faith on the part of the Escrow Agent, no liability shall be incurred by the Escrow Agent for any action taken pursuant to this Section and the Escrow Agent shall be fully protected in acting in accordance with the opinion and instructions of legal counsel that is knowledgeable and has expertise in the field of law addressed in any such legal opinion or with respect to the instructions given.

SECTION 20: Accounting - Report. Following the final payment and redemption of the Refunded Obligations, the Escrow Agent shall forward by letter to the City, to the attention of the Finance Director, or other designated official of the City, a final accounting with respect to the Escrowed Securities and the payment and discharge of the Refunded Obligations.

SECTION 21: Notices. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed as follows:

CITY OF GARLAND, TEXAS
200 North Fifth Street
Garland, Texas 75040
Attention: Finance Director

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, Amegy Bank Division
1801 Main Street, Suite 1190
Houston, Texas 77002
Attention: Corporate Trust Department

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery.

Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

SECTION 22: Performance Date. Whenever under the terms of this Agreement the performance date of any provision hereof, including the date of maturity of interest on or principal of the Refunded Obligations, shall be a Sunday or a legal holiday or a day on which the Escrow Agent is authorized by law to close, then the performance thereof, including the payment of principal of and interest on the Refunded Obligations, need not be made on such date but may be performed or paid, as the case may be, on the next succeeding business day of the Escrow Agent with the same force and effect as if made on the date of performance or payment and with respect to a payment, no interest shall accrue for the period after such date.

SECTION 23: Warranty of Parties Re: Power to Execute and Deliver Escrow Agreement. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in any and every said Refunded Obligation as executed, authenticated and delivered and in all proceedings pertaining thereto as said Refunded Obligations shall have been modified as provided in this Agreement. The City covenants that it is duly authorized under the Constitution and laws of the State of Texas to execute and deliver this Agreement, that all actions on its part for the payment of said Refunded Obligations as provided herein and the execution and delivery of this Agreement have been duly and effectively taken and that said Refunded Obligations and coupons in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the City according to the import thereof as provided in this Agreement.

SECTION 24: Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the parties to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement. In the event any covenant or agreement contained in this Agreement is declared to be severable from the other provisions of this Agreement, written notice of such event shall immediately be given to each national rating service (Moody's Investors Service, Standard & Poor's Corporation or Fitch Investors Service) which has rated the Refunded Obligations on the basis of this Agreement.

SECTION 25: Termination. This Agreement shall terminate when the Refunded Obligations, including interest due thereon, have been paid and discharged in accordance with the provisions of this Agreement. If any Refunded Obligations are not presented for payment when due and payable, the nonpayment thereof shall not prevent the termination of this Agreement. Funds for the payment of any nonpresented Refunded Obligations and accrued interest thereon shall upon termination of this Agreement be held by the Escrow Agent for such purpose in accordance with Section 7 hereof. Any moneys or Escrowed Securities held in the Escrow Fund at termination and not needed for the payment of the principal of or interest on any of the Refunded Obligations shall be paid or transferred to the City.

SECTION 26: Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

SECTION 27: Successors/Assigns.

(a) Should the Escrow Agent not be able to legally serve or perform the duties and obligations under this Agreement, or should the Escrow Agent be declared to be insolvent or closed for any reason by federal or state regulatory authorities or a court of competent jurisdiction, the City, upon being notified or discovering the Escrow Agent's inability or disqualification to serve hereunder, shall forthwith appoint a successor to replace the Escrow Agent, and upon being notified of such appointment, the Escrow Agent shall (i) transfer all funds and securities held hereunder, together with all books, records and accounts relating to the Escrow Fund and the Refunded Obligations, to such successor and (ii) assign all rights, duties and obligations under this Agreement to such successor. If the City should fail to appoint such a successor within sixty (60) days from the date the City discovers, or is notified of, the event or circumstance causing the Escrow Agent's inability or disqualification to serve hereunder, the Escrow Agent, or a bondholder of the Refunded Obligations, may apply, at the expense of the City, to a court of competent jurisdiction to appoint a successor or assigns of the Escrow Agent and such court, upon determining the Escrow Agent is unable to continue to serve, shall appoint a successor to serve under this Agreement and the amount of compensation, if any, to be paid to such successor for the remainder of the term of this Agreement for services to be rendered both for administering the Escrow Fund and for paying agent duties and responsibilities for the Refunded Obligations.

(b) Furthermore, the Escrow Agent may resign and be discharged from performing its duties and responsibilities under this Agreement upon notifying the City in writing of its intention to resign and requesting the City to appoint a successor. No such resignation shall take effect until a successor has been appointed by the City and such successor has accepted such appointment and agreed to perform all duties and obligations hereunder for a total compensation equal to the unearned proportional amount paid the Escrow Agent under Section 16 hereof for the administration of this Agreement and the unearned proportional amount of the paying agents fees for the Refunded Obligations due the Escrow Agent. If the City does not make such appointment within sixty (60) days of the date that such resignation notice is sent to the City, the Escrow Agent shall be entitled to petition of a court of competent jurisdiction for the appointment of a successor.

Any successor to the Escrow Agent shall be a bank, trust company or other financial institution that is duly qualified under applicable law (the Act, or other appropriate statute) to serve as escrow agent hereunder and authorized and empowered to perform the duties and obligations contemplated by this Agreement and organized and doing business under the laws of the United States or the State of Texas, having an office and place of business in the State of Texas, having

a combined capital and surplus of at least \$50,000,000 and be subject to the supervision or examination by Federal or State authority.

Any successor or assigns to the Escrow Agent shall execute, acknowledge and deliver to the City and the Escrow Agent, or its successor or assigns, an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor, subject to the terms of this Agreement, all the rights, powers and trusts created and established and to be performed under this Agreement. Upon the request of any such successor Escrow Agent, the City shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties. The term "Escrow Agent" as used herein shall be the Escrow Agent and its legal assigns and successor hereunder.

SECTION 28: Escrow Agreement - Amendment/Modification. This Agreement shall be binding upon the City and the Escrow Agent and their respective successors and legal representatives and shall inure solely to the benefit of the holders of the Refunded Obligations, the City, the Escrow Agent and their respective successors and legal representatives. Furthermore, no alteration, amendment or modification of any provision of this Agreement (1) shall alter the firm financial arrangements made for the payment of the Refunded Bonds or (2) shall be effective unless (i) prior written consent of such alteration, amendment or modification shall have been obtained from the holders of all Refunded Obligations outstanding at the time of such alteration, amendment or modification and (ii) such alteration, amendment or modification is in writing and signed by the parties hereto; provided, however, the City and the Escrow Agent may, without the consent of the holders of the Refunded Obligations, amend or modify the terms and provisions of this Agreement to cure in a manner not materially adverse to the holders of the Refunded Obligations as evidenced by an opinion of counsel delivered to the Escrow Agent any ambiguity, formal defect or omission in this Agreement. If the parties hereto agree to any amendment or modification to this Agreement, prior written notice of such amendment or proposed modification, together with the legal documents amending or modifying this Agreement, shall be furnished to each national rating service (Standard & Poor's Corporation, Moody's Investors Service or Fitch Investors Service) which has rated the Refunded Obligations on the basis of this Agreement, prior to such amendment or modification being executed.

SECTION 29: No Boycott of Israel. The Escrow Agent 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 Escrow Agent understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

SECTION 30: Contracts With Companies Engaged in Business With Iran, Sudan or Foreign Terrorist Organizations Prohibited. The Escrow Agent 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 Escrow Agent 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 Escrow Agent understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

SECTION 31: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 32: Executed Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 33: Governing Law. This Agreement shall be governed by the laws of the State of Texas and shall be effective as of the date of the delivery of the Bonds.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

*[signature page to Escrow Agreement –
City of Garland, Texas Electric Utility System Revenue Refunding Bonds, New Series 2019A]*

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION, as Escrow Agent

Title: _____
Amegy Bank Division

ATTEST:

Title: _____

[signature page to Escrow Agreement -
City of Garland, Texas Electric Utility System Revenue Refunding Bonds, New Series 2019A]

EXHIBIT A

DEBT SERVICE REQUIREMENTS FOR REFUNDED OBLIGATIONS

City of Garland, Texas, Combination Tax and Electric Utility System Revenue Refunding Bonds
Series 2010

City of Garland, Texas, Electric Utility System Revenue Bonds, Series 2011A

EXHIBIT B
DESCRIPTION OF ESCROWED SECURITIES
SLGS

EXHIBIT C
ZERO REINVESTMENTS

None.

EXHIBIT D

NOTICE OF REDEMPTION

CITY OF GARLAND, TEXAS
COMBINATION TAX AND ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS
SERIES 2010
Dated March 1, 2010

NOTICE IS HEREBY GIVEN that the bonds of the above series maturing on and after February 15, 2021, and aggregating in the principal amount of \$113,950,000, have been called for redemption on February 15, 2020 at the redemption price of par and accrued interest to the date of redemption, such bonds being identified as follows:

<u>Year of Maturity</u>	<u>Interest Rate (%)</u>	<u>Principal Amount (\$)</u>	<u>CUSIP Number</u>
2021	5.000	7,940,000	
2022	5.000	9,570,000	
2023	5.000	10,060,000	
2024	5.000	10,570,000	
2025	5.000	11,115,000	
2026	4.500	9,680,000	
2026	5.000	2,000,000	
2027	5.000	12,275,000	
2028	5.000	12,905,000	
2029	5.000	13,570,000	
2030	5.000	14,265,000	

ALL SUCH BONDS shall become due and payable on February 15, 2020 and interest thereon shall cease to accrue from and after said redemption date and payment of the redemption price of said bonds shall be paid to the registered owners of the bonds only upon presentation and surrender thereof to Zions Bancorporation, National Association, Amegy Bank Division (successor to The Bank of New York Mellon Trust Company, N.A.) at its designated offices at the following address: One South Main Street, 17th Floor, Salt Lake City, UT 84133.

THIS NOTICE is issued and given pursuant to the terms and conditions prescribed for the redemption of said bonds and pursuant to an ordinance by the City Council of the City of Garland, Texas.

Zions Bancorporation, National Association, Amegy Bank Division
1801 Main Street, Suite 850
Houston, Texas 77002

EXHIBIT E

NOTICE OF REDEMPTION

CITY OF GARLAND, TEXAS
ELECTRIC UTILITY SYSTEM REVENUE BONDS
SERIES 2011A
Dated November 1, 2011

NOTICE IS HEREBY GIVEN that the bonds of the above series maturing on and after March 1, 2021, and aggregating in the principal amount of \$7,545,000, have been called for redemption on March 1, 2020 at the redemption price of par and accrued interest to the date of redemption, such bonds being identified as follows:

<u>Year of Maturity</u>	<u>Principal Amount (\$)</u>	<u>CUSIP Number</u>
2021	2,015,000	
2022	2,115,000	
2023	2,225,000	
2024	1,190,000	

ALL SUCH BONDS shall become due and payable on March 1, 2020 and interest thereon shall cease to accrue from and after said redemption date and payment of the redemption price of said bonds shall be paid to the registered owners of the bonds only upon presentation and surrender thereof to Zions Bancorporation, National Association, Amegy Bank Division (successor to The Bank of New York Mellon Trust Company, N.A.) at its designated offices at the following address: One South Main Street, 17th Floor, Salt Lake City, UT 84133.

THIS NOTICE is issued and given pursuant to the terms and conditions prescribed for the redemption of said bonds and pursuant to an ordinance by the City Council of the City of Garland, Texas.

Zions Bancorporation, National Association, Amegy Bank Division
1801 Main Street, Suite 850
Houston, Texas 77002



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

10.

Meeting Date: 11/05/2019

Item Title: Franchise Ordinance for Atmos Energy Corporation, Mid-Tex Division

Submitted By: Brad Neighbor, City Attorney

Summary of Request/Problem

The existing franchise agreement with Atmos Energy Corporation, Mid-Tex Division will expire later this year. Council is requested to consider approving a franchise agreement with Atmos Energy for a term of twenty-five years with franchise fee payments to be made to the City quarterly. Current franchise fees are approximately \$2.1 million annually.

This item was considered by the Council at the October 21, 2019 Work Session.

Recommendation/Action Requested and Justification

Approve an agreement governing the use of public rights-of-way by Atmos Energy Corporation, Mid-Tex Division and the payment to the City of compensation for the use of such rights-of-way in the form of the ordinance as provided.

Attachments

Atmos Energy, Mid-Tex Division Franchise

DRAFT

FOR DISCUSSION PURPOSES ONLY

[This document has not been reviewed or approved by the Garland City Council]

ORDINANCE NO.

AN ORDINANCE OF THE CITY OF GARLAND, TEXAS, GRANTING TO ATMOS ENERGY CORPORATION, MID-TEX DIVISION, A TEXAS AND VIRGINIA CORPORATION, ITS SUCCESSORS AND AUTHORIZED ASSIGNS, A FRANCHISE TO FURNISH, TRANSPORT AND SUPPLY NATURAL GAS TO THE GENERAL PUBLIC IN THE CITY OF GARLAND, DALLAS COUNTY, TEXAS, TO CONSTRUCT, MAINTAIN AND OPERATE PIPELINES AND EQUIPMENT IN THE CITY OF GARLAND, DALLAS COUNTY, TEXAS, FOR THE TRANSPORTATION, DELIVERY, SALE, AND DISTRIBUTION OF NATURAL GAS IN, OUT OF AND THROUGH THE CITY FOR ALL PURPOSES; PROVIDING FOR THE PAYMENT OF A FEE OR CHARGE FOR THE USE OF THE PUBLIC RIGHTS-OF-WAYS; PROVIDING THAT SUCH FEE SHALL BE IN LIEU OF OTHER FEES AND CHARGES, GENERALLY EXCEPTING CERTAIN GENERAL AND OTHER TAXES; REPEALING ALL PREVIOUS ATMOS ENERGY GAS FRANCHISE ORDINANCES; PRESCRIBING THE TERMS, CONDITIONS, OBLIGATIONS AND LIMITATIONS UNDER WHICH SUCH FRANCHISE SHALL BE EXERCISED; PROVIDING A MOST FAVORED NATIONS CLAUSE AND A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

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

SECTION 1. GRANT OF AUTHORITY.

- A. The City of Garland, Texas, hereinafter called "City," hereby grants to Atmos Energy Corporation, Mid-Tex Division, hereinafter called "Atmos Energy," its successors and authorized assigns, consent (sometimes referred to herein as a "Franchise") to use and occupy the present and future Public Rights-of-Way, for the purpose of laying, maintaining, constructing, protecting, operating, and replacing therein and thereon Atmos Energy's System to deliver, transport and distribute natural gas in, out of, and through City for persons, firms and corporations, including all the general public, and to sell gas to persons, firms and corporations, including all the general public, within the City corporate limits, as such limits may be amended from time to time during the term of this Franchise.
- B. The consent granted hereunder shall be for a term of twenty five years ending December 31, 2039 ("expiration date"). Unless written notice of its intent to renegotiate is provided by either the City or Atmos Energy at least 60 days prior to the expiration of any term, the franchise shall be extended for up to two additional terms of five years each from the expiration date on the same terms and conditions as set forth herein.

SECTION 2. DEFINITIONS. For the purposes of this Ordinance, the following terms, phrases, words and their derivations shall have the meanings given herein. When not inconsistent with the context, words in the present tense include the future, words in the plural number include the singular number, and words in the singular number include the plural number. The word "shall" is always mandatory and not merely directory.

- A. “Affiliate” shall mean, in relation to Atmos Energy, a Person that controls, is controlled by, or is under common control with Atmos Energy. As used in this definition, the term “control” means, with respect to a Person that is a corporation, the ownership, directly or indirectly, of more than fifty (50) percent of the voting securities of such Person or, with respect to a Person that is not a corporation, the power to direct the management or policies of such Person, whether by operation of law, by contract or otherwise.
- B. “Atmos Energy” shall mean Atmos Energy Corporation, Mid-Tex Division, its successors and assigns, but does not include an Affiliate, which shall have no right or privilege granted herein except through succession or assignment in accordance with Section 17.
- C. “City” shall mean the City of Garland, Texas, a Texas home rule municipality and local governmental entity located chiefly in Dallas County, Texas.
- D. “City Manager” means City's Manager or the City Manager’s designee.
- E. “Gross Revenues” shall mean:
 - (1) all revenues received by Atmos Energy, from the sale of gas to all classes of customers (excluding gas sold to another gas utility in City for resale to its customers within City) within the corporate limits of City.
 - (2) all revenues received by Atmos Energy from the transportation of gas through the System of Atmos Energy within the City to customers located within the City (excluding gas transported to another gas utility in City for resale to its customers within City);
 - (3) the value of gas transported by Atmos Energy for Transport Customers through the System of Atmos Energy within the City (excluding the value of any gas transported to another gas utility in City for resale to its customers within City), with the value of such gas to be established by utilizing Atmos Energy’s monthly weighted average cost of gas charged to industrial customers in the Mid-Tex division, as reasonably near the time as the transportation service is performed; and
 - (4) fees collected pursuant to this Franchise, revenues billed but not ultimately collected or received by Atmos Energy, contributions in aid of construction, state gross receipts fees, and the following “miscellaneous charges”: charges to connect, disconnect or reconnect gas, and charges to handle returned checks from consumers within the City.

“Gross Revenues” shall not include:

- (a) the revenue of any affiliate or subsidiary of Atmos Energy unless such affiliate or subsidiary has been lawfully assigned the rights and has assumed the obligations of this Franchise;
 - (b) sales taxes paid to City;
 - (c) any interest or investment income earned by Atmos Energy; and
 - (d) all monies received from the lease or sale of real or personal property, provided, however, that this exclusion does not apply to the lease of facilities within the City's Public Rights-of-Way.
- F. "Person" shall mean any natural person or any association, firm, partnership, joint venture, corporation or other legally recognized entity, whether for-profit or not-for-profit, but shall not, unless the context clearly intends otherwise, include the City or any employee, agent, servant, representative or official of the City.
- G. "Public Facility" shall mean all present and future water lines, sanitary sewer lines, storm sewer lines, communications lines, irrigation lines, drainage facilities, traffic control devices, signage, street lights, municipally-owned electric facilities, and all other publicly-owned equipment, installations, facilities, and amenities under the jurisdiction and control of the City.
- H. "Public Right-of-Way" shall mean the surface of, and the space above and below a public street, road, highway, freeway, land, path, public way or place, alley, court, boulevard, parkway, drive, or other easement now or hereafter held by or under the control of the City, to which the City holds the property rights in regard to the use for the public or the utility, or that has been dedicated for use by a public utility.
- I. "System" or "System Facilities" shall mean all of Atmos Energy's pipes, pipelines, gas mains, laterals, feeders, regulators, meters, fixtures, connections, and all other appurtenant equipment used in or incident to providing delivery, transportation, distribution, supply, and sales of natural gas located in the Public Right-of-Way within the corporate limits of the City.
- J. "Transport Customer" shall mean any Person for which Atmos Energy transports gas through the System of Atmos Energy within the City's Public Rights-of-Way for delivery within the City (excluding other gas utilities in City who resell gas to their customers within the City).

**SECTION 3. CONSTRUCTION, MAINTENANCE, OPERATION AND RELOCATION OF
ATMOS ENERGY FACILITIES.**

- A. All construction and work done by Atmos Energy, and the operation of its business, under and by virtue of this Ordinance, shall be in conformance with the ordinances, rules and regulations now in force and that may hereafter be adopted or amended by City related to the use of its Public Rights-of-Way, provided such ordinances, rules and regulations are not in express conflict with this Franchise. If the Franchise

does not provide an express provision governing the use of the Public Right-of-Way, the requirements of the Code of Ordinances controls.

- B. This Franchise shall in no way affect or impair the rights, obligations or remedies of the parties under the Texas Gas Utility Regulatory Act or other state or federal law. Nothing herein shall be deemed a waiver, release or relinquishment of either party's right to contest, appeal or file suit with respect to any action or decision of the other party, including ordinances adopted by the City that Atmos Energy believes are contrary to any federal, state or local law or regulations and tariffs adopted by Atmos Energy that the City believes are contrary to any federal, state or local law or regulations.
- C. This Franchise shall control over any conflicting provisions contained within the tariff of Atmos Energy.
- D. Atmos Energy's System Facilities shall be initially constructed so as not to interfere with the existing installation, maintenance and operations of any Public Facilities, franchised utilities, or other authorized occupants of the Public Right-of-Way. Atmos Energy shall promptly clean-up, repair and restore in compliance with applicable provisions of the Garland Code of Ordinances and policies all Public Rights-of-Way which it may disturb. Atmos Energy shall maintain in good condition and repair all Public Right-of-Way and easements it occupies in the City, and shall promptly restore and repair any such Public Rights-of-Way and easements upon receipt of complaints or other communications, either verbal or written, from adjacent property owners or occupants regarding the condition of such Public Rights-of-Way and easements.
- E. Atmos Energy shall install, maintain, construct, operate and replace its System Facilities in accordance with applicable provisions of the Garland Code of Ordinances and policies to minimize interference with traffic, and shall place or cause to be placed appropriate barriers to mark excavations or obstructions, and restore to approximate original condition all Public Rights-of-Way that it may disturb. In determining the location of new Public Facilities of the City and other users' facilities within Public Right-of-Way, City shall make reasonable efforts to minimize interference with then existing facilities of Atmos Energy and shall work with Atmos Energy and other users of Public Rights-of-Way to minimize, to the extent reasonably possible, interference with existing facilities of Atmos Energy by other users of Public Rights-of-Way. In the event of a conflict between the location of the proposed System Facilities of Atmos Energy and the location of the existing facilities of City or other users of Public Rights-of-Way within Public Rights-of-Way that cannot otherwise be resolved through the parties' good faith efforts, City or an authorized agent of City shall resolve the conflict and determine the location of the respective System Facilities within the Public Rights-of-Way consistent with gas distribution industry standard safe operating practices. Facilities are deemed to be in conflict to the extent that the proposed Facilities are reasonably determined

by Atmos Energy to be inconsistent with gas distribution industry standard safe operating practices.

- F. When Atmos Energy is required by City to remove or relocate its mains, laterals and other facilities lying within Public Rights-of-Way to accommodate a request by City, it shall accomplish such work timely to avoid unnecessary delay in the work by the City. If the costs of utility removals or relocations are eligible under federal, state, county, local or other programs for reimbursement of costs and expenses incurred by Atmos Energy as a result of such removal or relocation, and such reimbursement is required to be handled through City, Atmos Energy costs and expenses shall be included in any application by City for reimbursement if Atmos Energy timely submits its cost and expense documentation to City prior to the filing of the application. City shall make all reasonable efforts to provide reasonable written notice to Atmos Energy of the deadline for Atmos Energy to submit documentation of the costs and expenses of such relocation to City in order for City to be able to submit its application for reimbursement to such program in a timely manner. Upon receipt of an amount of reimbursement intended for utility relocation including, but not limited to, gas utilities, City shall remit to Atmos Energy, within 60 days of receipt, the portion of reimbursement related to the relocation or removal of Atmos Energy's facilities.
- G. Atmos Energy's obligation to remove or relocate its mains, laterals, or other System Facilities lying within the Public Rights-of-Way for construction, improvement, or relocation of Public Facilities, shall be as provided in the Code of Ordinances of the City, as such provisions exist on the Effective Date hereof. Such removal or relocation shall be at Atmos Energy's expense unless such relocation or removal is required for the primary purpose of beautification or to accommodate a private developer. Atmos Energy shall not be required to relocate the facilities to a depth of greater than four (4) feet unless the City Engineer determines, in consultation with Atmos Energy, that the protection of public health and safety requires the relocation of the facilities at such greater depth.
- H. When Atmos Energy is required to remove or relocate its mains, laterals or other System Facilities without reimbursement from City, Atmos Energy shall have the right to seek recovery of relocation costs as provided for in applicable state and/or federal law. Nothing herein shall be construed to prohibit, alter or modify in any way the right of Atmos Energy to seek or recover a surcharge from customers for the cost of relocation pursuant to applicable state and/or federal law. City shall not oppose recovery of relocation costs when Atmos Energy is required by City to perform relocation. City shall not require that Atmos Energy document request for reimbursement as a pre-condition to recovery from customers of such relocation costs pursuant to applicable state and/or federal law. Notwithstanding the foregoing, the City shall have the right to request other project documentation to the full extent provided by state law.

I. Abandonment of Right-of-Way.

1. If the City abandons any Public Rights-of-Way in which Atmos Energy has System Facilities, and such abandonment is made for public safety reasons or in furtherance of a public project, the City shall determine whether it is appropriate to retain a public utility easement in such location for use by Atmos Energy.
2. If the City determines, in its sole reasonable discretion, that the continued use of the location by Atmos Energy is compatible with the abandonment of the Public Right-of-Way, then in consideration of the compensation set forth in Section 13, and to the maximum extent of its right to do so, City shall grant or retain, as the case may be, an easement to or for the benefit of Atmos Energy for such use, and the abandonment of the Public Right-of-Way shall be subject to the right and continued use of Amos Energy.
3. If the City determines, in its sole reasonable discretion, that it is not appropriate to retain a public utility easement at such location for Atmos Energy, Atmos Energy shall be responsible, subject to the provisions of this Section 3, for relocating its System from such abandoned Public Right-of-Way at its expense, as directed by City.
4. If Public Right-of-Way is sold, conveyed, abandoned, or surrendered by City to a third party, and such Right-of-Way then contains System Facilities, such action shall be conditioned upon Atmos Energy's right to maintain use of the former Public Right-of-Way to the extent allowed by law. If the third party requests Atmos Energy to remove or relocate its System Facilities from the former Public Right-of-Way and Atmos Energy agrees to such removal or relocation, such removal or relocation shall be done within a reasonable time at the expense of the party requesting the removal or relocation. In the event of a third party requesting the relocation, if relocation cannot practically be made to another Public Right-of-Way, the expense of any right-of-way acquisition shall be considered a relocation expense to be reimbursed by the Person requesting the relocation.

- J. Upon request by City for a public health or safety purpose, Atmos Energy shall provide maps in a digital format showing the location of its System Facilities and promptly cooperate in locating its System Facilities when necessary to avoid conflict and protect the health and safety of the public. All maps temporarily provided by Atmos Energy to the City shall be deemed confidential and proprietary, and will be provided solely for the City's use. The City agrees to maintain the confidentiality of any non-public information obtained from Atmos Energy to the extent allowed by law. Notwithstanding any other provision of this Agreement, the Parties understand that the City is required to comply with the Texas Public Information Act (Chapter 552 of the Texas Government Code) ("TPIA") when responding to records requests made under the TPIA. If the City receives a request

for information that Atmos Energy has marked or identified as being confidential, trade secret, commercial, financial or proprietary information, the City will respond to the request in accordance with the procedures set forth in the TPIA. Specifically, the City will notify Atmos Energy of its receipt of the request and request an attorney general decision identifying the exception(s) to disclosure believed to apply. Atmos Energy shall be solely responsible for establishing than an exception under TPIA allows City to withhold the information. If the attorney general renders a decision indicating that all or a part of the information must be disclosed, the City shall be permitted to disclose the information unless Atmos Energy successfully contests the attorney general decision in accordance with the requirements of TPIA. Nothing in this Agreement shall require the City to institute or participate in any litigation relating to an open records request for information that Atmos Energy considers confidential.

SECTION 4. LAYING OF LINES IN ADVANCE OF PUBLIC IMPROVEMENTS.

- A. Whenever City shall decide to make public improvements in the Public Right-of-Way in which Atmos Energy's System Facilities already exist or in which Atmos Energy may propose to install its System Facilities, Atmos Energy will be provided the opportunity, at no expense to City, in advance of such improvements to renew such System Facilities, if defective or inadequate in size and to lay System Facilities, or renew same, if inadequate in size or defective, to the property lines where buildings may be located provided such activities do not delay or otherwise interfere with the City's public improvements.
- B. Atmos Energy shall be given written notice of the intention of City to make major changes to any Public Facility located in Public Rights-of-Way when such changes will affect System Facilities. Within 90 days from receipt of such notice, Atmos Energy shall initiate work and thereafter proceed in a workman-like manner to completion of the necessary work to relocate or adjust its lines and facilities to accommodate the City's public improvements and complete such work within three months to preclude the delay of the public improvements. Atmos Energy shall take reasonable measures to ensure uninterrupted service to its customers and shall reconnect all customer service lines disconnected in the normal course of construction at its own expense. If Atmos Energy should fail to so proceed, and any street or alley is thereupon paved, then except in an emergency or in response to a request for initiation of new service, Atmos Energy shall for three years thereafter not be allowed to cut such pavement or excavate in such paved street or alley for any purpose. All pavement cuts or excavations within the three-year period, except in response to an emergency or in response to a request for initiation of new service, shall be performed only upon written permission of the City Engineer under such terms and conditions as the City Engineer may prescribe. Atmos Energy shall obtain a permit for emergency work as soon as possible after the commencement of such work in accordance with Chapter 51, Article VII, Code

of Ordinances of the City, entitled "Use of Right-of-Way by Public Utilities," as amended.

SECTION 5. **LIABILITY INSURANCE.** Atmos Energy will maintain insurance in accordance with Chapter 51, Article VII, Garland Code of Ordinances, as amended. Such insurance may be in the form of self-insurance to the extent permitted by applicable law, under an approved formal plan of self-insurance maintained by Atmos Energy in accordance with sound accounting and risk-management practices. A certificate of insurance (or a certified statement of self-insurance, as the case may be) shall be provided to the City. Atmos Energy will require its self-insurance to respond to the same extent as if an insurance policy had been purchased naming the City as an additional insured and any excess coverage purchased solely for Atmos Energy's operations within the City will name the City as an additional insured up to the amounts required by City's ordinances.

SECTION 6. **INSTALLATION OF METERS.** If a meter is to be installed in or near the Public Rights-of-Way, Atmos Energy agrees to discuss with the City's representative the aesthetics of the meter placement and to accommodate the request of City to the maximum extent possible. If City requests a meter upgrade, Atmos Energy will comply so long as City reimburses Atmos Energy for the reasonable costs incurred by Atmos Energy in changing meters. In no event, however, shall underground meters be required.

SECTION 7. **EXTENSIONS FOR CUSTOMERS.** Atmos Energy shall, at its expense, extend distribution mains in any Public Right-of-Way up to one hundred feet for any one residential or commercial customer so long as the customer at a minimum uses gas for unsupplemented space heating and water heating. Atmos Energy shall not be required to extend transmission mains in any Public Rights-of-Way within City or to make a tap on any transmission main within City unless Atmos Energy agrees to such extension by a written agreement between Atmos Energy and a customer.

SECTION 8. **DUTY TO SERVE.**

- A. Atmos Energy agrees that it shall not arbitrarily refuse to provide service to any Person having a service location within the City and meeting Atmos Energy's reasonable credit requirements that it is economically feasible for Atmos Energy to serve. In the event that a Person is refused service, that Person may request a hearing before the City Council of City or its designee. The hearing will be held within 45 days from the date of the request for hearing. The City Council may order Atmos Energy to provide service or take any other action necessary to bring Atmos Energy into compliance with the intent of the City Council in granting this Franchise, including the adoption of an ordinance or resolution in accordance with Section 15.B. The City Council may render its opinion at its next regular meeting following the hearing, but in no event shall it be required to act in less than 14 days.

Commencing five calendar days following the adoption of a resolution or an ordinance of the City that finds and determines a failure of Atmos Energy to comply with operational or maintenance

standards as required by this Franchise Ordinance, the City may elect to terminate this Franchise in accordance with Section 15.

SECTION 9. CUSTOMER SERVICE STANDARDS; LOCAL PAY STATION.

- A. Atmos Energy shall maintain a local, toll-free or collect call telephone access line which will be available to its customers 24 hours a day, seven days a week.
- B. Atmos Energy shall make a good faith effort to maintain within City one or more locations where customers can pay their bills. In no circumstance shall the absence of such a location be considered violation of a material provision of this Franchise as outlined in Section 15.

SECTION 10. RATES. Atmos Energy shall furnish reasonably adequate service to the public at just and reasonable rates and charges therefore, and shall maintain its System in good order and condition and in accordance with applicable statutes and regulations. Atmos Energy's rates and charges shall be established and shall be subject to revision and change by City or Atmos Energy in accordance with all applicable statutes and ordinances. Atmos Energy shall maintain on file with City copies of its current tariffs, schedules or rates and charges, customer service provisions and line extension policies.

SECTION 11. INDEMNITY.

- A. **IN CONSIDERATION OF THE GRANTING OF THIS FRANCHISE, ATMOS ENERGY AGREES TO INDEMNIFY, DEFEND AND HOLD HARMLESS CITY, ITS OFFICERS, AGENTS, EMPLOYEES (CITY AND SUCH OTHER PERSONS AND ENTITIES BEING COLLECTIVELY REFERRED TO HEREIN AS "INDEMNITEES"), FROM AND AGAINST ALL SUITS, ACTIONS OR CLAIMS OF INJURY TO ANY PERSON OR PERSONS, OR DAMAGES TO ANY PROPERTY BROUGHT OR MADE FOR OR ON ACCOUNT OF ANY DEATH, INJURIES TO, OR DAMAGES RECEIVED OR SUSTAINED BY ANY PERSON OR PERSONS OR FOR DAMAGE TO OR LOSS OF PROPERTY ARISING OUT OF, OR OCCASIONED BY ATMOS ENERGY'S INTENTIONAL AND/OR NEGLIGENT ACTS OR OMISSIONS IN CONNECTION WITH ATMOS ENERGY'S CONSTRUCTION, RECONSTRUCTION, MAINTENANCE, REPAIR, USE, OPERATIONS OR DISMANTLING OF THE SYSTEM OR ATMOS ENERGY'S PROVISION OF SERVICE; EXCEPT THAT THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL NOT APPLY TO THE EXTENT ANY LIABILITY IS DETERMINED TO HAVE RESULTED FROM NEGLIGENCE OR INTENTIONAL ACTS OR OMISSIONS OF CITY, ITS OFFICERS, AGENTS AND EMPLOYEES. IN THE EVENT OF JOINT AND CONCURRENT NEGLIGENCE OR FAULT OF BOTH ATMOS ENERGY AND CITY, RESPONSIBILITY AND INDEMNITY, IF ANY, SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS**

WITHOUT, HOWEVER, WAIVING ANY OF THE DEFENSES OF THE PARTIES UNDER TEXAS LAW. FURTHER, IN THE EVENT OF JOINT AND CONCURRENT NEGLIGENCE OR FAULT OF BOTH ATMOS ENERGY AND CITY, RESPONSIBILITY FOR ALL COSTS OF DEFENSE SHALL BE APPORTIONED BETWEEN CITY AND ATMOS ENERGY BASED UPON THE COMPARATIVE FAULT OF EACH.

- B. The parties acknowledge that the City is exercising a governmental function by adopting and agreeing to the terms of this Franchise. The City does not consent to suit, waive any governmental immunity available to the City under Texas Law, or waive any defenses of the parties under Texas law.
- C. In the event any action or proceeding shall be brought against the Indemnitees by reason of any matter for which the Indemnitees are indemnified hereunder, Atmos Energy shall, upon notice from any of the Indemnitees, at Atmos Energy's sole cost and expense, resist and defend the same with legal counsel selected by Atmos Energy, provided; however, that Atmos Energy shall not admit liability in any matter on behalf of the Indemnitees without their written consent and provided further that Indemnitees shall not admit liability for, nor enter into any compromise or settlement of, any claim for which they are indemnified hereunder, without the prior written consent of Atmos Energy. Atmos Energy's obligation to defend shall apply regardless of whether Atmos Energy is solely or concurrently negligent provided that Indemnitees may be held responsible for the cost of such defense paid for by Atmos Energy to the extent of such Indemnitee's comparative fault. Indemnitees shall give Atmos Energy prompt notice of the making of any claim or commencement of any action, suit or other proceeding covered by the provision of this Section 11. Nothing herein shall be deemed to prevent the Indemnitees at their election and their own expense from cooperating with Atmos Energy and participating in the defense of any litigation by their own counsel and at their own expense.
- D. In fulfilling its obligation to defend and indemnify City, Atmos Energy shall have the right to select defense counsel, subject to City's approval, which shall not be unreasonably withheld. Atmos Energy shall retain defense counsel within seven business days of City's written notice that City is invoking its right to indemnification under this Franchise. If Atmos Energy fails to retain counsel within such time period, City shall have the right to retain defense counsel on its own behalf, and Atmos Energy shall be liable for all defense costs incurred by City, except as otherwise set out in this Section 11.A.

SECTION 12. RESERVATION OF RIGHTS; NON-EXCLUSIVE FRANCHISE.

- A. City reserves to itself the right and power at all times to exercise, in the interest of the public and in accordance with State law, regulation and control of Atmos Energy's use of the Public Rights-of-Way to ensure the rendering of safe,

efficient public service and the maintenance of Atmos Energy's System in good repair throughout the term of this Franchise.

- B. The rights, privileges and franchises granted by this Franchise are not to be considered exclusive, and City hereby expressly reserves the right to grant, at any time, like privileges, rights and franchises as it may see fit to any other Person for the purpose of transporting, delivering, distributing or selling gas to and for City and the inhabitants thereof.
- C. City expressly reserves the right to own or operate its own system for the purpose of transporting, delivering, distributing or selling gas to and in the City and for the inhabitants thereof.
- D. Nothing herein shall impair the right of City to fix, within constitutional and statutory limits, a reasonable price to be charged for natural gas, or to provide and fix a scale of prices for natural gas and other charges, to be charged by Atmos Energy to residential consumers, commercial consumers, industrial consumers or to any combination of such consumers, within the territorial limits of the City as same now exists or as such limits may be extended from time to time hereafter. The City reserves all regulatory authority it may have over Atmos Energy as provided in the Texas Utilities Code or otherwise.

SECTION 13. PAYMENTS TO CITY.

- A. In consideration of the privilege and license granted by City to Atmos Energy to use and occupy the Public Rights-of-Way in the City for the conduct of its business, Atmos Energy, its successors and authorized assigns, agree to pay and City agrees to accept, franchise fees equivalent to five percent (5%) of the quarterly Gross Revenues, as defined in Section 2 above, received by Atmos Energy during the preceding calendar quarter. Except as otherwise provided for in Section 13.B., such payments shall be made on a quarterly basis, on or before the 10th days of January, April, July and October, 2020, and on or before the same days of each succeeding year during the term of this Franchise, the last payment of the initial term being made on the 10th day of October 2044, and shall be for the rights and privileges during the quarter in which the payment is made.
- B. The franchise fee amounts based on "Contributions in Aid of Construction" (CIAC) shall be calculated on an annual calendar year basis, that is, from January 1 through December 31 of each calendar year. The franchise fee amounts that are due based on CIAC shall be paid at least once annually on or before April 30 each year based on the total CIAC recorded during the preceding calendar year. The initial CIAC franchise fee payment will be due on or before April 30, 2020, and will be based on CIAC received from January 1, 2019, through December 31, 2019. Unless this Franchise is extended pursuant to Section 1, the final payment of franchise fee amounts based on CIAC will be April 30, 2045, for the calendar year ending in

2044.

- C. The initial payment made under this Franchise for the rights and privileges herein provided shall be on January 10, 2020, and shall be for the privilege period January 1 through March 31, 2020, and each succeeding payment shall be for the privilege period of the calendar quarter in which the payment is made as follows:

<u>Payment Due Date</u>	<u>Quarter Upon Which Payment is Based</u>	<u>Quarter for Which Payment is Made</u>
April 10 th	January 1 – March 31	April 1 – June 30
July 10 th	April 1 – June 30	July 1 – September 30
October 10 th	July 1 – September 30	October 1 – December 31
January 10 th	October 1 – December 31	January 1 – March 31

- D. It is also expressly agreed that the the payments made under this Ordinance shall be in lieu of any and all other and additional occupation taxes, easement, franchise taxes or charges (whether levied as an ad valorem, special or other character of tax or charge), municipal license, permit, and inspection fees, bonds, street taxes, and street or alley rentals or charges, and all other and additional municipal taxes, charges, levies, fees and rentals of whatsoever kind and character that City may now impose or hereafter levy and collect from Atmos Energy or Atmos Energy's agents for use of the Public Right-of-Way, excepting only the usual general or special ad valorem taxes that City is authorized to levy and impose upon real and personal property and such other taxes as are generally levied or collected by or payable to the City unrelated to the use of the Public Right-of-Way. Except however, Atmos Energy's separate obligations to reimburse the City for City's reasonable rate case expenses and for street repairs or other damage to Public Facilities caused by Atmos Energy employees or Contractors in accordance with City's ordinances and policies, are not affected by Atmos Energy's payment of franchise fees hereunder. If the City does not have the legal power to agree that the payment of the foregoing sums of money shall be in lieu of occupation taxes, licenses, fees, street or alley rentals or charges, easement or franchise taxes or charges for use of the Public Right-of-Way, then City agrees that it will apply so much of the sums of money paid as franchise fees hereunder as may be necessary to satisfy Atmos Energy's obligations, if any, to pay any such occupation taxes, licenses, charges, fees or rentals.
- E. If Atmos Energy fails to pay when due any payment provided for in this Section, Atmos Energy shall pay such amount plus interest consistent with the rate for customer deposits under Texas Utilities Code Section 183.003 from such due date until payment is received by City.
- F. *Effect of Other Municipal Franchise Ordinance Fees Accepted and Paid by Atmos Energy.* If Atmos Energy should at any time after the effective date of this Ordinance agree to a new municipal franchise ordinance, or renew an existing

municipal franchise ordinance, with another municipality in Atmos Energy's Mid-Tex Division, which municipal franchise ordinance determines the franchise fee owed to that municipality for the use of its public rights-of-way in a manner that, if applied to the City, would result in a franchise fee greater than the amount otherwise due City under this Ordinance, then the franchise fee to be paid by Atmos Energy to City pursuant to this Ordinance may, at the election of the City, be increased so that the amount due and to be paid is equal to the amount that would be due and payable to City were the franchise fee provisions of that other franchise ordinance applied to City. The City acknowledges that the exercise of this right is conditioned upon the City's acceptance of all terms and conditions of the other municipal franchise in toto. The City may request waiver of certain terms and Company may grant, in its sole reasonable discretion, such waiver.

G. *Atmos Energy Franchise Fee Recovery Tariff.*

- (1) Atmos Energy may file with the City a tariff or tariff amendment(s) to provide for the recovery of the franchise fees under this agreement.
- (2) City agrees that, to the extent allowed by law, (i) as regulatory authority, it will adopt and approve the ordinance, rates or tariff which provide for 100 percent recovery of such franchise fees as part of Atmos Energy's rates; (ii) if City intervenes in any regulatory proceeding before a federal or state agency in which the recovery of Atmos Energy's franchise fees is an issue, the City will take an affirmative position supporting 100 percent recovery of such franchise fees by Atmos Energy (without waiving any other position the City may take in such proceeding) and; (iii) in the event of an appeal of any such regulatory proceeding in which the City has intervened, the City will take an affirmative position in any such appeals in support of the 100 percent recovery of such franchise fees by Atmos Energy (without waiving any other position the City may take in such proceeding); and (iv) it will take no action, nor cause any other Person or entity to take any action, to prohibit the recovery of such franchise fees by Atmos Energy.

H. *Lease of Facilities within City's Rights-of-Way.* Atmos Energy shall have the right to lease, license or otherwise grant to a Person other than Atmos Energy the use of its System Facilities within City's Public Rights-of-Way provided: (i) Atmos Energy first notifies the City of the name of the lessee, licensee or user; the type of service(s) intended to be provided through the System Facilities; and the name and telephone number of a contact person associated with such lessee, licensee or user and (ii) Atmos Energy makes the franchise fee payment due on the revenues from such lease pursuant to Section 13 of this Franchise. This authority to lease System Facilities within City's Public Rights-of-Way shall not affect any such lessee, licensee or user's obligation, if any, to pay franchise fees, access line fees or similar Public Rights-of-Way user fees nor affect any of Atmos's Energy's obligations under this Franchise.

- I. City shall endeavor to, within 30 days of final approval and submission to the Texas Comptroller of Public Accounts, give Atmos Energy notice of annexations and disannexations of territory by City, which notice shall include a map and addresses, if known. Upon receipt of such notice, Atmos Energy shall promptly initiate a process to reclassify affected customers into the City limits no later than 60 days after receipt of notice from City. The annexed areas added to the City limits will be included in future franchise payments in accordance with the effective date of the annexation if notice was timely received from City. Upon request from City, Atmos Energy will provide documentation to verify that affected customers were appropriately reclassified and included for purposes of calculating franchise payments. In no event shall Atmos Energy be required to add premises for the purposes of calculating franchise payment prior to the earliest date that the same premises are added for purposes of collecting sales tax.

SECTION 14. BOOKS AND RECORDS.

- A. Atmos Energy agrees that at the time of each quarterly payment, Atmos Energy shall also submit to the City a statement showing its Gross Revenues, as defined in Section 2.E., for the preceding calendar quarter. City shall be entitled to treat such payment as though it were sworn and signed by an officer of Atmos Energy.
- B. City may, if it sees fit, upon reasonable notice to the Atmos Energy, have the books and records of Atmos Energy examined by a representative of the City to ascertain the correctness of the reports agreed to be filed herein. Atmos Energy shall make available, during normal working hours and upon reasonable notice, such personnel and records as City may in its reasonable discretion request in order to complete such audit, and shall make no charge to the City therefor. Atmos Energy shall assist City in its review by providing all requested information no later than fifteen (15) business days after receipt of a request. The cost of the audit shall be borne by City unless the audit discloses that Atmos Energy has underpaid the franchise fee by 10 percent or more, in which case the reasonable costs of the audit shall be reimbursed to the City by Atmos Energy. If such an examination reveals that Atmos Energy has underpaid City, then upon receipt of written notification from City regarding the existence of such underpayment, Atmos Energy shall undertake a review of City's claim and if the claimed underpayment is confirmed, remit the amount of underpayment to City, including any interest calculated in accordance with Section 13.E. Should Atmos Energy determine through examination of its books and records that City has been overpaid, upon receipt of written notification from Atmos Energy regarding the existence of such overpayment, City shall review Atmos Energy's claim and if the claimed overpayment is confirmed, remit the amount of overpayment to Atmos Energy.
- C. If, after receiving reasonable notice from City of City's intent to perform an audit as provided herein, Atmos Energy fails to provide data, documents, reports or information required to be furnished hereunder to City or fails to reasonably

cooperate with City during an audit conducted under the terms hereunder, the Franchise may be subject to termination as set forth herein. City shall give Atmos Energy written notice of its intent to impose a fee and shall provide Atmos Energy with a period to cure its failure, such period not to exceed five (5) working days. If Atmos Energy fails to cure the alleged failure within the prescribed time period, Atmos Energy's alleged failure to comply shall be heard at a public meeting of the City Council. Atmos Energy shall be given written notice of the public meeting no later than five (5) calendar days prior to the posting date of the agenda for the City Council meeting at which such failure is scheduled to be considered by the City Council. The notice to Atmos Energy shall include a list of the failures complained of. Atmos Energy shall have an opportunity to address the City Council at such public meeting. Commencing five calendar days following the adoption of a resolution or an ordinance of the City that finds and determines a failure of Atmos Energy to comply with the requirements of this Section, the City may elect to terminate this Franchise in accordance with Section 15.

- D. If Atmos Energy provides confidential or proprietary information to the City, Atmos Energy shall be solely responsible for identifying such information with markings calculated to bring the City's attention to the proprietary or confidential nature of the information. City agrees to maintain the confidentiality of any non-public information obtained from Atmos Energy so designated to the extent allowed by law. City shall not be liable to Atmos Energy for the release of any information City is required to release by law. Notwithstanding any other provision of this Agreement, the Parties understand that the City is required to comply with the Texas Public Information Act (Chapter 552 of the Texas Government Code) ("TPIA") when responding to records requests made under the TPIA. If the City receives a request for information that Atmos Energy has marked or identified as being confidential, trade secret, commercial, financial or proprietary information, the City will respond to the request in accordance with the procedures set forth in the TPIA. Specifically, the City will notify Atmos Energy of its receipt of the request and request an attorney general decision identifying the exception(s) to disclosure believed to apply. Atmos Energy shall be solely responsible for establishing that an exception under the TPIA allows City to withhold the information. If the attorney general renders a decision indicating that all or a part of the information must be disclosed, the City shall be permitted to disclose the information unless Atmos Energy successfully contests the attorney general decision in accordance with the requirements of TPIA. Nothing in this Agreement shall require the City to institute or participate in any litigation relating to an open records request for information that Atmos Energy considers confidential.

SECTION 15. TERMINATION.

- A. *Right to Terminate.* In addition to any rights set out elsewhere in this Ordinance, City reserves the right to terminate this Franchise and all rights and privileges pertaining thereto, in the event that Atmos Energy violates any material provision of the Franchise.
- B. *Procedures for Termination.*

- (1) City may, at any time, terminate this Franchise for a continuing material violation by Atmos Energy of any of the substantial terms hereof. In such event, City shall give to Atmos Energy written notice, specifying all grounds on which termination or forfeiture is claimed, by registered mail, addressed and delivered to Atmos Energy at the address set forth in Section 16.A. Atmos Energy shall have 60 days after the receipt of such notice within which to cease such violation and comply with the terms and provisions hereof. In the event Atmos Energy fails to cease such violation or otherwise comply with the terms hereof, then Atmos Energy's Franchise is subject to termination under the following provisions, provided; however, that if Atmos Energy commences work or other efforts to cure such violations within 30 days after receipt of written notice and shall thereafter prosecute such curative work with reasonable diligence until such curative work is completed, then such violations shall cease to exist, and the Franchise will not be terminated.
- (2) Termination shall be declared only by written decision of the City Council after an appropriate public proceeding whereby Atmos Energy is afforded the full opportunity to be heard and to respond to any such notice of violation or failure to comply. Atmos Energy shall be provided at least 15 days prior written notice of any public hearing concerning the termination of the Franchise. In addition, 10 days' notice of the date, time and place of any public hearing to interested members of the public by posting on the City's website.
- (3) The City Council, after full public hearing, and upon finding material violation or failure to comply, may terminate the Franchise or excuse the violation or failure to comply, upon a showing by Atmos Energy of mitigating circumstances or upon a showing of good cause for the violation or failure to comply as may be determined by the City Council.
- (4) Nothing herein stated shall preclude Atmos Energy from appealing the final decision of the City Council to a court or regulatory authority having jurisdiction.
- (5) Nothing herein shall prevent City from seeking to compel compliance by suit in any court or regulatory authority of competent jurisdiction if Atmos Energy fails to comply with the terms of this Ordinance after due notice and the providing of adequate time for Atmos Energy to comply.

SECTION 16. NOTICES.

- A. Any notices required or desired to be given from one party to the other party to this Ordinance shall be in writing and shall be given and shall be deemed to have been served and received if: (i) delivered in person to the address set forth below; (ii) deposited in an official depository under the regular care and custody of the United States Postal Service located within the confines of the United States of America and sent by certified mail, return receipt requested and addressed to such party at the address hereinafter specified; or (iii) delivered to such party by courier receipted delivery. Either party may designate another address within the confines of the continental United States of America for notice, but until written notice of such change is actually received by the other party, the last address of such party designated for notice shall remain such party's address for notice.

CITY
City Manager
City of Garland
P.O. Box 469002
Garland, Texas 75046-9002

ATMOS ENERGY
Manager of Public Affairs
Atmos Energy Corporation
Mid-Tex Division
1310 Highway 66
Garland, Texas 75040

City Attorney
City of Garland
P.O. Box 469002
Garland, Texas 75046-9002

- B. Atmos Energy shall provide to the City a local or toll-free telephone number that is manned 24 hours a day, seven days a week to provide available information relating to emergency situations. The City understands that this telephone number is not equipped to handle calls from the public and the City will not provide this number to customers, but will direct them to Atmos Energy's Call Center. If Atmos Energy cannot timely respond to an emergency with Atmos Energy employees, Atmos Energy will attempt to respond to the emergency with qualified local contractors. Atmos Energy's contact information shall be kept current at all times. Atmos Energy and the City shall periodically, and upon request by either party, meet to discuss and address emergency response issues in order to rectify any problems identified by either party.

SECTION 17. SUCCESSIONS AND ASSIGNS.

- A. The rights granted by this Franchise inure to the benefit of the Atmos Energy. Atmos Energy may, without consent by City, transfer or assign the rights granted by this Franchise to an Affiliate provided that such Affiliate assumes all obligations of Atmos Energy hereunder and is bound to the same extent as Atmos Energy hereunder, and has net capital and liquid assets reasonably

equivalent to the Atmos Energy's as of the month immediately preceding the transfer or there are provided other guarantees or assurances of the transferee's or assignee's financial ability to perform this Franchise reasonably acceptable to the City. Atmos Energy shall give City written notice thirty (30) days prior to such assignment.

- B. City will have the right to approve the transfer or assignment of the Franchise, except as provided in Section 17(A). City shall grant approval unless the assignee is unable to demonstrate its credit worthiness. For the purpose of this section, "credit worthiness" means that the long term unsecured debt rating of the assignee is investment grade as rated by both S&P and Moody's. If the assignee is unable to demonstrate its credit worthiness, the City may request additional documents and information reasonably related to the transaction and the legal, financial, and technical qualifications of the assignee. City agrees that its approval shall not be unreasonably withheld or delayed. Any such assignment or transfer shall require that the assignee assume all obligations of Atmos Energy under this Ordinance and be bound to the same extent as Atmos Energy hereunder. If within the first 90 days after assignment to assignee, City identifies a failure to comply with a material provision of this Ordinance, City shall have the right, after notice and opportunity before the City Council, to terminate this Ordinance using the procedures described in Section 15.

SECTION 18. RENEGOTIATION. If either City or Atmos Energy requests renegotiation of any term of this Ordinance, Atmos Energy and City agree to renegotiate in good faith, revisions to any and all terms of this Ordinance. If the parties cannot come to agreement upon any provisions being renegotiated, then the existing provisions of this Ordinance will continue in effect for the remaining term of the Franchise.

SECTION 19. NO WAIVER. Either City or Atmos Energy shall have the right to waive any requirement contained in this Ordinance, which is intended for the waiving party's benefit, but, except as otherwise provided herein, such waiver shall be effective only if in writing executed by the party for whose benefit such requirement is intended. No waiver of any breach or violation of any term of this Ordinance shall be deemed or construed to constitute a waiver of any other breach or violation, whether concurrent or subsequent, and whether of the same or a different type of breach or violation.

SECTION 20. PARAGRAPH HEADINGS; CONSTRUCTION. The paragraph headings contained in this Ordinance are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs hereof. Both parties have participated in the preparation of this Ordinance and this Ordinance shall not be construed either more or less strongly against or for either party.

SECTION 21. NO THIRD PARTY BENEFICIARIES. This Franchise is made for the exclusive benefit of the City and the Company, and nothing herein is intended to, or shall confer any right, claim or benefit in favor of any third party.

SECTION 22. COMPLIANCE WITH LAWS, CHARTER AND ORDINANCES.

This Franchise is granted subject to the laws of the United States of America and the laws of the State of Texas and their respective regulatory agencies and commissions having jurisdiction over the Company, the Garland City Charter, as amended, and all other generally applicable ordinances of the City not inconsistent herewith, including, but not limited to, ordinances regulating the use of Public Rights-of-Way.

SECTION 23. FORCE MAJEURE. Notwithstanding anything expressly or impliedly to the contrary contained herein, in the event either the City or the Company is unable to comply with any obligation or undertaking contained herein by reason of any event of force majeure, then, while so prevented, compliance with such obligations or undertakings shall be suspended, and the time during which such party is so prevented shall not be counted against such party for any reason. The term “force majeure” as used herein shall mean any cause not reasonably within the control of the party unable to comply with its obligation or undertaking hereunder and includes, but is not limited to, acts of God, strikes, lock-outs, wars, riots, orders or decrees of any lawfully constituted federal, state or local body, contagions or contaminations hazardous to human life or health, fires, storms, floods, wash-outs, explosions, breakage or accident to machinery or lines of pipe, inability to obtain or delay in obtaining rights-of-way, materials, supplies or labor permits, temporary failures of gas supply, or necessary repair, maintenance or replacement of facilities used in the performance of the obligations contained in this Ordinance.

SECTION 24. PREVIOUS ORDINANCES. When this Franchise becomes effective, all gas franchise ordinances and parts of franchise ordinances applicable to Atmos Energy or its predecessors in interest granted by the City are hereby repealed.

SECTION 25. SEVERABILITY. This Ordinance and every provision hereof, shall be considered severable, and the invalidity or unconstitutionality of any section, clause, provision or portion of this Ordinance shall not affect the validity, enforceability or constitutionality of any other portion of this Ordinance. If any term or provision of this Ordinance is held to be illegal, invalid or unenforceable, the legality, validity or unenforceability of the remaining terms or provisions of this Ordinance shall not be affected thereby.

SECTION 26. ACCEPTANCE OF FRANCHISE.

- A. The City shall provide Atmos Energy with a certified copy of this Franchise by overnight mail within five days of passage. In order to accept this Franchise, Atmos Energy must file with the City Secretary its written acceptance of this Franchise Ordinance within 30 days after its final passage and approval by City. If such written acceptance of this Franchise Ordinance is not filed by Atmos Energy, the Franchise shall be rendered null and void.
- B. Unless extended pursuant to Section 1, at 11:59 P.M. on December 31, 2044, ALL rights, franchises and privileges herein granted, unless they have already at that time ceased or been forfeited or extended by mutual agreement while a new franchise is being negotiated, shall at once cease and terminate.

SECTION 27. EFFECTIVE DATE. If Atmos Energy accepts this Ordinance, it becomes effective as of _____. Atmos Energy's obligation to submit payments to the City in compliance with Section 13 will begin January 1, 2020.

PASSED AND APPROVED on the _____ day of _____, 2019.

Mayor

ATTEST:

City Secretary



**GARLAND
POLICY REPORT**

City Council Regular Session Agenda

11.

Meeting Date: 11/05/2019
Item Title: Southgate Elementary Parking Restrictions
Submitted By: Paul Luedtke, Transportation Director
Strategic Focus Areas: Safe Community

ISSUE

At the October 21, 2019 Work Session, Council considered parking restrictions on Charleston Drive in front of Southgate Elementary.

RECOMMENDATION

Council is requested to consider adoption of the attached ordinance.

BACKGROUND

Staff was requested to review the parking issues on Charleston Drive and Mayfield Avenue related to difficulty in maneuverability through the streets.

Upon observation on several occasions, the parking was determined to cause problems for school buses and child care center vehicles during the morning and afternoon pick-up times.

CONSIDERATION

Parking restrictions could force existing parking to seek other undesirable locations.

Attachments

Charleston Parking Restriction Ordinance

ORDINANCE NO. _____

AN ORDINANCE AMENDING CHAPTER 33, "TRANSPORTATION", OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; PROVIDING A PENALTY UNDER THE PROVISIONS OF SEC. 10.05 OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; PROVIDING A SAVINGS CLAUSE AND A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

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

Section 1

That Sec. 33.46 (B) of Chapter 33, "Transportation" of the Code of Ordinances of the City of Garland, Texas, is hereby amended by the deletion of the following:

<u>"Street</u>	<u>Extent</u>	<u>Side</u>
Charleston Drive	From Mayfield Avenue to a point 160 feet north.	East"

Section 2

That Sec. 33.46, of Chapter 33, "Transportation" of the Code of Ordinances of the City of Garland, Texas, is hereby amended by the addition of a new Section "(G)" to read as follows:

"(G) Between 6:30 a.m. and 8:30 a.m. and between 2:30 p.m. and 4:30 p.m. school days only, when signs are erected giving notice thereof, no person shall stop, stand or park a vehicle other than a marked public school bus or a marked transit vehicle for a Child Care Center as defined in Section 22.160 in a bus loading zone.

<u>Street</u>	<u>Extent</u>	<u>Side</u>
Charleston Drive	From Mayfield Avenue to a point 441 feet north of Mayfield Avenue	East"

Section 3

That a violation of any provision of this Ordinance shall be a misdemeanor punishable in accordance with Sec. 10.05 of the Code of Ordinances of the City of Garland, Texas.

Section 4

That the Code of Ordinances of the City of Garland, as amended, shall be and remain in full force and effect save and except as amended by this ordinance.

Section 5

That the terms and provisions of this Ordinance are severable and are governed by Section 10.06 of the Code of Ordinances of the City of Garland, Texas.

Section 6

That this Ordinance shall become effective immediately upon and after its passage and approval.

PASSED AND APPROVED on this the ____ day of _____, 2019.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

PUBLISHED:



GARLAND
CITY COUNCIL ITEM SUMMARY SHEET

City Council Regular Session Agenda

12.

Meeting Date: 11/05/2019

Item Title: City Marshal Parking Enforcement Ordinances

Submitted By: Brad Neighbor, City Attorney

Summary of Request/Problem

Council has directed the implementation of a neighborhood parking enforcement program to be administered by the City Marshal's office. The chief enforcement tool will be the issuance of administrative citations that carry a civil penalty rather than a criminal fine. In order to begin the program certain changes to existing ordinances must be made.

Council considered this item at the October 21, 2019 Work Session.

Recommendation/Action Requested and Justification

Council is requested to approve necessary ordinance changes to effectuate the neighborhood parking enforcement program. The City Marshal will provide the Council with a recommendation for a back-office service provider in the near future. Warning citations will be issued prior to going live with active enforcement.

Attachments

Marshals Parking Enforcement Ordinance

- DRAFT -

For Discussion Purposes Only – Non-Final and Unapproved

ORDINANCE NO.

AN ORDINANCE AMENDING CHAPTER 24, "MUNICIPAL COURT AND ADMINISTRATIVE ADJUDICATION", CHAPTER 32, "PROPERTY SANITATION AND HOUSING SERVICES", AND CHAPTER 33, "TRANSPORTATION" OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; PROVIDING A PENALTY UNDER THE PROVISIONS OF SEC. 10.05 OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; PROVIDING A SAVINGS CLAUSE AND A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

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

Section 1

That Article III, "Administrative adjudication of parking Offenses" of Chapter 24 "Municipal Court and Administrative Adjudication", of the Code of Ordinances of the City of Garland, Texas, is hereby amended to read as follows:

"ARTICLE III. ADMINISTRATIVE ADJUDICATION OF PARKING OFFENSES

Sec. 24.40 Parking violations constitute a civil offense

Every violation of a provision of this Code governing the stopping, standing, or parking of a vehicle contained within article IV, "Stopping, Standing and Parking," and article VIII, "City Facility Parking Regulations" of Chapter 33, "Transportation" of this Code may be enforced as a civil offense pursuant to the provisions of this article and article II, Chapter 24 of this Code. In addition to being subject to the criminal penalties and procedures established in chapter 32 of this Code, a violation of section 32.56 governing the parking of a motor vehicle on an unapproved surface and a violation of section 32.57 governing the parking of oversized vehicles may be adjudicated as a civil offense under this article.

Sec. 24.41 Parking citations; form

(A) A parking citation serves as the notice of violation for purposes of this article.

(B) A parking citation must include the following information:

(1) A reference to the offense, the date, time, and location of the alleged parking violation and, if applicable, the meter number;

(2) The state license plate number of the illegally parked vehicle, or if the number is not visible or legible, the vehicle identification number or the brake inspection tag number;

(3) The make of the illegally parked vehicle;

(4) The amount of the civil penalty and the date by which the civil penalty is due;

(5) The date, time, and location of the administrative adjudication hearing, to be set not earlier than 30 but not later than 60 calendar days after the date of issuance of the parking citation;

(6) A notification that the person charged with the parking violation has the right to an instanter hearing the first and third Monday and Wednesday of each month before the scheduled administrative adjudication hearing; and

(7) A notification that failure to timely appear at either an instanter hearing or a scheduled administrative adjudication hearing is considered an admission of liability for the parking violation charge and will result in the assessment of appropriate penalties and costs, and may result in the immobilization, towing, and impoundment of the vehicle for which the citation was issued; and

(8) The signature of the officer issuing the parking citation.

Sec. 24.42 Service of a parking citation; signing; presumption of service

(A) A parking citation may be served by placing a copy of the citation on the vehicle in a conspicuous place or by mailing the citation to the registered owner of the vehicle. If unpaid after seven days, a parking citation shall be served upon the registered owner of the vehicle by mailing to the registered

owner of the vehicle a copy of the citation and, if photographs are taken, photograph(s) depicting the parking violation, showing the state license plate number of the vehicle or the vehicle identification number of the vehicle if available. A citation shall be served on the owner of real property by mailing a copy of the citation to the owner of the real property.

(B) The original parking citation must be signed by the issuing officer whose signature, along with any photographs of the vehicle depicting the violation, if served in accordance with this section, shall be rebuttable proof of the facts contained in the citation and depicted in the photograph(s). The attachment of a digital signature of the issuing officer on an electronically prepared document is deemed to constitute the signature of the officer on the document for purposes of signature requirements of this section, and may be completed by incorporating a visual image of the officer's signature or by the officer typing "/S" or a similar mark before the officer's printed name on the citation in the signature block of the citation.

(C) The original or copy of a parking citation, along with a certificate of mailing signed by the person mailing the citation, are prima facie evidence that the parking citation was issued and shall be rebuttable proof that service was made in accordance with the provisions of this section.

Sec. 24.43 Liability of vehicle owner and vehicle operator

(A) Except as provided in subsection (B), the registered owner and the operator of a vehicle, when not the same, are jointly and severally liable to the City for the parking violation, except that the operator of a vehicle shall be solely liable if the owner proves that the vehicle was operated without the owner's express or implied consent.

(B) A vehicle owner who is engaged in the business of renting or leasing vehicles under written rental or leasing agreements shall not be liable for parking fines, penalties or costs imposed on a rented or leased vehicle if, within 30 days after receiving written notice of a parking violation, the vehicle owner provides an affidavit giving the true name, address, and driver's license number and state of issuance of the person in possession of the vehicle at the time the parking citation was issued, or a true copy of the lease or rental agreement in

effect at the time the parking citation was issued. A lessor of a vehicle who fails to comply with this subsection shall be treated as any other vehicle owner and shall be jointly and severally liable with the vehicle operator for a parking violation charge.

(C) It is a defense to a charge of a parking violation under this article that, at the time of the violation, the vehicle was:

(1) Parked, stopped, or standing in compliance with the lawful order or direction of a police officer;

(2) An authorized emergency vehicle under chapter 546 of the Texas Transportation Code and the operator was acting in compliance with that chapter;

(3) A stolen vehicle and being operated by a person other than the owner of the vehicle without the effective consent of the owner; reported to a police department as having been stolen prior to the time of the violation, and had not yet been recovered;

(4) Operated by a person during a medical emergency; or

(5) Bearing a license plate that was a stolen plate and being displayed on a motor vehicle other than the motor vehicle for which the plate had been issued.

Sec. 24.44 Civil penalty

(A) A parking violation that is made a civil offense under this article shall have a penalty as follows:

(1) For the first offense within a 12 calendar month period \$25;

(2) For a second offense within a 12 calendar month period \$50;

(3) For a third or greater offense within a 12 calendar month period \$75.

(B) If liability is uncontested, not timely contested or a person is found liable after a hearing, the civil penalty must be paid no later than the date of the scheduled hearing. A

penalty paid after that date is subject to a \$25 late fee.

(C) A vehicle that is immobilized in accordance with this article shall be assessed a \$100 fee to remove the immobilization device. A person whose vehicle is impounded shall pay the cost of impound and storage as provided by law.

(D) Except as provided by Sec. 24.51(A), the penalties, fees, and costs established by this article may not be waived, reduced or modified by a hearing officer, or on appeal, once liability has been determined.

(E) A continuing day-to-day violation of less than three-days' duration shall not constitute a separate violation but shall be counted as a single violation.

Sec. 24.45 Enforcement of parking violation orders

(A) For parking violations, in addition to the remedies provided by section 24.52, a final order of liability may be enforced by:

(1) Impounding the vehicle that is the subject of the order when it is found on any public street or other public or City-owned property, if the person charged has committed five or more parking violations in any 12-month period that have not been resolved either by a finding of no liability or by payment of all penalties and costs assessed by the hearing officer;

(2) Placing a "boot" or similar device that prohibits movement of the vehicle that is the subject of the order when the vehicle is found on any public street or other public or City-owned property, if the person charged has committed three or more parking violations in any 12-month period that have not been resolved either by a finding of no liability or by payment of all penalties and costs assessed by the hearing officer;

(3) Imposing a late fee in the amount of \$25.00 for any civil penalty not paid within the designated period; or

(4) Denying any parking permit or privileges issued or granted by the City.

Sec. 24.46 Expedited hearing after an impoundment or

immobilization

(A) The registered owner of a vehicle that has been impounded or immobilized for the purpose of enforcing a final order of liability shall have the right to an expedited immobilization/impoundment hearing before a hearing officer.

(B) The request for an immobilization/impoundment hearing must be made in writing to the office of the administrative hearing officer, on a form provided for that purpose, within three calendar days from the date the vehicle was immobilized or impounded, whichever occurred first.

(C) An immobilization/impoundment hearing must be held within 48 hours after the office of the administrative hearing officer receives the request for a hearing, excluding Saturdays, Sundays, and City holidays, at the office of the hearing officer or at such other convenient and reasonable place as the hearing officer may designate. If an administrative hearing officer is not available to hear the case, the hearing may be held before a judge of the Municipal Court.

(D) The sole issue to be determined at the immobilization/impoundment hearing is whether the immobilization or impoundment of the vehicle was valid.

(E) An immobilization or impoundment of a vehicle pursuant to the provisions of this article is valid if it complies with the requirements of this article unless the vehicle owner or operator, or the agent of the vehicle owner or operator, can establish that:

(1) The vehicle was registered to and operated by another person at the time the unresolved parking violations occurred;

(2) The vehicle was being operated without the owner's express or implied consent at the time the unresolved parking violations occurred;

(3) Through no fault of the owner, notice of the unresolved parking violations was never received as required by this article;

(4) One or more citations of the unresolved parking violations are defective and, if dismissed, would leave

fewer than the required number of parking violations within the calendar year necessary to trigger an impoundment; or

(5) At the time of the impoundment of the vehicle, the registered owner had no more than two unresolved parking violations within the immediately preceding 12-month period.

(F) The determination of the hearing officer at the immobilization/impoundment hearing is final and is not subject to appeal.

(G) If the hearing officer or judge of the Municipal Court conducting the immobilization/impoundment hearing determines that an immobilization or impoundment of a vehicle was not valid, all fees paid for immobilization, towing, storage, and impoundment of the vehicle and any other amount paid to the City to redeem the vehicle shall be refunded, including any fines, penalties, costs or fees for any parking violation that the hearing officer determines should not have been considered in counting parking violations for the purposes of immobilizing or impounding the vehicle. Any fines, penalties, and costs paid for a parking violation for which the registered owner was liable will not be refunded.

Sec. 24.47 Disposition of fines, penalties, costs, and fees

Unless otherwise required by law, all fines, penalties, costs, and fees collected under this article shall be paid into the City's general fund for the use and benefit of the City.

Sec. 24.48 Hearing officer; powers, duties and functions

(A) The presiding judge of the Municipal Court shall appoint a hearing officer who shall conduct all hearings under this article. A hearing officer shall have the following powers, duties and functions:

- (1) To hear argument and determine liability in administrative adjudication hearings under this article;
- (2) To rule on motions;
- (3) To administer oaths;
- (4) To issue orders compelling the attendance of witnesses

and the production of documents, which order may be enforced by a Municipal Court;

(5) To question witnesses and examine evidence offered;

(6) To assess administrative penalties, fees and costs of court in accordance with this article;

(7) Any other power necessary to carry out the express powers of this section or as may otherwise be assigned to the hearing officer by this Code or other law.

Sec. 24.49 Administrative hearing

(A) Hearing officer. Every hearing for the adjudication of an administrative notice of violation under this article shall be held before a hearing officer.

(B) Date of Hearing. The hearing for the adjudication of a civil parking violation under this article shall be the date listed on the citation. A person who receives a civil parking citation may appear for an instant hearing any time prior to the hearing date listed on the citation on the first and third Monday and Wednesday of each month, and the matter shall be heard without regard to the hearing date listed on the citation.

(C) Standard of proof. In an administrative adjudication under this article, the alleged violation must be proven by a preponderance of the evidence.

(D) Proof of facts. In an administrative adjudication under this article, a violation may not be proven merely by the allegations contained in the notice of violation alone, but the allegations in the citation along with photographs of the vehicle depicting the violation, if any, shall be rebuttable proof of the facts contained in the citation and depicted in the photograph(s). It is presumed that the registered owner of the vehicle for which the citation was issued is the person who stopped, stood, or parked the vehicle at the time and place of the parking violation. Proof of ownership of a motor vehicle may be made by a computer-generated record of the registration of the vehicle with the Texas Department of Motor Vehicles computer-generated record showing the name of the person to whom state license plates were issued. This proof is prima facie evidence of the ownership of the vehicle by the person to whom the certificate of registration was issued.

(E) Rules of evidence inapplicable; admissibility. The formal rules of evidence and procedure do not apply to a hearing under this article, and relevant evidence will be admitted if the hearing officer finds that evidence is of that quality which reasonable persons are accustomed to rely on in the conduct of serious affairs, regardless of the existence of any common law or statutory rule to the contrary.

(F) Right to call and examine witnesses. Each party shall have the right to call and examine witnesses; to introduce exhibits; to cross-examine opposing witnesses on any matter relevant to the issues; and to rebut the opposing party's evidence.

(G) Examination of witness by hearing officer. The hearing officer may examine any witness and may consider any evidence offered by a witness or person charged with a violation, giving due weight to all testimony and evidence admitted.

(H) Decision of hearing officer. At the conclusion of the hearing, the hearing officer shall issue an order stating whether the person charged with a violation is liable for the violation and the amount of any penalty, cost, or fee assessed against the person as provided in this article.

(I) Assessment and payment of penalties and fees. A person who is found liable for a civil penalty after an administrative adjudication hearing shall pay the civil penalty and costs within 31 days of the hearing. The payment of the civil penalty and costs assessed pursuant to this article shall operate as a final disposition of the violation charged, except when payment is made to reset a scheduled hearing or to file an appeal.

(J) Continuances and rescheduling. A scheduled hearing may not be continued or reset at the request of the person charged with a violation more than once unless the person charged deposits with the clerk an amount equal to the applicable civil penalty for the alleged violation. The clerk shall issue a receipt for any amount so deposited. After presentation of the receipt, all amounts so deposited shall be refunded to the person charged if the hearing officer, or the Municipal Court on appeal, finds that the person is not liable for the violation.

(K) Effect of failure to pay or contest. Failure to pay a civil penalty or to contest liability in a timely manner is an admission of liability in the full amount of the civil penalty

assessed in the notice of violation and constitutes a waiver of the right to appeal.

(L) Failure to Appear. Failure to appear at an administrative adjudication hearing on or before the date listed on the parking citation or after having requested a hearing (including a continued hearing or a rescheduled hearing) is an admission of liability for the full amount of the civil penalty assessed in the notice of violation and the costs of the hearing, and constitutes a waiver of the right to appeal.

Sec. 24.50 Order of liability

(A) Contents. If, after a hearing, the hearing officer finds a person liable for a violation under this article, an order of liability shall be issued which shall contain a statement:

- (1) Finding the person charged liable for the violation;
- (2) Of the amount of civil penalties, fees, and court costs;
- (3) Of the right to appeal to the Municipal Court before the thirty-first day after the date the hearing officer's order is filed; and
- (4) That the order issued by the hearing officer may be enforced by the filing of a civil suit for collection of the administrative penalties, fees, and costs of court.

(B) Notification. Within seven days after filing an order of liability issued under this article, the hearing officer shall notify the person against whom an administrative penalty has been assessed of the issuance of the order. An order of liability issued under this article shall be in writing and may be served personally upon the person charged, or by first class United States mail. An order that is mailed shall be mailed to the last known address of the person charged, and is presumed to have been received on the fifth day after the date the order was mailed.

(C) Filing. An order issued by the hearing officer under this article shall be filed with the City Secretary and shall be kept in a separate index and file. The order may be recorded using microfilm, microfiche, or data processing techniques.

(D) Order is final if not timely appealed. If a person found liable for a violation does not timely appeal the hearing officer's order, the hearing officer's order shall become a final judgment enforceable as provided by law.

(E) Failure to timely file appeal; effect. A person who does not file a timely appeal of a determination of the hearing officer shall pay all civil penalties, costs, and fees assessed by the hearing officer before the thirty-first day after the date the hearing officer's determination is filed with the City Secretary.

Sec. 24.51 Appeal from the decision of hearing officer

(A) Appeal to Municipal Court. A person who is found liable after an administrative adjudication hearing may appeal to the Municipal Court by filing a notice of appeal with the Clerk of the Municipal Court. The notice of appeal must be filed not later than the thirty-first day after the date on which the hearing officer entered the finding of liability and shall be accompanied by the payment of an appellate filing fee of \$50.00. A person appealing the decision of the hearing officer may request a jury trial by paying a jury fee in the amount of \$35.00 in addition to the appellate filing fee. If the presiding judge of the Municipal Court determines that the person found liable for a violation by the hearing officer is indigent and financially unable to pay the costs of appeal, the presiding judge may order a waiver of those costs.

(B) Effect of filing. An appeal stays the enforcement and collection of the civil penalty.

(C) Standard on Appeal. The Municipal Court Judge or a jury, if so requested, shall conduct a hearing de novo, under the procedures for a hearing officer as set out in Sec. 24.49. At the conclusion of the hearing the Municipal Judge, based on the decision of the Municipal Judge or the factual findings of the jury, as the case may be, shall issue an order stating whether the person charged with a violation is liable for the violation and the amount of any penalty, cost, or fee assessed against the person. A ruling in an appeal under this article is final.

(D) Standard of proof. In an appeal under this article, the alleged violation must be proven by a preponderance of the evidence.

(E) Proof of facts. In an appeal under this article, a violation may not be proven merely by the allegations contained in the notice of violation alone, but the allegations in the citation along with photographs, if any, of the vehicle depicting the violation, shall be rebuttable proof of the facts contained in the citation and depicted in the photograph(s). On appeal, it is presumed that the registered owner of the vehicle for which the citation was issued is the person who stopped, stood, or parked the vehicle at the time and place of the parking violation. Proof of ownership may be made by a computer-generated record of the registration of the vehicle with the Texas Department of Motor Vehicles computer-generated record showing the name of the person to whom state license plates were issued. This proof is prima facie evidence of the ownership of the vehicle by the person to whom the certificate of registration was issued.

(F) Rules of evidence inapplicable; admissibility. The formal rules of evidence and procedure do not apply to an appeal hearing under this article, and relevant evidence will be admitted if the Municipal Judge finds that evidence is of that quality which reasonable persons are accustomed to rely on in the conduct of serious affairs, regardless of the existence of any common law or statutory rule to the contrary.

(G) Right to call and examine witnesses. Each party shall have the right to call and examine witnesses; to introduce exhibits; to cross-examine opposing witnesses on any matter relevant to the issues; and to rebut the opposing party's evidence.

(H) Payment of penalties. If the Municipal Court Judge issues an order of liability after an appeal, all penalties, fees, or costs assessed by the hearing officer shall be paid within 30 days of the date of the Municipal Court Judge's ruling.

Sec. 24.52 Enforcement of orders

The City Attorney may enforce an order issued under this article against a person charged with a violation by filing a civil suit for the collection of a penalty assessed against the person and for any other order or relief to which the City may be entitled."

Section 2

That Sec. 32.57 of Chapter 32, "Property Sanitation and Housing Services" of the Code of Ordinances of the City of Garland, Texas, is hereby amended to read as follows:

"Sec. 32.57 Oversized and other vehicles - restrictions in residential zones

(A) For the purposes of this section:

(1) Box truck means a chassis cab truck or route truck with an enclosed cuboid-shaped cargo area.

(2) Catering truck means a vehicle from which approved, prepackaged foods are sold or conveyed in such a manner that no direct food contact results.

(3) Dump truck means a truck with an open box bed, hinged in a manner to permit dumping, with a lift to allow the material in the bed to be deposited or dumped on the ground.

(4) Dump trailer means a trailer with a box bed, hinged in a manner to permit dumping, with a lift to allow the material in the bed to be deposited or dumped on the ground.

(5) Mobile food unit means a vehicle-mounted food service establishment designed to be readily movable.

(6) Modified vehicle means and includes passenger trucks equipped in any manner to facilitate a trade or hobby, including but not limited to a flatbed truck with or without side rails, a truck with permanently mounted equipment including, but not limited to, aerial buckets, platforms, welding equipment, mechanical or hydraulic devices designed to assist in loading or unloading freight or the transporting of other vehicles, and all other truck bodies that are not the standard passenger truck body and cargo bed installed by the original truck manufacturer. The term does not include a passenger vehicle which has been altered to assist the disabled.

(7) Oversized vehicle means a tow truck (wrecker), truck tractor, road tractor, semitrailer (whether or not attached to a truck tractor or a road tractor), trailer

greater than 16 feet in length excluding the tongue (whether or not attached to a truck, truck tractor or a road tractor), passenger motor vehicle designed to carry more than 16 persons (including the driver), and includes any modified vehicle with a manufacturer's rating of 9,000 GWT (gross weight) or higher. The term shall also include a box truck, dump truck or dump trailer with a manufacturer's rating of 9,000 GWT (gross weight) or higher, or box trucks, dump trucks or dump trailers with a cargo containment space greater than 16 feet in length, excluding the cabin area of the vehicle, regardless of GWT.

The term does not include:

- (a) any motor vehicle owned or operated by a governmental entity;
 - (b) a vehicle for recreational use;
 - (c) a vehicle owned or used by a church for church purposes;
 - (d) trailers less than 18 feet in total length, inclusive of the tongue; or
 - (e) passenger vehicles that are not modified beyond the intended purpose
- (8) Vehicle for recreational use means a motor vehicle designed as a temporary living quarters for recreational travel or vacation use, a boat or personal watercraft, and a motorcycle or all-terrain vehicle designed or equipped only for off-road use. The term includes a travel trailer, camping trailer, truck camper, motor home, trailers used to carry boats, personal watercraft, motorcycles and all-terrain vehicles, and utility trailers of not more than 16 feet in length excluding the tongue which do not contain equipment or materials that are associated with an occupation.
- (9) Residential zone means any property zoned single-family, duplex, multifamily or planned development for single-family, duplex or multifamily uses. The term includes both private and public property within such zoning districts.

(10) Utility trailer shall mean an enclosed or open cargo trailer designed for the transportation of a variety of products, goods, livestock or vehicles.

(B) Parking oversized vehicles in nonindustrial zones.

(1) A person commits an offense if the person parks or stands an oversized vehicle at any place within an area zoned Agricultural, Neighborhood Office and Community Office, Community Retail, Light Commercial, or Planned Development.

(2) The owner of an oversized vehicle commits a civil offense if the owner allows, suffers or permits the parking or standing of the oversized vehicle at any place within an area zoned Agricultural, Neighborhood Office and Community Office, Community Retail, Light Commercial, or Planned Development.

(3) It shall be an affirmative defense to prosecution under this section that the oversized vehicle was:

(a) In the process of loading or unloading material at the address where the oversized vehicle is located;

(b) The oversized vehicle's driver is present and in control of the vehicle, waiting to be loaded or unloaded;

(c) At a fueling site being fueled;

(d) At a business that has a valid certificate of occupancy to utilize or repair oversized vehicles; or

(e) On the premises of a dining or lodging establishment while the operator of the oversized vehicle is dining or a registered guest of the lodging establishment.

(C) Parking certain vehicles in residential zones.

(1) A person commits an offense if the person parks or stands an oversized vehicle, modified vehicle, box truck, dump truck, dump trailer or utility trailer on public

property within a residential zone.

(2) An owner of a vehicle commits a civil offense if the owner allows, suffers or permits the parking or standing of an oversized vehicle, modified vehicle, box truck, dump truck, dump trailer or utility trailer on public property within a residential zone.

(3) A person commits an offense if the person parks or stands the following vehicles on public or private property within a residential zone:

(a) Oversized vehicles.

(b) Vehicle(s) with a bed or extension that exceeds 16 feet in length measured from the vehicle cab or modified vehicles that exceed 9000 GWT (gross weight).

(4) The owner of a vehicle commits a civil offense if the owner allows, suffers or permits the parking or standing of the following vehicles on private property within a residential zone:

(a) Oversized vehicles.

(b) Vehicle(s) with a bed or extension that exceeds 16 feet in length measured from the vehicle cab or modified vehicles that exceed 9000 GWT (gross weight).

(5) The owner or lessee of real property commits an offense if the owner allows, suffers or permits the parking or standing of the following vehicles on private property within a residential zone:

(a) Oversized vehicles.

(b) Vehicle(s) with a bed or extension that exceeds 16 feet in length measured from the vehicle cab or modified vehicles that exceed 9000 GWT (gross weight).

(6) It shall be an affirmative defense to prosecution under this section that the oversized vehicle is, at the time of the offense being used in the:

(a) loading or delivery of passengers or goods within

a residential zone and only for such period of time as is actually necessary to accomplish such loading or delivery; or

(b) repair or construction of a public utility or for construction activities.

(7) A person commits an offense if the person parks or stands a recreational vehicle on public property within a residential zone.

(8) The owner of a recreational vehicle commits a civil offense if the person allows, suffers or permits the parking or standing of the recreational vehicle on public property within a residential zone.

(9) It shall be an affirmative defense to prosecution under subsection (7) and (8) that the recreational vehicle is, at the time of the offense, being loaded or unloaded and is removed from public property in less than a 24 hour period.

(10) A person commits an offense if the person parks a catering truck or mobile food unit at any place within a residential zone.

(11) The owner of a catering truck or mobile food unit commits a civil offense if the owner allows, suffers or permits the parking or standing of a catering truck or mobile food unit at any place within a residential zone.

(12) It is an affirmative defense to prosecution under subsection (10) and (11) of this section if, at the time of the offense:

(a) The vehicle is a lawfully operated and permitted vehicle selling food at a construction site within a residential zone; or

(b) The vehicle is associated with a service person actively performing work at a residence while workers are present, other than the service person's residence."

Section 3

That Article IV, "Stopping, Standing and Parking" of Chapter 33, "Transportation" of the Code of Ordinances of the City of Garland, Texas, is hereby amended by adding a new section, Sec. 33.55, to read as follows:

Sec. 33.55 Miscellaneous parking violations - civil offense

(A) The registered owner of a vehicle commits a civil offense if the registered owner of the vehicle allows, suffers or permits a vehicle to be parked:

- (1) on the roadway side of a vehicle stopped or parked at the edge of a curb of a street;
- (2) on a sidewalk;
- (3) in an intersection;
- (4) on a crosswalk;
- (5) alongside or opposite a street excavation or obstruction if stopping, standing or parking the vehicle would obstruct traffic;
- (6) in front of a public or private driveway;
- (7) within 15 feet of a fire hydrant;
- (8) within 20 feet of a crosswalk at an intersection;
- (9) within 30 feet on the approach to a flashing signal, stop sign, yield sign, or traffic control signal located at the side of a roadway;
- (10) within an alley so as to interfere with the free and interrupted movement of traffic;
- (11) in a fire zone;
- (12) where signs are erected prohibiting parking;
- (13) in a manner such that any portion of the vehicle extends more than 102 inches from the face of the immediately adjacent curb, if the street has a curb, or

edge of pavement, if the street does not have a curb;

(14) on public property in a marked parking space and not entirely contained within the limits of a single parking space designated by surface markings for that space;

(15) on a two-way roadway with the right-hand wheels of the vehicle greater than 18 inches of the right-hand curb or edge of the roadway; or

(16) unattended on a public street for a period of time in excess of forty-eight hours.

(B) A person commits a civil offense if the person parks a vehicle:

(1) on the roadway side of a vehicle stopped or parked at the edge of a curb of a street;

(2) on a sidewalk;

(3) in an intersection;

(4) on a crosswalk;

(5) alongside or opposite a street excavation or obstruction if stopping, standing or parking the vehicle would obstruct traffic;

(6) in front of a public or private driveway;

(7) within 15 feet of a fire hydrant;

(8) within 20 feet of a crosswalk at an intersection;

(9) within 30 feet on the approach to a flashing signal, stop sign, yield sign, or traffic control signal located at the side of a roadway;

(10) within an alley so as to interfere with the free and interrupted movement of traffic;

(11) in a fire zone;

(12) where signs are erected prohibiting parking;

(13) in a manner such that any portion of the vehicle extends more than 102 inches from the face of the immediately adjacent curb, if the street has a curb, or edge of pavement, if the street does not have a curb;

(14) on public property in a marked parking space and not entirely contained within the limits of a single parking space designated by surface markings for that space;

(15) on a two-way roadway with the right-hand wheels of the vehicle greater than 18 inches of the right-hand curb or edge of the roadway; or

(16) unattended on a public street for a period of time in excess of forty-eight hours.

Section 4

That a violation of any provision of this Ordinance shall be a misdemeanor punishable in accordance with Sec. 10.05 of the Code of Ordinances of the City of Garland, Texas.

Section 5

That Chapter 24 "Municipal Court and Administrative Adjudication", Chapter 32, "Property Sanitation and Housing Services", and Chapter 33, "Transportation" of the Code of Ordinances of the City of Garland, Texas, as amended, shall be and remain in full force and effect save and except as amended by this Ordinance.

Section 6

That the terms and provisions of this Ordinance are severable and are governed by Sec. 10.06 of the Code of Ordinances of the City of Garland, Texas.

Section 7

That this Ordinance shall be and become effective immediately upon and after its passage and approval.

PASSED AND APPROVED this the _____ day of _____, 2019.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

PUBLISHED:



GARLAND PLANNING REPORT

City Council Regular Session Agenda

13. a.

Meeting Date: 11/05/2019

Item Title: Z 19-29 Hidden Oaks Lot Venture Ltd. (District 1) - PD amendment request

Submitted By: Nabiha Ahmed, Development Planner

REQUEST

Approval of 1) a Change in Zoning from Planned Development (PD) District 18-07 for Single-Family Attached (Townhouse) Use to a Planned Development (PD) District for Single-Family-5 (SF-5) Uses.

Approval of a Detail Plan for Single-Family-5 (SF-5) Use.

OWNER

Hidden Oaks Lot Venture Ltd.

PLAN COMMISSION RECOMMENDATION

On October 14, 2019 the Plan Commission, by a vote of seven (7) to zero (0), recommended approval of 1) a Change in Zoning from Planned Development (PD) District 18-07 for Single-Family Attached (Townhouse) Use to a Planned Development (PD) District for Single-Family-5 (SF-5) Uses.

Additionally, the Plan Commission approved an Alley Waiver.

The Plan Commission also recommended to include specific standards regarding the appearances of the single-family homes in a development agreement and for staff to work with the applicant regarding traffic control issues.

The Plan Commission, by a vote of seven (7) to zero (0), also recommended approval of a Detail Plan for Single-Family-5 (SF-5) Use.

STAFF RECOMMENDATION

Approval of 1) a Change in Zoning from Planned Development (PD) District 18-07 for Single-Family Attached (Townhouse) Use to a Planned Development (PD) District for Single-Family-5 (SF-5) Uses.

Approval of a Detail Plan for Single-Family-5 (SF-5) Use.

BACKGROUND

In 2017, City Council approved Planned Development (PD) 17-04 District to allow the development of ninety (90) townhomes and five (5) HOA lots. In 2018, the applicant requested to amend Planned Development (PD) 17-04 District request to allow the construction of the townhouse development in two phases and increase the overall site area and that was approved by City Council under file Planned Development (PD) 18-07 District.

The applicant has decided to request single-family detached homes instead of townhomes. Therefore, the applicant requests to develop sixty-seven (67) single-family detached homes in one phase. The proposed site layout is very similar to the existing detail plan for townhomes.

It should be noted that this application was submitted after September 1, 2019; therefore, in accordance with new State legislation, this request is being considered in two separate agenda items: the Planned Development (zoning) and the Detail Plan.

SITE DATA

The subject property consists of approximately 14.25 acres. The site has approximately 1,635 linear feet of frontage along Crist Road. The single-family residential development would be accessed from two entry points along Crist Road.

USE OF PROPERTY UNDER CURRENT ZONING

Planned Development (PD) 18-07 District allows the construction of a townhouse development with ninety (90) dwelling units in conformance with the approved Detail Plan and Specific Conditions.

CONSIDERATIONS

Detail Plan

1. The applicant proposes to amend the existing Detail Plan for townhomes and develop single-family residential homes. The Detail Plan shows sixty-seven (67) single-family detached homes and six (6) HOA lots.
2. The applicant requests to deviate from the required SF-5 District development standards per Section 2.34 (Table 2-3) of the GDC. The table below indicates the deviations proposed.

Development Standards	Required	Proposed
Lot Area	5,000 square feet	4,200 square feet (minimum)
Lot Width	55 feet	40 feet
Lot Coverage	50%	60%
Rear Setback adjacent to Street	20 feet	10 feet

3. The proposed landscape layout (Exhibit D) complies with the applicable screening and landscape regulations of the Garland Development Code.
4. The proposed development will consist of front entry garages. The applicant is proposing to deviate from the following requirements per Section 4.84 (C)(2) listed below:

- Rear entry;
- “J” drives, for front entry properties;
- “Swing” drives, for side entry properties; or
- Offset front entry with the garage door set back at least five feet behind the front building face.

Furthermore, per the application, each garage shall incorporate at least two (2) of the following architectural elements.

Architectural Elements:

- Sconce lighting
 - Decorative banding or moldings
 - Decorative overhangs above garage doors
 - Eyebrow soldier course over garage doors
 - Decorative vent covers on gable above garage
 - Upgraded carriage style garage doors, or faux wood garage doors.
5. The building elevations will comply with all other applicable building design standards per Section 4.84 of the GDC.
 6. The Engineering Department did not require a submittal of Schematic Engineering Drawings because the applicant previously provided full construction plans for a townhome development proving the water and wastewater systems were adequate for the more intense townhome use as well as providing adequate information to determine that the detention pond easement limits shown on the Zoning Site Plan is of sufficient area to meet the requirements of the Technical Standards Manual (TSM).

Upon submittal of the full construction plans, the design engineer shall, as noted in the TSM Section 1.03, ensure the construction plans for this project meet the Engineering standard of care for all aspects of the design and shall provide a design that is required by the site-specific conditions and intended use of the facilities while, at a minimum, meeting the City’s design and construction requirements set forth in the TSM, unless otherwise expressly written as a Planned Development Condition.

The Detail Plan is sufficient to proceed at this stage of development. Further technical review will take place during permitting and construction plans. The applicant is required to comply with the following technical requirements during permitting and construction plans:

- Per the TSM Section 5.4.F, any easement dedicated for wastewater mains shall be designated as a City Utility Easement (C.U.E.) and of sufficient width based on the depth of the wastewater main. The wastewater easement must conform to TSM Section 5.4.F on the construction plans.
- Per the GDC Section 4.103(C), fences within utility easements are prohibited. If fencing will be proposed on Lot 15, Block 2, staff will require an alternate alignment of the wastewater main be provided to remove the easement off of Lot 15; however, the wastewater main may not run within or under the detention pond area.
- Per the GDC Section 4.33(Q), large canopy trees are not permitted within any Utility or Drainage Easement. On the construction plans all large canopy trees must be

moved such that they are not within any proposed Utility Easement or Drainage Easement. It should be noted that one (1) large canopy trees may be substituted with three (3) small ornamental trees in accordance with the GDC.

- Per the TSM Section 8.07.B.2, a sidewalk is required to be constructed within the subdivision where residential lots do not front or side onto the street.

COMPREHENSIVE PLAN

The Envision Garland Plan designates the subject property as Compact Neighborhoods. Compact Neighborhoods provide areas for moderate increases in residential density, including single-family attached and single-family detached housing. It expands housing options through infill and redevelopment, while continuing walkable development patterns. The Compact Neighborhood development type is primarily characterized as moderate residential (between six and twelve dwelling units per acre).

COMPATIBILITY OF REQUEST WITH SURROUNDING ZONING AND LAND USES

The properties to the east and to the south of the subject property are zoned for Single-Family Uses; these properties are developed with residential neighborhoods. The properties to the north are zoned Light Commercial (LC) District and Planned Development (PD) District 85-27 for Community Retail Uses; these properties are developed with commercial uses. The properties to the west are zoned Planned Development (PD) District 17-42 and Planned Development (PD) District 15-11 for Community Retail (CR) Uses; these properties are developed with retail uses and a car wash is currently under construction.

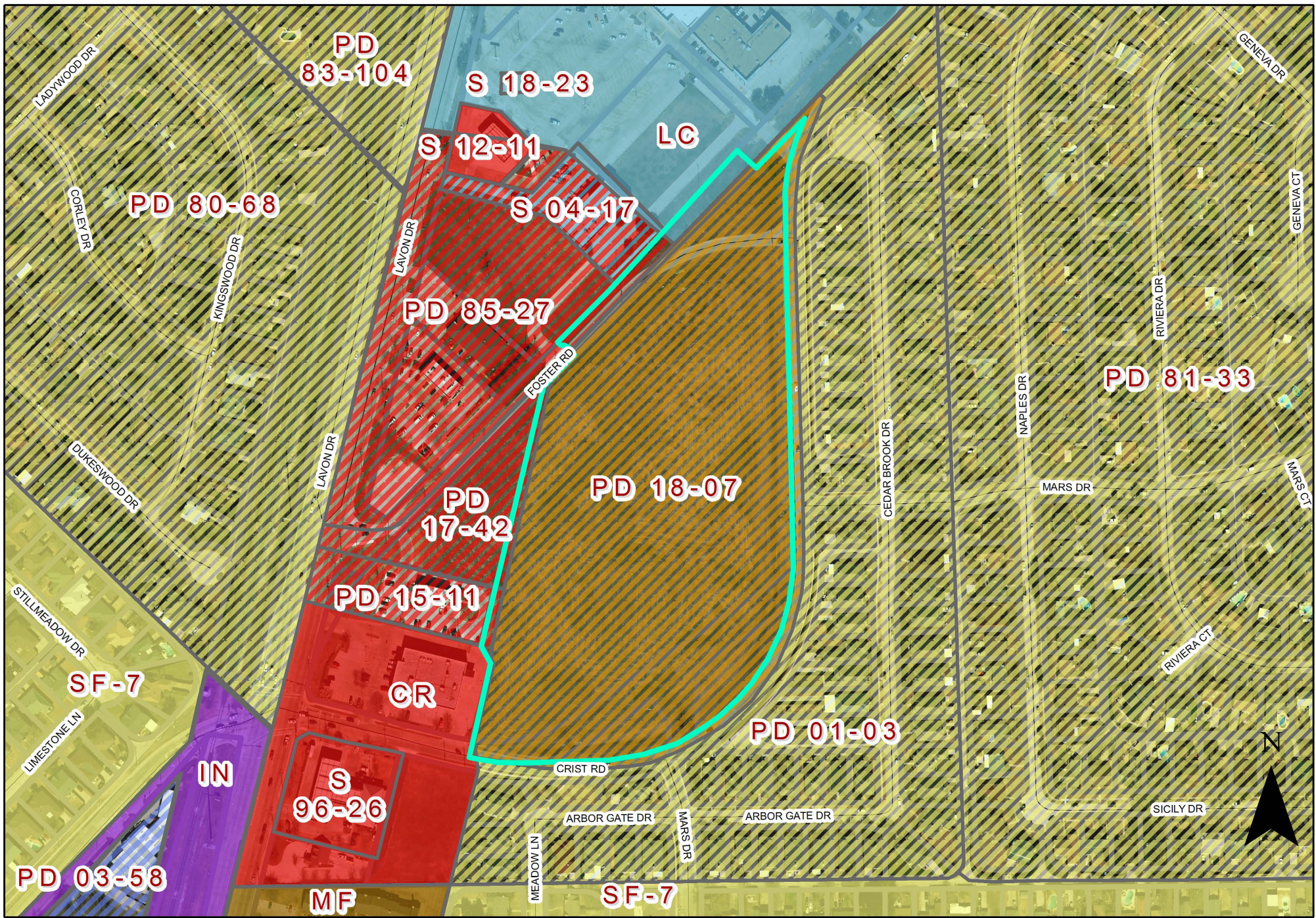
The Single-Family Residential districts are intended to provide for development of primarily low-density detached, single-family residences on a variety of lot sizes, churches, schools, and public parks in logical, livable, and sustainable neighborhoods. The proposed use is compatible with the surrounding development.

Attachments

Z 19-29 Hidden Oaks Lot Venture Ltd Attachments

Z 19-29 Hidden Oaks Lot Venture Ltd Responses

Z 19-29 Hidden Oaks Lot Venture Ltd Staff Presentation



0 140 280 Feet 1 inch = 266 feet	Zoning File Z 19-29	 INDICATES AREA OF REQUEST
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PLANNED DEVELOPMENT CONDITIONS

ZONING FILE Z 19-29

2575 Crist Road
This property is located to the east of Lavon Drive,
between Foster Road and Crist Road.

- I. Statement of Purpose:** The purpose of this Planned Development is to approve a Detail Plan for sixty-seven (67) Single-Family detached homes and six (6) HOA lots.
- II. Statement of Effect:** This Planned Development shall not affect any regulation found in the Garland Development Code, Ordinance No. 6773, and Single-Family-5 (SF-5) District, as amended prior to adoption of this ordinance, except as specifically provided herein.
- III. General Regulations:** All regulations of the Single-Family-5 (SF-5) District as set forth in Chapter 2 of the Garland Development Code included by reference and shall apply, except as otherwise specified by this ordinance.

IV. Development Plans:

Detail Plan: Development shall conform to the Site Plan and Landscape Plan set forth in Exhibit C and Exhibit D; however, in the event of conflict between the Detail Plan and the written conditions contained in this ordinance, the written conditions shall control.

V. Specific Conditions:

- A. Permitted Uses:** Only Dwelling, Single-Family-5 (SF-5) detached uses are permitted.
- B. Minimum Lot Area:** The minimum lot area is 4,200 square feet.
- C. Minimum Lot Width:** The minimum lot width is forty (40) feet.
- D. Minimum Lot Depth:** The minimum lot depth is 105 feet.
- E. Maximum Lot Coverage:** The maximum lot coverage is 60%.
- F. Garages/Alleys:**

- Front entry garages shall be allowed.
- Alleys will not be required with this development.
- Offset front entry with the garage door set back at least five (5) feet behind the front of building face will not be required.
- Regardless of other setbacks, a street-facing garage door must have a minimum of twenty (20) feet from the applicable street right of way line.
- "J" and "Swing" drives will not be required.
- Each garage shall incorporate at least two of the following architectural elements: Sconce lighting, decorative banding or moldings, decorative overhangs above garage doors, eyebrow soldier course over garage doors, decorative vent covers on gable above garage, upgraded carriage style garage doors, or faux wood garage doors.

G. Special Setback: The rear setback adjacent to street shall be ten (10) feet.

H. Dwelling Unit Area: The minimum dwelling unit area is 1,600 square feet; however, thirty (30) percent or more of the dwelling units shall be greater than 2,000 square feet.

I. Masonry Requirement: All elevations facing a dedicated street shall be 80% masonry or stone excluding gables, windows, doors, dormers, insets, areas under covered porches or other architectural projections and/or accents.

J. Additional Front Entry Mitigation: All front elevations shall contain a covered front porch with a minimum area of forty (40) square feet.

K. Roof Design: Each dwelling unit must be constructed with a roof overhang of not less than twelve (12) inches, as measured from the frame to the exterior edge of soffit.

L. Building Elevations: The building elevations will comply with the applicable building design standards per Section 4.84 of the GDC.

- M. Homeowners Association: A Homeowners Association shall be incorporated, and each lot/homeowner shall be a mandatory member. The bylaws of this association shall establish a system of payment of dues; a system of enforcement of its rules and regulations; shall establish a clear and distinct definition of the responsibility of each member; and other provisions as deemed appropriate to secure a sound and stable association.
- N. Trash Containers: Trash containers and recycling bins must be stored in one of the following locations:
- inside the garage of the single-family Dwelling constructed on the Lot; or
 - behind the single-family Dwelling or fence constructed on the Lot in such a manner that the trash container and recycling bin is not visible from any street, alley, or adjacent Lot.
- O. Screening from Non-Residential Zoned Properties: A masonry wall having a height of not less than six (6) feet or more than eight (8) feet shall be built, placed, kept and maintained along the rear property lines of lots two (2) through thirty-one (31) of Block one (1). The wall shall be constructed of brick or stone in accordance with the City's Technical Standards, or may be constructed of a simulate product with the appearance of hand-laid brick or stone provided the wall will have the same structural integrity of the City's standard screening wall details. The brick and/or stone on the masonry screening wall shall match the brick and/or stone on the entry monument sign.
- P. Screening and Landscaping: Screening and landscaping shall be in general conformance with the Landscape Plan set forth in Exhibit D.
- Q. Maintenance of Open/Common Space, Landscaped Areas, Entry Features, Access Easements, Screening Walls/Fences in HOA Lots or Wall/Fence Maintenance Easements And Amenities In HOA Lots: Maintenance of all open/common space, landscaped areas, entry features, access easements, screening walls/fences in HOA lots or wall/fence maintenance easements and

amenities in HOA lots shall be the responsibility of the Homeowners Association.

- R. The development is required to be constructed in accordance with the terms and conditions of that certain development agreement between the City, Property Owner, and Developer.









REPORT & MINUTES

P.C. Meeting, October 14, 2019

Consideration of the application of **Hidden Oaks Lot Venture, Ltd.**, requesting approval of 1) a Change in Zoning from Planned Development (PD) District 18-07 for Single-Family Attached (Townhouse) Uses to a Planned Development (PD) District for Single-Family-5 (SF-5) Use and 2) an Alley Waiver. This property is located at 2845 Crist Road. (District 1) (File Z 19-29)

The applicant Adam Buczek, 8214 Westchester Drive, Dallas, Texas 75225, provided an overview of the request and additional information regarding the refuse containers, placement of homes on the property, responsibility of the screening wall and retention pond maintenance. Mr. Buczek additionally addressed proposed home values and traffic concerns.

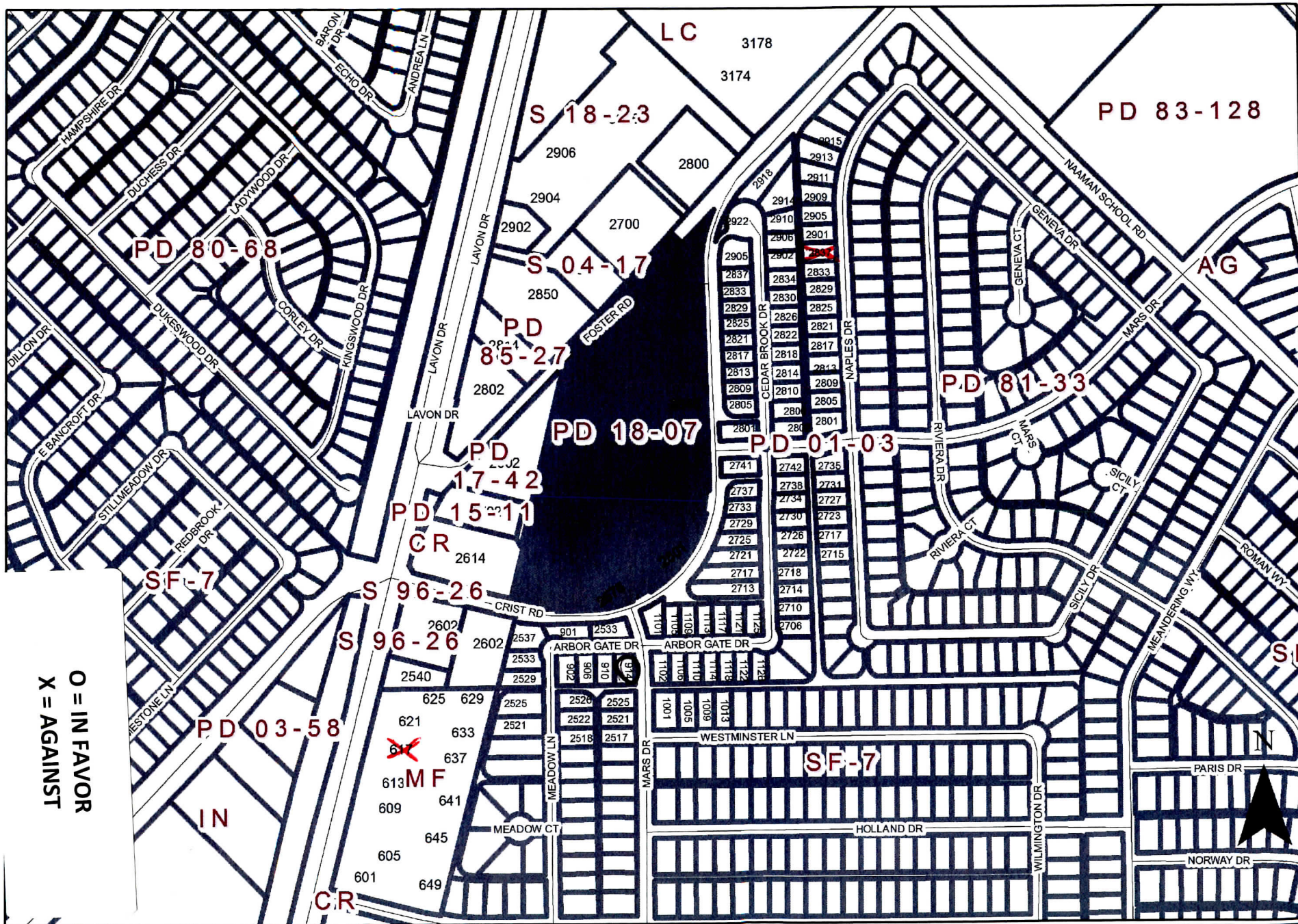
Commissioner Ott requested clarification on who is responsible for maintaining the screening wall, access to the perimeter sidewalk and if additional parking will be added.

Commissioner Rose requested clarification on who will be responsible for the retention pond.

Chairman Roberts inquired as to the ability of moving the porch more forward on the property.

Speaking in opposition of the request Mary Gerrels, 2817 Naples Drive, Garland, Texas 75040 raised concerns regarding traffic, pedestrian safety, parking and mosquito population due to the retention pond.

Motion was made by Commissioner Rose to approve the request per staff recommendation with the inclusion of specific standards to assure the look and quality of homes documented in a Development Agreement, and for staff to work with the applicant regarding traffic control issues. Seconded by Commissioner Edwards. **Motion carried: 7 Ayes, 0**





GARLAND

CITY OF GARLAND
PLANNING DEPARTMENT
P.O. BOX 469002
GARLAND, TX 75046-9002

October 2, 2019

HEARING DATE/TIME: Plan Commission: October 14, 2019 – 7:00 PM

APPLICANT: Hidden Oaks Lot Venture, Ltd.

File Z 19-29

Dear Property Owner:

A public hearing will be held by the Plan Commission of the City of Garland, Texas, at 7:00 P.M. Monday, October 14, 2019, in the Council Chambers of the William E. Dollar Municipal Building (City Hall), 200 North Fifth Street, to consider the application of **Hidden Oaks Lot Venture, Ltd.**, requesting approval of 1) a Change in Zoning from Planned Development (PD) District 18-07 for Single-Family Attached (Townhouse) Uses to a Planned Development (PD) District for Single-Family-5 (SF-5) Uses, 2) a Detail Plan for Single-Family Uses and 3) an Alley Waiver. The property is shown on the enclosed sketch and is described as follows:

BEING an approximate 14.251-acre tract of land situated in the Thacker V. Griffin Survey, Abstract Number 528, in the City of Garland, Dallas County, Texas, being part of a called 15.501 acre tract of land described in a deed recorded in Volume 2001229, Page 10037, in the Deed Records of Dallas County, Texas. **The site is located at 2845 Crist Road. (District 1)**

Note: The applicant proposes to build a subdivision consisting of detached single-family homes. The previous development proposed was for townhouses.

To convey any concerns or opinions regarding the aforementioned request, please complete the below-listed section and return that section using any of the following methods: mail to City of Garland, Planning Department, P.O. Box 469002, Garland, TX 75046-9002; fax to 972-205-2474; deliver to the Planning Department at 800 Main Street, Garland TX; or email Planning@Garlandtx.gov. It is important that your response include your property address, your name, and mailing address. Should you have any questions, please contact Nabiha Ahmed at 972-205-2453.

Para Español, por favor contactar a Josue De La Vega 972-205-2833.

(Please Check One Below)

☐ I am in favor of the request.

☒ I am opposed to the request.

Please include any comments you wish to provide supporting your position in the space

Received 10-8-19

October 2, 2019

Z 19-29

Page 2 of 2

provided below.

will be too congested
with traffic

(Please complete the following information)

2837 Naples
Your Property Address

Julie Bain
Printed Name

2837 Naples
Address

City, State

Zip

The above statements reflect my (our) opinion regarding the proposed request(s).

Julie Bain
Signature

Title

Date: 10/8/19



GARLAND

CITY OF GARLAND
PLANNING DEPARTMENT
P.O. BOX 469002
GARLAND, TX 75046-9002

October 2, 2019

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(Please Check One Below)

_____ I am in favor of the request.

 I am opposed to the request.

Please include any comments you wish to provide supporting your position in the space

October 2, 2019

Z 19-29

Page 2 of 2

provided below.

Will be too congested

(Please complete the following information)

617 Carriagehouse Ln

Your Property Address

Octavia Polk

Printed Name

617 Carriagehouse Ln Garland, TX 75040

Address

City, State

Zip

The above statements reflect my (our) opinion regarding the proposed request(s).

Octavia Polk

Signature

Owner

Title

Date: 10/8/19

OCT 11 '19 PM 2:51



GARLAND

CITY OF GARLAND
PLANNING DEPARTMENT
P.O. BOX 469002
GARLAND, TX 75046-9002

October 2, 2019

HEARING DATE/TIME: Plan Commission: October 14, 2019 – 7:00 PM

APPLICANT: Hidden Oaks Lot Venture, Ltd.

File Z 19-29

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(Please Check One Below)

☒ I am in favor of the request.

☐ I am opposed to the request.

Please include any comments you wish to provide supporting your position in the space

October 2, 2019

Z 19-29

Page 2 of 2

provided below.

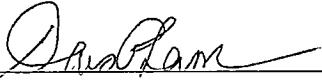
(Please complete the following information)

914 ARBOR GATE DR., GARLAND TX 75040
Your Property Address

DAVIS + ELIZABETH PHAM
Printed Name

914 Arbor Gate Dr. Garland TX 75040
Address City, State Zip

The above statements reflect my (our) opinion regarding the proposed request(s).

 Owner
Signature Title

Date: 10/7/2019

OCT 11 '19 PM 2:51

Z 19-29

Approval of 1) a Change in Zoning from Planned Development (PD) District 18-07 for Single-Family Attached (Townhouse) Use to a Planned Development (PD) District for Single-Family-5 (SF-5) Uses and 2) an Alley Waiver.

Approval of a Detail Plan for Single-Family-5 (SF-5) Use.

**Plan Commission Meeting
November 5, 2019**



GARLAND

TEXAS MADE HERE

Case Information

Location: 2575 Crist Road

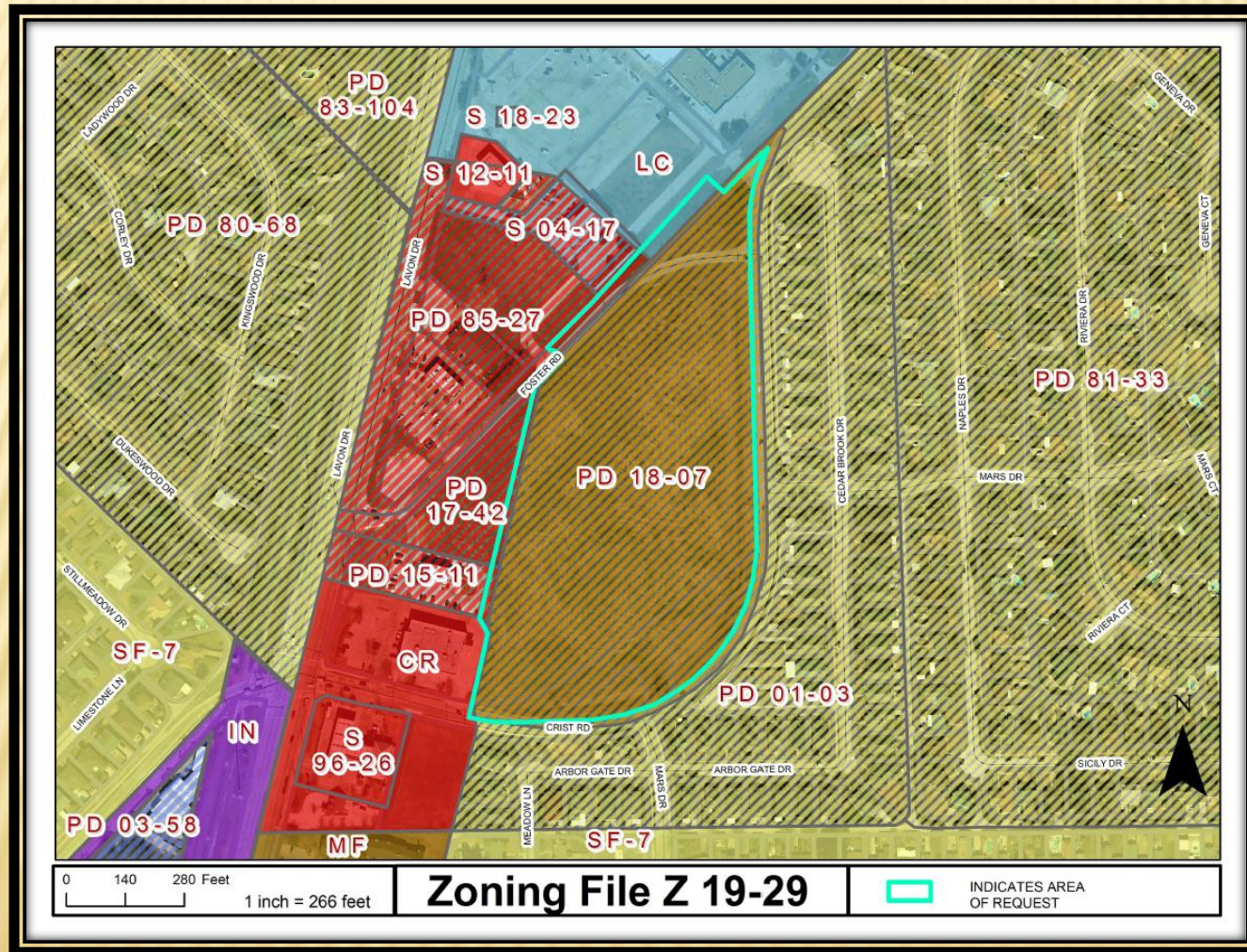
Applicant: Hidden Oaks Lot Venture Ltd.

Owner: Hidden Oaks Lot Venture Ltd.

Acreage: 14.25 acres

Zoning: Planned Development (PD) District 18-07 for Single-Family Attached (Townhomes) Use.

Location Map



Photos



View of the subject property from Crist Rd



North of subject property from Foster Rd



East of subject property from Crist Rd

Background

- **2017** – Site Zoned PD 17-04
 - 90 townhomes
 - 5 HOA lots
- **2018** – Amended in PD 18-07
 - Phased development in 2 phases
 - Increase the overall site area
- **2019** – Propose Change of Zoning and Detail Plan
 - Single-family detached homes
 - 67 single-family detached homes
 - One (1) phase
 - Site layout is very similar to the existing detail plan for townhomes

Consideration

- Proposing base zoning as Single-Family-5 (SF-5) District.
- The table below indicates the deviations proposed

Development Standards	Required	Proposed
Lot Area	5,000 square feet	4200 square feet (minimum)
Lot Width	55-feet	40-feet
Lot Coverage	50%	60%
Rear Setback adjacent to Street	20-feet	10-feet

Consideration

- **Garage deviation from Section 4.84 (C)(2):**
 - Rear entry;
 - “J” drives, for front entry properties;
 - “Swing” drives, for side entry properties; or
 - Offset front entry with the garage door set back at least five feet behind the front building face.

Furthermore, each garage shall incorporate at least two (2) of the following architectural elements.

Architectural Elements:

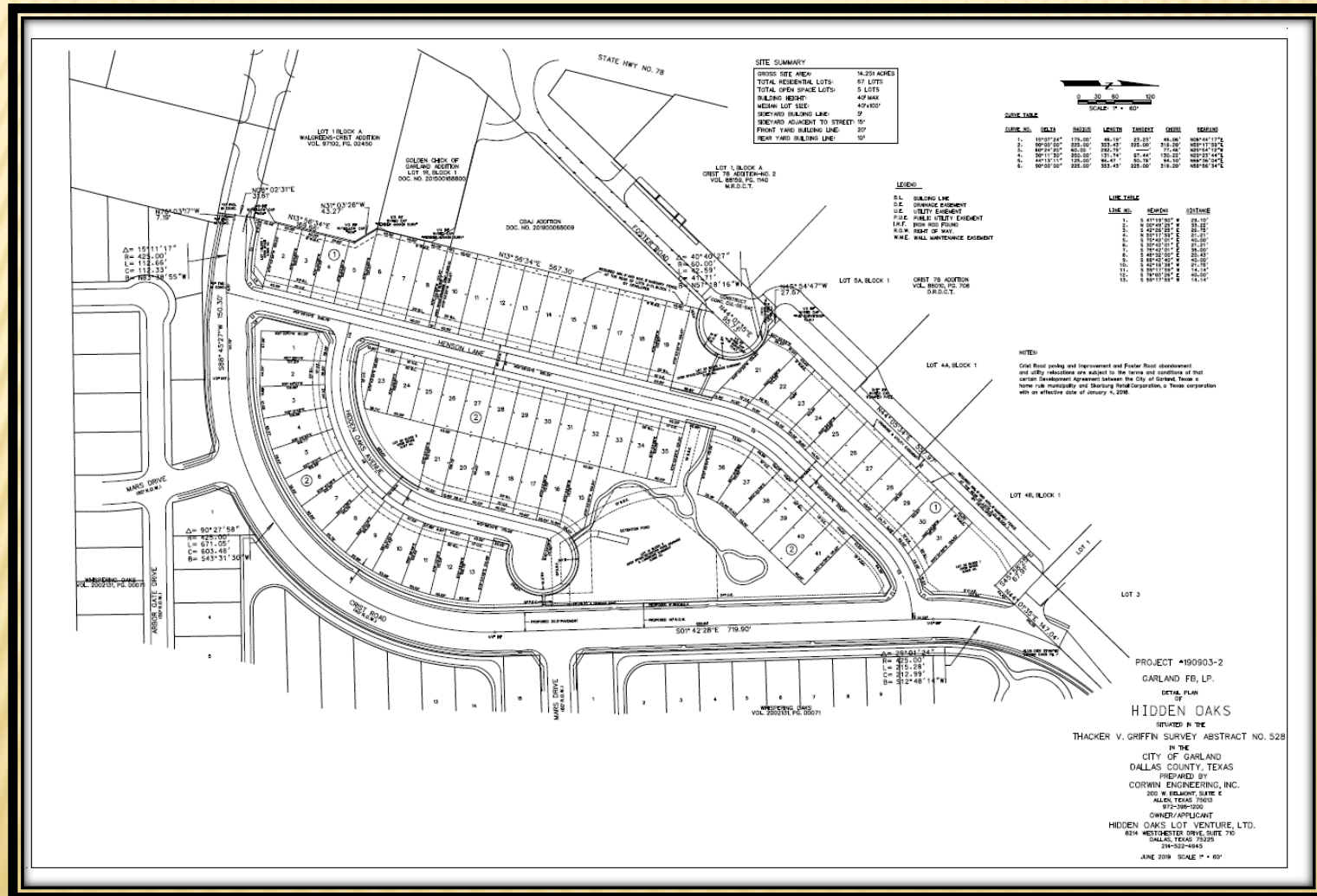
- Sconce lighting
- Decorative banding or moldings
- Decorative overhangs above garage doors
- Eyebrow soldier course over garage doors
- Decorative vent covers on gable above garage
- Carriage style garage doors, or faux wood garage doors.

Consideration

- Landscape complies with the applicable GDC screening and landscape regulations.
- Building elevations comply with all other applicable GDC building design standards.

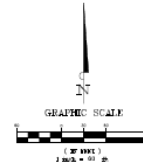
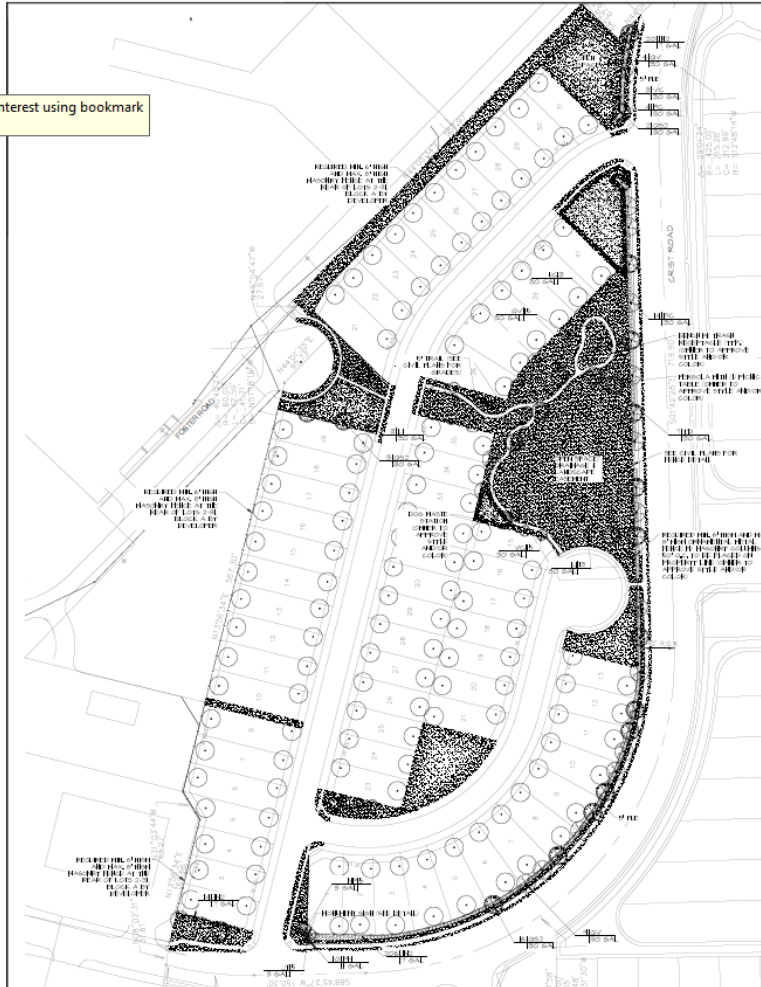


Z 19-29

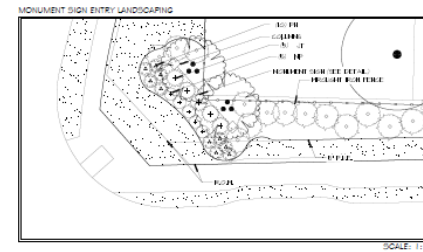




f interest using bookmark



LANDSCAPE TABULATIONS:	
1 TREE PER 2,500 SF OPEN SPACE AREAS: 24,625 SF PROVIDED:	10 TREES 25 SHADE TREES 10 ORNAMENTAL TREES
PARK TREES REQUIRED 1/1,250 SF: 76,035 PROVIDED:	61 TREES 33 SHADE TREES 28 ORNAMENTAL TREES
1 TREE PER 50 L.F. OF STREET FRONTAGE: 1,535 L.F. PROVIDED:	31 TREES 32 SHADE TREES



PLANT SCHEDULE					
ITEM	QTY	DESCRIPTION	UNIT	PRICE	AMOUNT
1	1	1.1. Expansion Tank (Type 1) (Type 1)	EA	1,200.00	1,200.00
2	1	2.1. Expansion Tank (Type 2) (Type 2)	EA	1,200.00	1,200.00
3	1	3.1. Expansion Tank (Type 3) (Type 3)	EA	1,200.00	1,200.00
4	1	4.1. Expansion Tank (Type 4) (Type 4)	EA	1,200.00	1,200.00
5	1	5.1. Expansion Tank (Type 5) (Type 5)	EA	1,200.00	1,200.00
6	1	6.1. Expansion Tank (Type 6) (Type 6)	EA	1,200.00	1,200.00
7	1	7.1. Expansion Tank (Type 7) (Type 7)	EA	1,200.00	1,200.00
8	1	8.1. Expansion Tank (Type 8) (Type 8)	EA	1,200.00	1,200.00
9	1	9.1. Expansion Tank (Type 9) (Type 9)	EA	1,200.00	1,200.00
10	1	10.1. Expansion Tank (Type 10) (Type 10)	EA	1,200.00	1,200.00
11	1	11.1. Expansion Tank (Type 11) (Type 11)	EA	1,200.00	1,200.00
12	1	12.1. Expansion Tank (Type 12) (Type 12)	EA	1,200.00	1,200.00
13	1	13.1. Expansion Tank (Type 13) (Type 13)	EA	1,200.00	1,200.00
14	1	14.1. Expansion Tank (Type 14) (Type 14)	EA	1,200.00	1,200.00
15	1	15.1. Expansion Tank (Type 15) (Type 15)	EA	1,200.00	1,200.00
16	1	16.1. Expansion Tank (Type 16) (Type 16)	EA	1,200.00	1,200.00
17	1	17.1. Expansion Tank (Type 17) (Type 17)	EA	1,200.00	1,200.00
18	1	18.1. Expansion Tank (Type 18) (Type 18)	EA	1,200.00	1,200.00
19	1	19.1. Expansion Tank (Type 19) (Type 19)	EA	1,200.00	1,200.00
20	1	20.1. Expansion Tank (Type 20) (Type 20)	EA	1,200.00	1,200.00
21	1	21.1. Expansion Tank (Type 21) (Type 21)	EA	1,200.00	1,200.00
22	1	22.1. Expansion Tank (Type 22) (Type 22)	EA	1,200.00	1,200.00
23	1	23.1. Expansion Tank (Type 23) (Type 23)	EA	1,200.00	1,200.00
24	1	24.1. Expansion Tank (Type 24) (Type 24)	EA	1,200.00	1,200.00
25	1	25.1. Expansion Tank (Type 25) (Type 25)	EA	1,200.00	1,200.00
26	1	26.1. Expansion Tank (Type 26) (Type 26)	EA	1,200.00	1,200.00
27	1	27.1. Expansion Tank (Type 27) (Type 27)	EA	1,200.00	1,200.00
28	1	28.1. Expansion Tank (Type 28) (Type 28)	EA	1,200.00	1,200.00
29	1	29.1. Expansion Tank (Type 29) (Type 29)	EA	1,200.00	1,200.00
30	1	30.1. Expansion Tank (Type 30) (Type 30)	EA	1,200.00	1,200.00
31	1	31.1. Expansion Tank (Type 31) (Type 31)	EA	1,200.00	1,200.00
32	1	32.1. Expansion Tank (Type 32) (Type 32)	EA	1,200.00	1,200.00
33	1	33.1. Expansion Tank (Type 33) (Type 33)	EA	1,200.00	1,200.00
34	1	34.1. Expansion Tank (Type 34) (Type 34)	EA	1,200.00	1,200.00
35	1	35.1. Expansion Tank (Type 35) (Type 35)	EA	1,200.00	1,200.00
36	1	36.1. Expansion Tank (Type 36) (Type 36)	EA	1,200.00	1,200.00
37	1	37.1. Expansion Tank (Type 37) (Type 37)	EA	1,200.00	1,200.00
38	1	38.1. Expansion Tank (Type 38) (Type 38)	EA	1,200.00	1,200.00
39	1	39.1. Expansion Tank (Type 39) (Type 39)	EA	1,200.00	1,200.00
40	1	40.1. Expansion Tank (Type 40) (Type 40)	EA	1,200.00	1,200.00
41	1	41.1. Expansion Tank (Type 41) (Type 41)	EA	1,200.00	1,200.00
42	1	42.1. Expansion Tank (Type 42) (Type 42)	EA	1,200.00	1,200.00
43	1	43.1. Expansion Tank (Type 43) (Type 43)	EA	1,200.00	1,200.00
44	1	44.1. Expansion Tank (Type 44) (Type 44)	EA	1,200.00	1,200.00
45	1	45.1. Expansion Tank (Type 45) (Type 45)	EA	1,200.00	1,200.00
46	1	46.1. Expansion Tank (Type 46) (Type 46)	EA	1,200.00	1,200.00
47	1	47.1. Expansion Tank (Type 47) (Type 47)	EA	1,200.00	1,200.00
48	1	48.1. Expansion Tank (Type 48) (Type 48)	EA	1,200.00	1,200.00
49	1	49.1. Expansion Tank (Type 49) (Type 49)	EA	1,200.00	1,200.00
50	1	50.1. Expansion Tank (Type 50) (Type 50)	EA	1,200.00	1,200.00

CASE #: 160903-2

NOTE:
NO LANDSCAPING SUCH AS TREES, HEDGES, ABOVE AND UNDERGROUND STRUCTURES SHALL BE LOCATED WITHIN THE PROPOSED UTILITY EASEMENTS AND RIGHT OF WAY WITHOUT APPROVED CITY'S REAL PROPERTY IMPROVEMENT AUTHORIZATION FORM OR CITY'S LICENSE AGREEMENT.



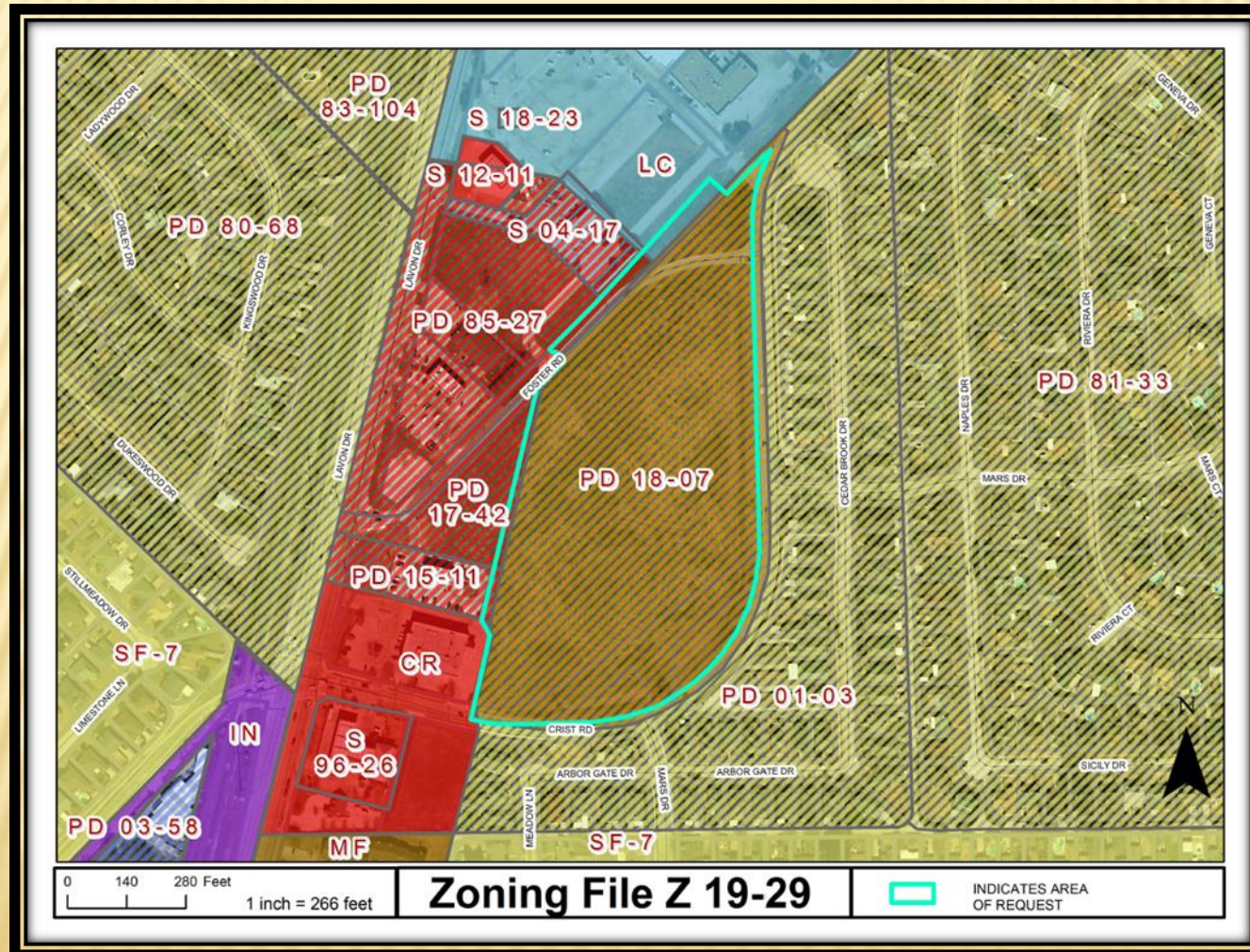
**Know what's below.
Call before you dig.**
(@ least 48 hours prior to digging)

NOTE:
NO LANDSCAPING SUCH AS TREES, HEDGES, ABOVE AND UNDERGROUND STRUCTURES SHALL BE LOCATED WITHIN THE PROPOSED CITY RIGHT-OF-WAY AND RIGHT-OF-WAY WITHOUT APPROVED CITY REAL PROPERTY SUPERVISOR AUTHORIZATION FORM OR CITY LICENSE AGREEMENT.

Elevations



Location Map





GARLAND PLANNING REPORT

City Council Regular Session Agenda

13. b.

Meeting Date: 11/05/2019

Item Title: Z 19-29 Hidden Oaks Lot Venture Ltd. (District 1) - Detail Plan request

Submitted By: Nabiha Ahmed, Development Planner

REQUEST

Approval of 1) a Change in Zoning from Planned Development (PD) District 18-07 for Single-Family Attached (Townhouse) Use to a Planned Development (PD) District for Single-Family-5 (SF-5) Uses.

Approval of a Detail Plan for Single-Family-5 (SF-5) Use.

OWNER

Hidden Oaks Lot Venture Ltd.

PLAN COMMISSION RECOMMENDATION

On October 14, 2019 the Plan Commission, by a vote of seven (7) to zero (0), recommended approval of 1) a Change in Zoning from Planned Development (PD) District 18-07 for Single-Family Attached (Townhouse) Use to a Planned Development (PD) District for Single-Family-5 (SF-5) Uses.

Additionally, the Plan Commission approved an Alley Waiver.

The Plan Commission also recommended to include specific standards regarding the appearances of the single-family homes in a development agreement and for staff to work with the applicant regarding traffic control issues.

The Plan Commission, by a vote of seven (7) to zero (0), also recommended approval of a Detail Plan for Single-Family-5 (SF-5) Use.

STAFF RECOMMENDATION

Approval of 1) a Change in Zoning from Planned Development (PD) District 18-07 for Single-Family Attached (Townhouse) Use to a Planned Development (PD) District for Single-Family-5 (SF-5) Uses.

Approval of a Detail Plan for Single-Family-5 (SF-5) Use.

BACKGROUND

In 2017, City Council approved Planned Development (PD) 17-04 District to allow the development of ninety (90) townhomes and five (5) HOA lots. In 2018, the applicant requested to amend Planned Development (PD) 17-04 District request to allow the construction of the townhouse development in two phases and increase the overall site area and that was approved by City Council under file Planned Development (PD) 18-07 District.

The applicant has decided to request single-family detached homes instead of townhomes. Therefore, the applicant requests to develop sixty-seven (67) single-family detached homes in one phase. The proposed site layout is very similar to the existing detail plan for townhomes.

It should be noted that this application was submitted after September 1, 2019; therefore, in accordance with new State legislation, this request is being considered in two separate agenda items: the Planned Development (zoning) and the Detail Plan.

SITE DATA

The subject property consists of approximately 14.25 acres. The site has approximately 1,635 linear feet of frontage along Crist Road. The single-family residential development would be accessed from two entry points along Crist Road.

USE OF PROPERTY UNDER CURRENT ZONING

Planned Development (PD) 18-07 District allows the construction of a townhouse development with ninety (90) dwelling units in conformance with the approved Detail Plan and Specific Conditions.

CONSIDERATIONS

Detail Plan

1. The applicant proposes to amend the existing Detail Plan for townhomes and develop single-family residential homes. The Detail Plan shows sixty-seven (67) single-family detached homes and six (6) HOA lots.
2. The applicant requests to deviate from the required SF-5 District development standards per Section 2.34 (Table 2-3) of the GDC. The table below indicates the deviations proposed.

Development Standards	Required	Proposed
Lot Area	5,000 square feet	4,200 square feet (minimum)
Lot Width	55 feet	40 feet
Lot Coverage	50%	60%
Rear Setback adjacent to Street	20 feet	10 feet

3. The proposed landscape layout (Exhibit D) complies with the applicable screening and landscape regulations of the Garland Development Code.
4. The proposed development will consist of front entry garages. The applicant is proposing to deviate from the following requirements per Section 4.84 (C)(2) listed below:

- Rear entry;
- “J” drives, for front entry properties;
- “Swing” drives, for side entry properties; or
- Offset front entry with the garage door set back at least five feet behind the front building face.

Furthermore, per the application, each garage shall incorporate at least two (2) of the following architectural elements.

Architectural Elements:

- Sconce lighting
 - Decorative banding or moldings
 - Decorative overhangs above garage doors
 - Eyebrow soldier course over garage doors
 - Decorative vent covers on gable above garage
 - Upgraded carriage style garage doors, or faux wood garage doors.
5. The building elevations will comply with all other applicable building design standards per Section 4.84 of the GDC.
6. The Engineering Department did not require a submittal of Schematic Engineering Drawings because the applicant previously provided full construction plans for a townhome development proving the water and wastewater systems were adequate for the more intense townhome use as well as providing adequate information to determine that the detention pond easement limits shown on the Zoning Site Plan is of sufficient area to meet the requirements of the Technical Standards Manual (TSM). Upon submittal of the full construction plans, the design engineer shall, as noted in the TSM Section 1.03, ensure the construction plans for this project meet the Engineering standard of care for all aspects of the design and shall provide a design that is required by the site-specific conditions and intended use of the facilities while, at a minimum, meeting the City’s design and construction requirements set forth in the TSM, unless otherwise expressly written as a Planned Development Condition.

The Detail Plan is sufficient to proceed at this stage of development. Further technical review will take place during permitting and construction plans. The applicant is required to comply with the following technical requirements during permitting and construction plans:

- Per the TSM Section 5.4.F, any easement dedicated for wastewater mains shall be designated as a City Utility Easement (C.U.E.) and of sufficient width based on the depth of the wastewater main. The wastewater easement must conform to TSM Section 5.4.F on the construction plans.
- Per the GDC Section 4.103(C), fences within utility easements are prohibited. If fencing will be proposed on Lot 15, Block 2, staff will require an alternate alignment of the wastewater main be provided to remove the easement off of Lot 15; however, the wastewater main may not run within or under the detention pond area.
- Per the GDC Section 4.33(Q), large canopy trees are not permitted within any Utility or Drainage Easement. On the construction plans all large canopy trees must be moved such that they are not within any proposed Utility Easement or Drainage Easement. It should be noted that one (1) large canopy trees may be substituted with three (3) small ornamental trees in accordance with the GDC.

- Per the TSM Section 8.07.B.2, a sidewalk is required to be constructed within the subdivision where residential lots do not front or side onto the street.

COMPREHENSIVE PLAN

The Envision Garland Plan designates the subject property as Compact Neighborhoods. Compact Neighborhoods provide areas for moderate increases in residential density, including single-family attached and single-family detached housing. It expands housing options through infill and redevelopment, while continuing walkable development patterns. The Compact Neighborhood development type is primarily characterized as moderate residential (between six and twelve dwelling units per acre).

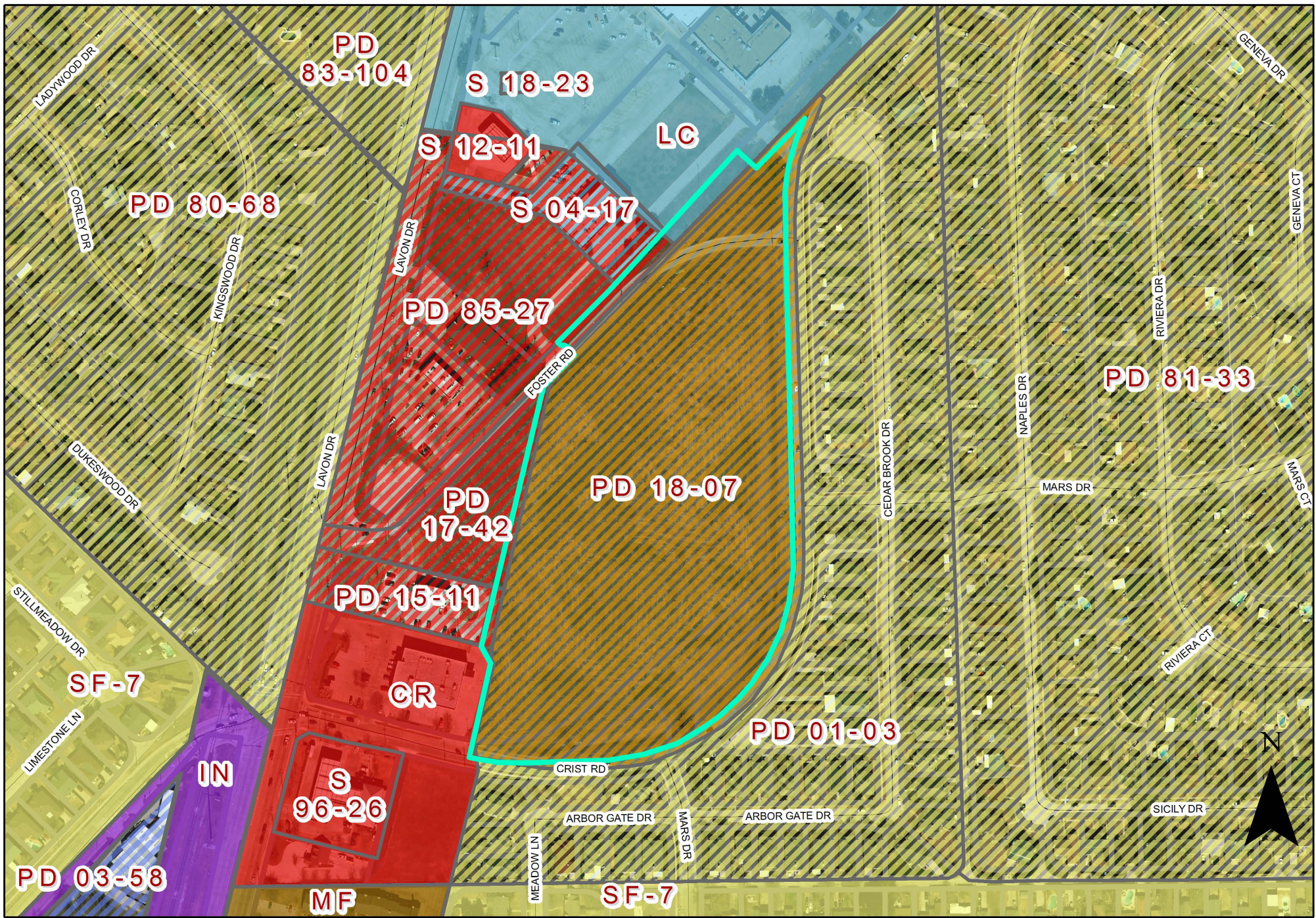
COMPATIBILITY OF REQUEST WITH SURROUNDING ZONING AND LAND USES

The properties to the east and to the south of the subject property are zoned for Single-Family Uses; these properties are developed with residential neighborhoods. The properties to the north are zoned Light Commercial (LC) District and Planned Development (PD) District 85-27 for Community Retail Uses; these properties are developed with commercial uses. The properties to the west are zoned Planned Development (PD) District 17-42 and Planned Development (PD) District 15-11 for Community Retail (CR) Uses; these properties are developed with retail uses and a car wash is currently under construction.

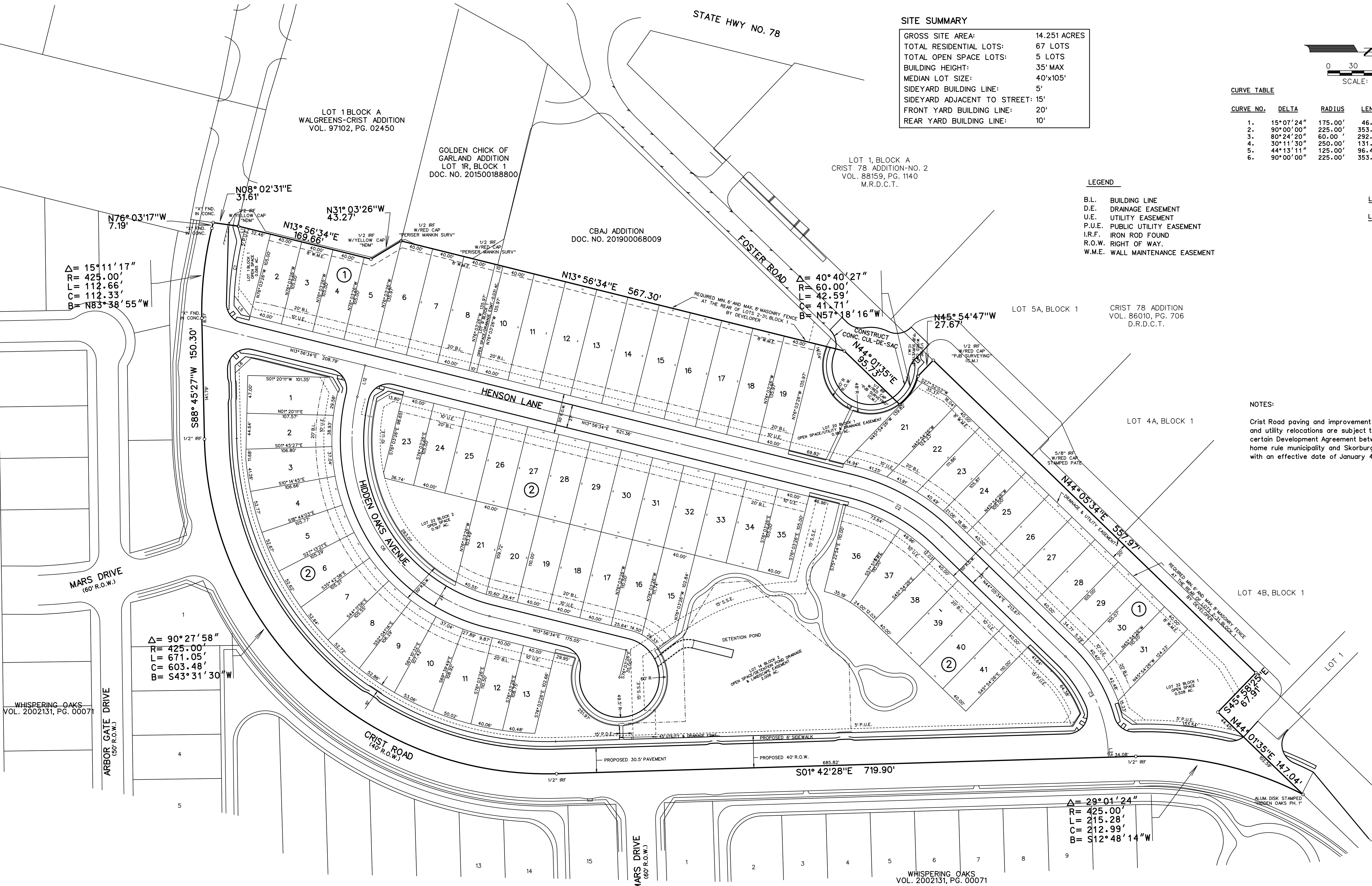
The Single-Family Residential districts are intended to provide for development of primarily low-density detached, single-family residences on a variety of lot sizes, churches, schools, and public parks in logical, livable, and sustainable neighborhoods. The proposed use is compatible with the surrounding development.

Attachments

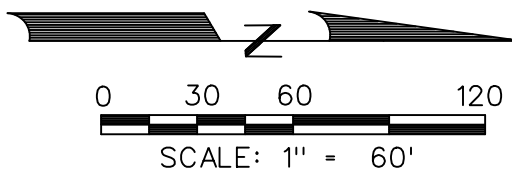
Z 19-29 Hidden Oaks Lot Venture Ltd Attachments and Exhibits
Z 19-29 Hidden Oaks Lot Venture Ltd. Responses
Z 19-29 Hidden Oaks Lot Venture Ltd. Staff Presentation



0 140 280 Feet 1 inch = 266 feet	Zoning File Z 19-29	 INDICATES AREA OF REQUEST
--	------------------------------	--



SITE SUMMARY	
GROSS SITE AREA:	14.251 ACRES
TOTAL RESIDENTIAL LOTS:	67 LOTS
TOTAL OPEN SPACE LOTS:	5 LOTS
BUILDING HEIGHT:	35' MAX
MEDIAN LOT SIZE:	40'x105'
SIDEYARD BUILDING LINE:	5'
SIDEYARD ADJACENT TO STREET:	15'
FRONT YARD BUILDING LINE:	20'
REAR YARD BUILDING LINE:	10'



CURVE TABLE						
CURVE NO.	DELTA	RADIUS	LENGTH	TANGENT	CHORD	BEARING
1.	15°07'24"	175.00'	46.19'	23.23'	46.06'	N06°44'17"E
2.	90°00'00"	225.00'	353.43'	225.00'	318.20'	N59°17'59"E
3.	80°24'20"	60.00'	292.79'	---	77.46'	N25°54'12"W
4.	30°11'30"	250.00'	131.74'	67.44'	130.22'	N29°23'44"E
5.	44°13'11"	125.00'	96.47'	50.78'	94.10'	N66°36'04"E
6.	90°00'00"	225.00'	353.43'	225.00'	318.20'	N58°56'34"E

LEGEND	
B.L.	BUILDING LINE
D.E.	DRAINAGE EASEMENT
U.E.	UTILITY EASEMENT
P.U.E.	PUBLIC UTILITY EASEMENT
I.R.F.	IRON ROD FOUND
R.O.W.	RIGHT OF WAY
W.M.E.	WALL MAINTENANCE EASEMENT

LINE TABLE		
LINE NO.	BEARING	DISTANCE
1.	S 47°19'50" W	29.10'
2.	N 00°49'25" W	33.22'
3.	S 42°26'25" E	26.75'
4.	N 59°17'59" E	21.21'
5.	S 75°42'01" E	40.00'
6.	S 30°42'01" E	21.21'
7.	S 75°42'01" E	35.00'
8.	S 48°32'00" E	20.43'
9.	S 88°42'40" W	40.00'
10.	S 42°18'38" W	21.75'
11.	S 59°17'59" W	14.14'
12.	S 76°03'26" E	40.00'
13.	S 59°17'59" W	14.14'

NOTES:
Crist Road paving and improvement and Foster Road abandonment and utility relocations are subject to the terms and conditions of that certain Development Agreement between the City of Garland, Texas a home rule municipality and Skorbung Retail Corporation, a Texas corporation with an effective date of January 4, 2018.

PROJECT *190903-2
GARLAND FB, LP.

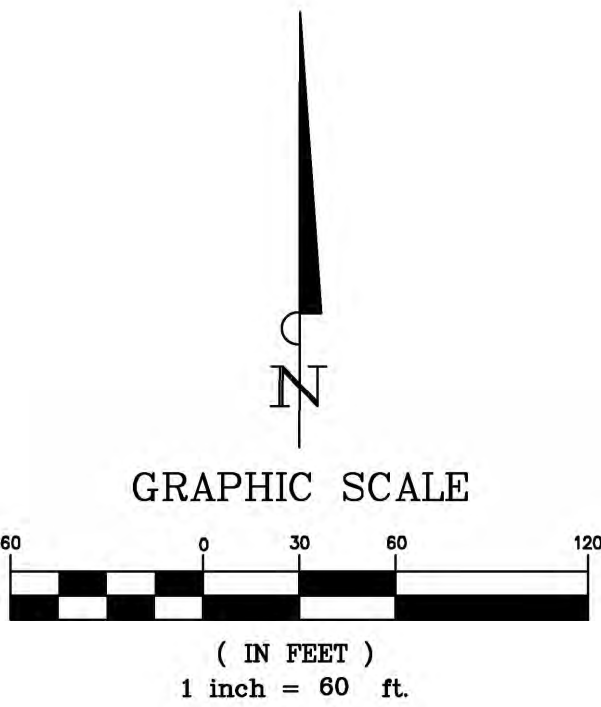
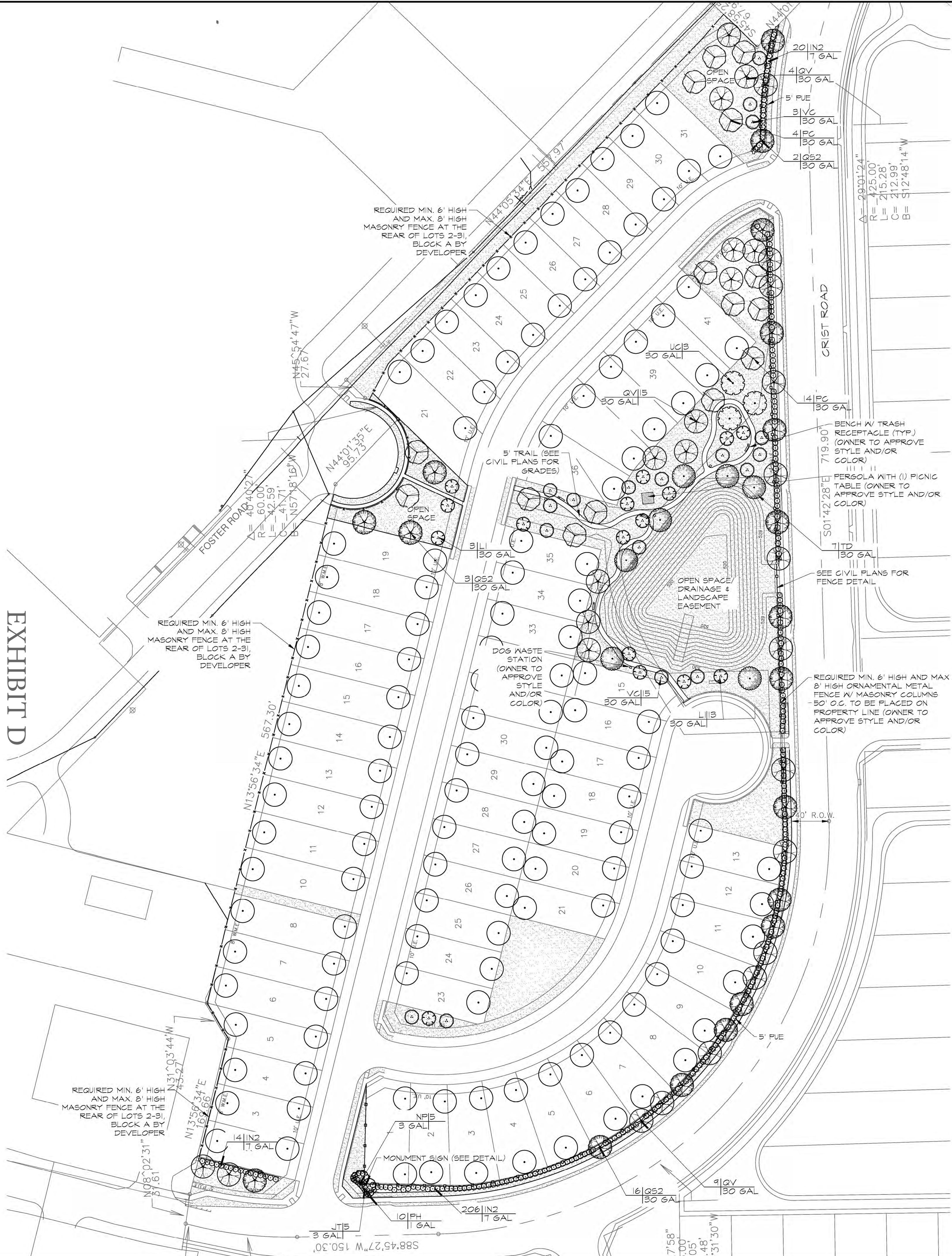
DETAIL PLAN
OF
HIDDEN OAKS

SITUATED IN THE
THACKER V. GRIFFIN SURVEY ABSTRACT NO. 528

IN THE
CITY OF GARLAND
DALLAS COUNTY, TEXAS
PREPARED BY
CORWIN ENGINEERING, INC.

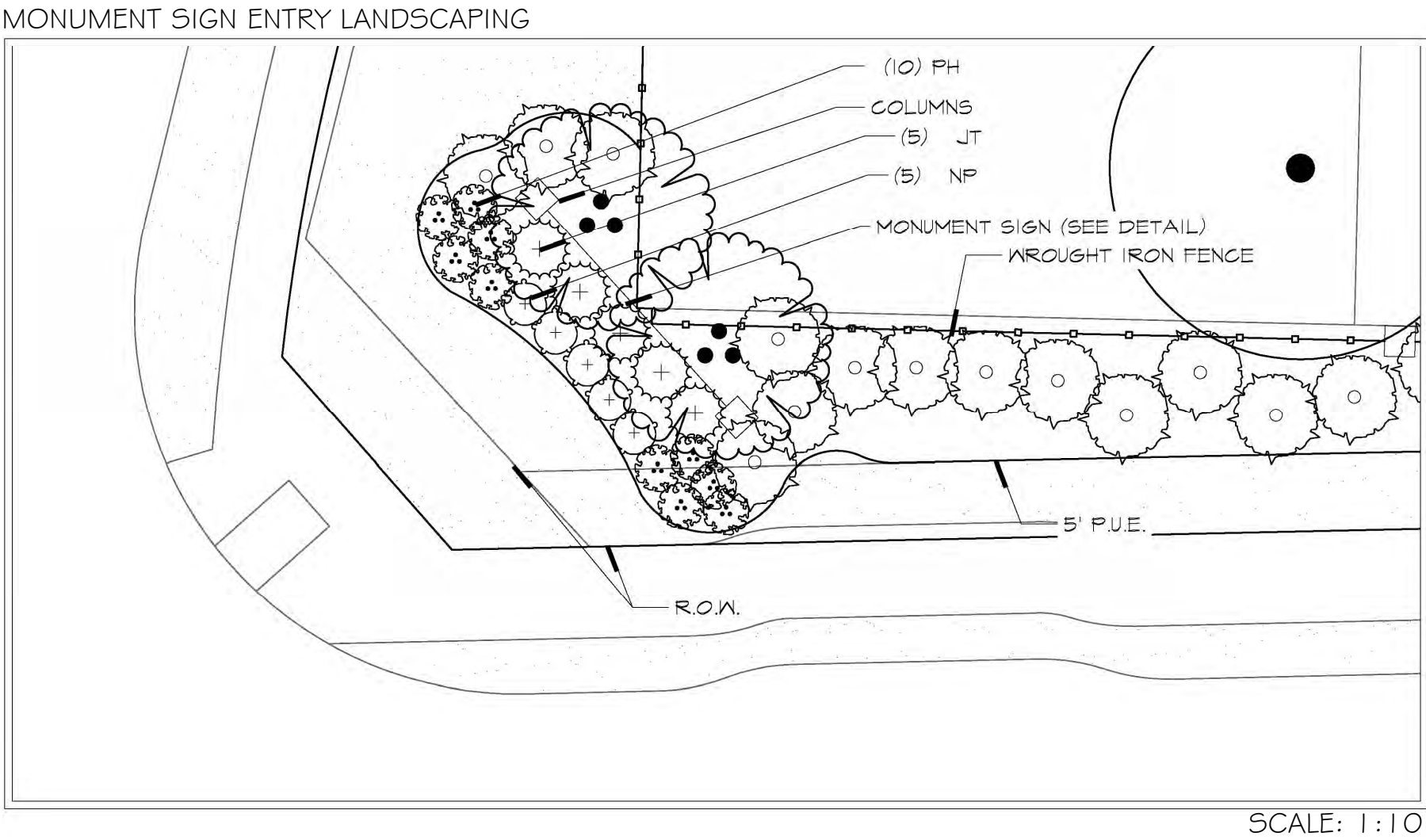
OWNER/APPLICANT
HIDDEN OAKS LOT VENTURE, LTD.
8214 WESTCHESTER DRIVE, SUITE 710
DALLAS, TEXAS 75225
214-522-4945

EXHIBIT D



LANDSCAPE TABULATIONS:

1 TREE PER 2,500 SF OPEN SPACE AREAS: 24,625 SF PROVIDED:	10 TREES
	10 SHADE TREES
	10 ORNAMENTAL TREES
PARK TREES REQUIRED 1/1,250 SF: 76,035 PROVIDED:	61 TREES
	33 SHADE TREES
	28 ORNAMENTAL TREES
1 TREE PER 50 L.F. OF STREET FRONTAGE: 1,535 L.F. PROVIDED:	31 TREES
	32 SHADE TREES



PLANT SCHEDULE

TREES	QTY	BOTANICAL / COMMON NAME	CONT	GAL	SIZE	NOTES
	8	(LI) Lagerstroemia indica / Crape Myrtle	30 GAL	3"	6'-8'	FULL, MATCHING, SYMMETRICAL
	5	(PC) Pistacia chinensis / Chinese Pistache	30 GAL	3"	10'-12'	FULL, MATCHING, SYMMETRICAL
	4	(QS) Quercus shumardii / Shumard Red Oak	30 GAL	3"	10'-12'	FULL, MATCHING, SYMMETRICAL
	28	(QV) Quercus virginiana / Southern Live Oak	30 GAL	3"	10'-12'	FULL, MATCHING, SYMMETRICAL
	188	Shade Tree by Builder	30 GAL		10'-12'	FULL, MATCHING, SYMMETRICAL
	7	(TD) Taxodium distichum / Bald Cypress	30 GAL	3"	10'-12'	FULL, MATCHING, SYMMETRICAL
	3	(UC) Ulmus crassifolia / Cedar Elm	30 GAL	3"	10'-12'	FULL, MATCHING, SYMMETRICAL
	8	(VC) Vitex agnus-castus / Chaste Tree	30 GAL	3"	6'-8'	FULL, MATCHING, SYMMETRICAL
SHRUBS	QTY	BOTANICAL / COMMON NAME	CONT	SIZE	SPACING	NOTES
	244	(IN2) Ilex x 'Nellie R. Stevens' / Nellie Stevens Holly	7 GAL	48" HT	PER PLAN	FULL, MATCHING, SYMMETRICAL
	5	(JT) Juniperus sabina 'Tamariscifolia' / Tamarix Savin Juniper	3 GAL	24" HT.	PER PLAN	FULL, MATCHING, SYMMETRICAL
	5	(NP) Nandina domestica 'Fire Power' / Firepower Nandina	3 GAL	24" HT.	PER PLAN	FULL, MATCHING, SYMMETRICAL
	10	(PH) Pennisetum alopecuroides 'Hameln' / Hameln Dwarf Fountain Grass	1 GAL	16" HT.	PER PLAN	FULL, MATCHING, SYMMETRICAL
GROUND COVERS	QTY	BOTANICAL / COMMON NAME	NOTES			
	PER PLAN	Cynodon dactylon 'Tif 419' / Bermuda Grass	sod			

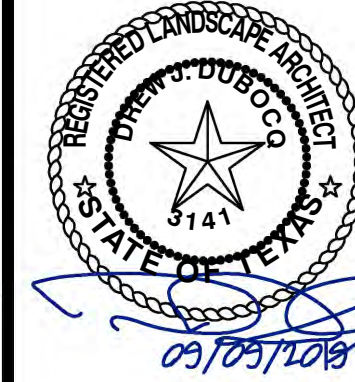


Know what's below.
Call before you dig.
(at least 48 hours prior to digging)

NOTE:
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INFORMATION ON THIS SHEET IS PERTINENT TO ALL OTHER DESIGN SHEETS IN THIS SET OF DRAWINGS. THE CONTRACTOR SHALL NOT SEPARATE DRAWINGS FROM THE SET FOR DISTRIBUTION TO SPECIFIC DISCIPLINES. EACH SUBCONTRACTOR SHALL BE PROVIDED WITH ALL SHEETS WITHIN THIS PLAN SET.

No.	Date	Revision Description











REPORT & MINUTES

P.C. Meeting, October 14, 2019

Consideration of the application of **Hidden Oaks Lot Venture, Ltd.**, requesting approval of 1) a Change in Zoning from Planned Development (PD) District 18-07 for Single-Family Attached (Townhouse) Uses to a Planned Development (PD) District for Single-Family-5 (SF-5) Use and 2) an Alley Waiver. This property is located at 2845 Crist Road. (District 1) (File Z 19-29)

The applicant Adam Buczek, 8214 Westchester Drive, Dallas, Texas 75225, provided an overview of the request and additional information regarding the refuse containers, placement of homes on the property, responsibility of the screening wall and retention pond maintenance. Mr. Buczek additionally addressed proposed home values and traffic concerns.

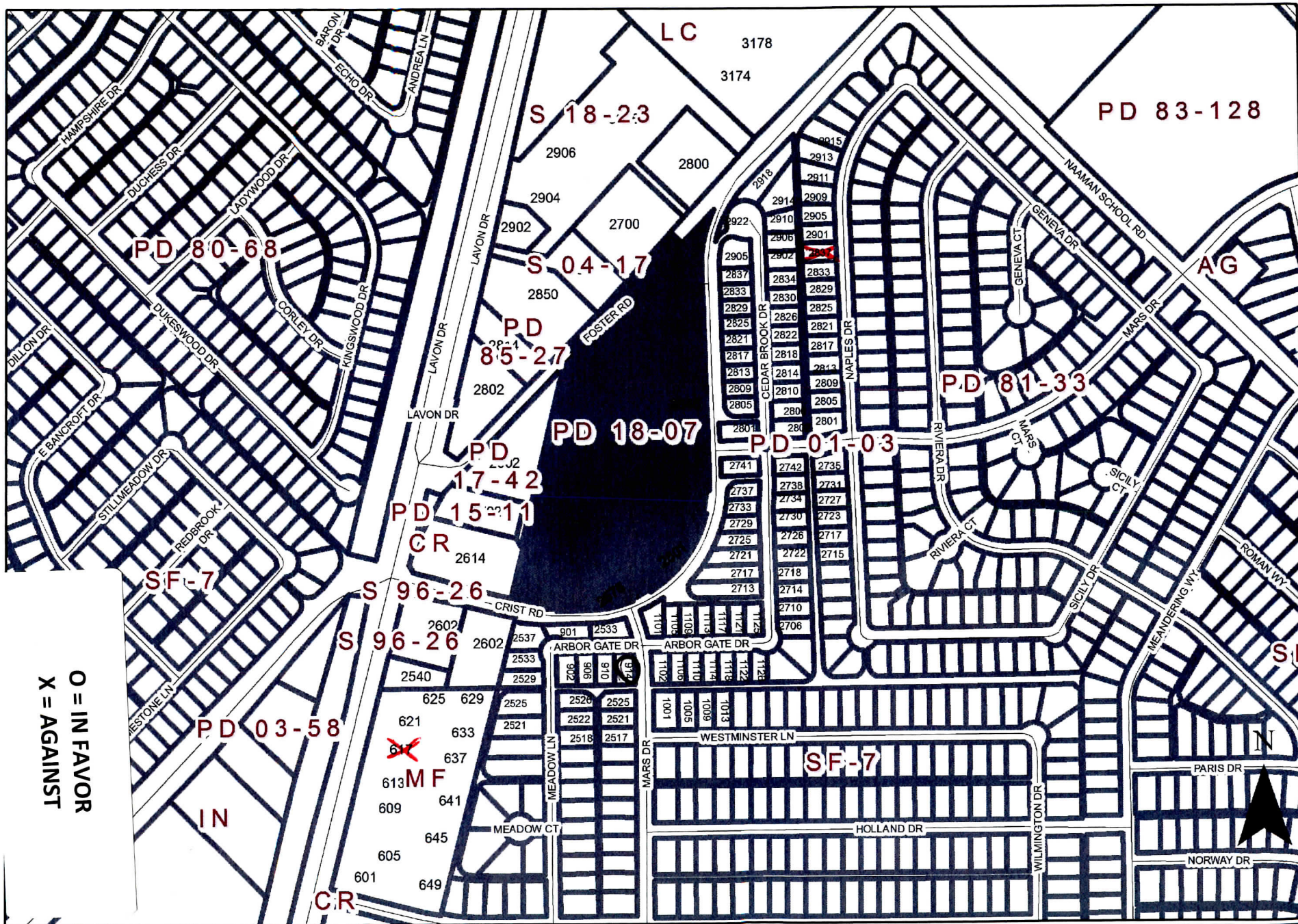
Commissioner Ott requested clarification on who is responsible for maintaining the screening wall, access to the perimeter sidewalk and if additional parking will be added.

Commissioner Rose requested clarification on who will be responsible for the retention pond.

Chairman Roberts inquired as to the ability of moving the porch more forward on the property.

Speaking in opposition of the request Mary Gerrels, 2817 Naples Drive, Garland, Texas 75040 raised concerns regarding traffic, pedestrian safety, parking and mosquito population due to the retention pond.

Motion was made by Commissioner Rose to approve the request per staff recommendation with the inclusion of specific standards to assure the look and quality of homes documented in a Development Agreement, and for staff to work with the applicant regarding traffic control issues. Seconded by Commissioner Edwards. **Motion carried: 7 Ayes, 0**





GARLAND

CITY OF GARLAND
PLANNING DEPARTMENT
P.O. BOX 469002
GARLAND, TX 75046-9002

October 2, 2019

HEARING DATE/TIME: Plan Commission: October 14, 2019 – 7:00 PM

APPLICANT: Hidden Oaks Lot Venture, Ltd.

File Z 19-29

Dear Property Owner:

A public hearing will be held by the Plan Commission of the City of Garland, Texas, at 7:00 P.M. Monday, October 14, 2019, in the Council Chambers of the William E. Dollar Municipal Building (City Hall), 200 North Fifth Street, to consider the application of **Hidden Oaks Lot Venture, Ltd.**, requesting approval of 1) a Change in Zoning from Planned Development (PD) District 18-07 for Single-Family Attached (Townhouse) Uses to a Planned Development (PD) District for Single-Family-5 (SF-5) Uses, 2) a Detail Plan for Single-Family Uses and 3) an Alley Waiver. The property is shown on the enclosed sketch and is described as follows:

BEING an approximate 14.251-acre tract of land situated in the Thacker V. Griffin Survey, Abstract Number 528, in the City of Garland, Dallas County, Texas, being part of a called 15.501 acre tract of land described in a deed recorded in Volume 2001229, Page 10037, in the Deed Records of Dallas County, Texas. **The site is located at 2845 Crist Road. (District 1)**

Note: The applicant proposes to build a subdivision consisting of detached single-family homes. The previous development proposed was for townhouses.

To convey any concerns or opinions regarding the aforementioned request, please complete the below-listed section and return that section using any of the following methods: mail to City of Garland, Planning Department, P.O. Box 469002, Garland, TX 75046-9002; fax to 972-205-2474; deliver to the Planning Department at 800 Main Street, Garland TX; or email Planning@Garlandtx.gov. It is important that your response include your property address, your name, and mailing address. Should you have any questions, please contact Nabiha Ahmed at 972-205-2453.

Para Español, por favor contactar a Josue De La Vega 972-205-2833.

(Please Check One Below)

☐ I am in favor of the request.

☒ I am opposed to the request.

Please include any comments you wish to provide supporting your position in the space

Received 10-8-19

October 2, 2019

Z 19-29

Page 2 of 2

provided below.

will be too congested
with traffic

(Please complete the following information)

2837 Naples
Your Property Address

Julie Bain
Printed Name

2837 Naples
Address

City, State

Zip

The above statements reflect my (our) opinion regarding the proposed request(s).

Julie Bain
Signature

Title

Date: 10/8/19



GARLAND

CITY OF GARLAND
PLANNING DEPARTMENT
P.O. BOX 469002
GARLAND, TX 75046-9002

October 2, 2019

HEARING DATE/TIME: Plan Commission: October 14, 2019 – 7:00 PM

APPLICANT: Hidden Oaks Lot Venture, Ltd.

File Z 19-29

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(Please Check One Below)

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 I am opposed to the request.

Please include any comments you wish to provide supporting your position in the space

October 2, 2019

Z 19-29

Page 2 of 2

provided below.

Will be too congested

(Please complete the following information)

617 Carriagehouse Ln

Your Property Address

Octavia Polk

Printed Name

617 Carriagehouse Ln Garland, TX 75040

Address

City, State

Zip

The above statements reflect my (our) opinion regarding the proposed request(s).

Octavia Polk

Signature

Owner

Title

Date: 10/8/19

OCT 11 '19 PM 2:51



GARLAND

CITY OF GARLAND
PLANNING DEPARTMENT
P.O. BOX 469002
GARLAND, TX 75046-9002

October 2, 2019

HEARING DATE/TIME: Plan Commission: October 14, 2019 – 7:00 PM

APPLICANT: Hidden Oaks Lot Venture, Ltd.

File Z 19-29

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October 2, 2019

Z 19-29

Page 2 of 2

provided below.

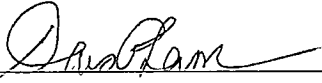
(Please complete the following information)

914 ARBOR GATE DR., GARLAND TX 75040
Your Property Address

DAVIS + ELIZABETH PHAM
Printed Name

914 Arbor Gate Dr. Garland TX 75040
Address City, State Zip

The above statements reflect my (our) opinion regarding the proposed request(s).

 Owner
Signature Title

Date: 10/7/2019

OCT 11 '19 PM 2:51

Z 19-29

Approval of 1) a Change in Zoning from Planned Development (PD) District 18-07 for Single-Family Attached (Townhouse) Use to a Planned Development (PD) District for Single-Family-5 (SF-5) Uses and 2) an Alley Waiver.

Approval of a Detail Plan for Single-Family-5 (SF-5) Use.

**Plan Commission Meeting
November 5, 2019**



GARLAND

TEXAS MADE HERE

Case Information

Location: 2575 Crist Road

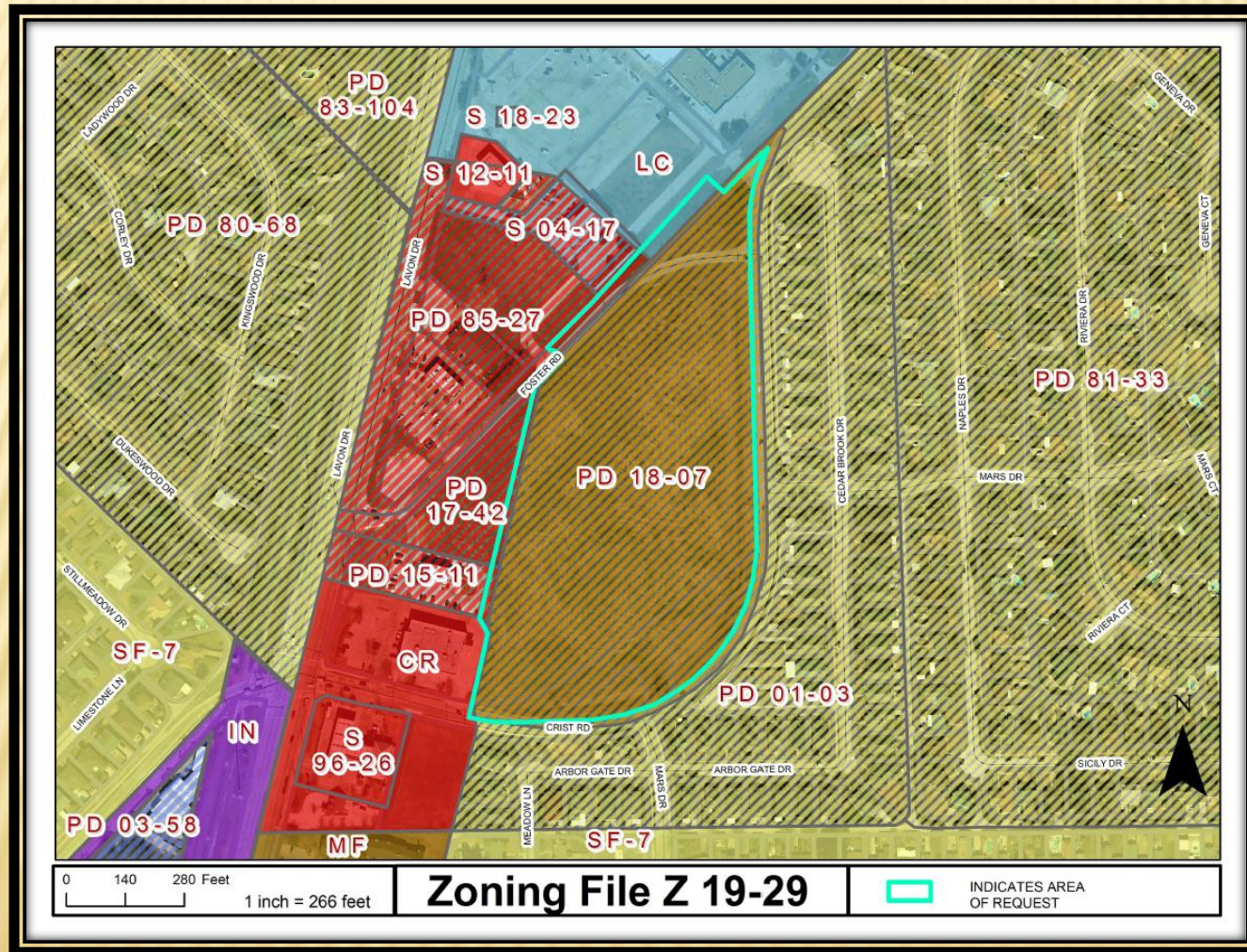
Applicant: Hidden Oaks Lot Venture Ltd.

Owner: Hidden Oaks Lot Venture Ltd.

Acreage: 14.25 acres

Zoning: Planned Development (PD) District 18-07 for Single-Family Attached (Townhomes) Use.

Location Map



Photos



View of the subject property from Crist Rd



North of subject property from Foster Rd



East of subject property from Crist Rd

Background

- **2017** – Site Zoned PD 17-04
 - 90 townhomes
 - 5 HOA lots
- **2018** – Amended in PD 18-07
 - Phased development in 2 phases
 - Increase the overall site area
- **2019** – Propose Change of Zoning and Detail Plan
 - Single-family detached homes
 - 67 single-family detached homes
 - One (1) phase
 - Site layout is very similar to the existing detail plan for townhomes

Consideration

- Proposing base zoning as Single-Family-5 (SF-5) District.
- The table below indicates the deviations proposed

Development Standards	Required	Proposed
Lot Area	5,000 square feet	4200 square feet (minimum)
Lot Width	55-feet	40-feet
Lot Coverage	50%	60%
Rear Setback adjacent to Street	20-feet	10-feet

Consideration

- **Garage deviation from Section 4.84 (C)(2):**
 - Rear entry;
 - “J” drives, for front entry properties;
 - “Swing” drives, for side entry properties; or
 - Offset front entry with the garage door set back at least five feet behind the front building face.

Furthermore, each garage shall incorporate at least two (2) of the following architectural elements.

Architectural Elements:

- Sconce lighting
- Decorative banding or moldings
- Decorative overhangs above garage doors
- Eyebrow soldier course over garage doors
- Decorative vent covers on gable above garage
- Carriage style garage doors, or faux wood garage doors.

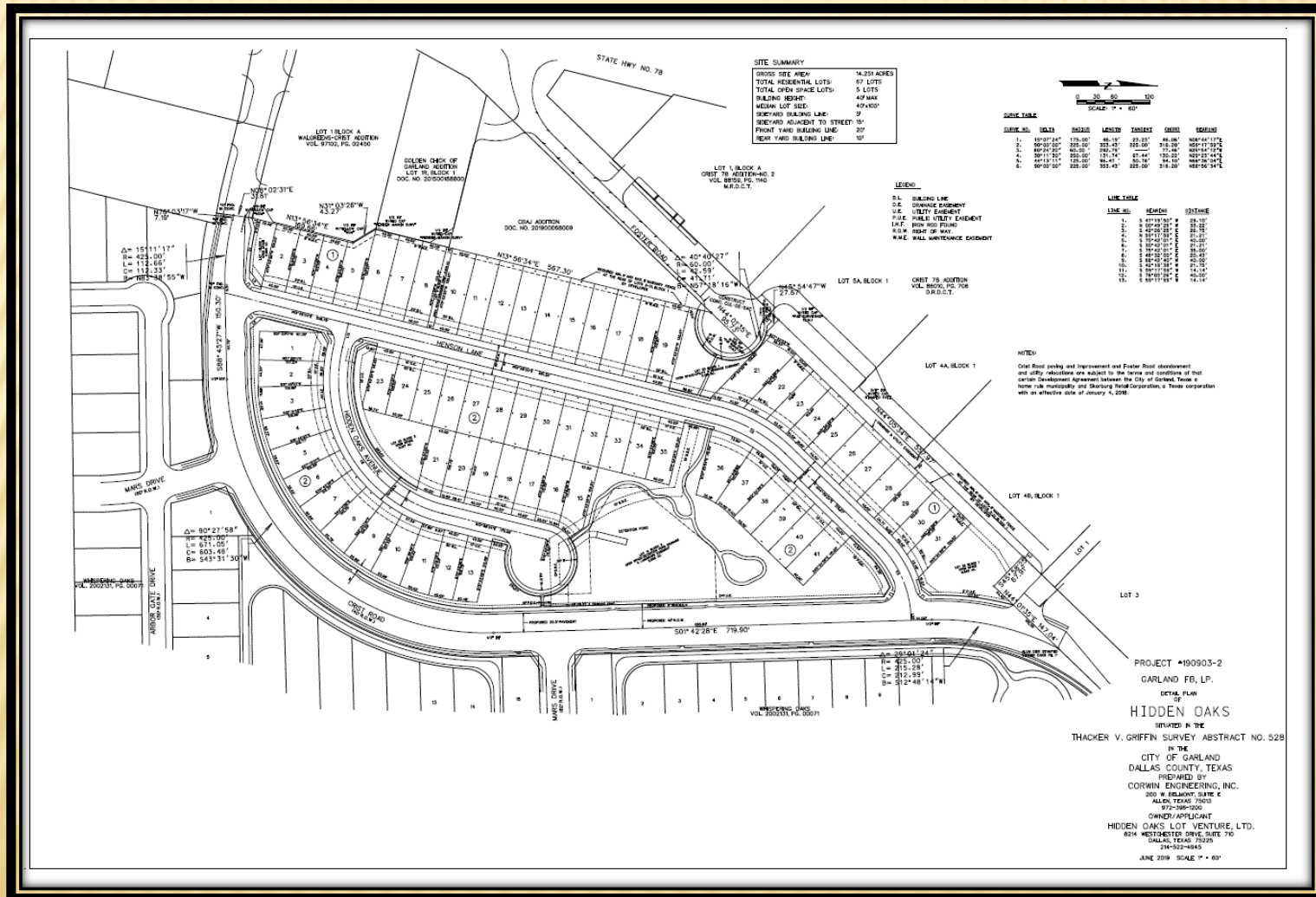
Consideration

- Landscape complies with the applicable GDC screening and landscape regulations.
- Building elevations comply with all other applicable GDC building design standards.



GARLAND
TEXAS MADE HERE

Site Plan

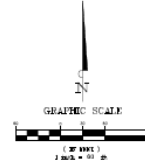
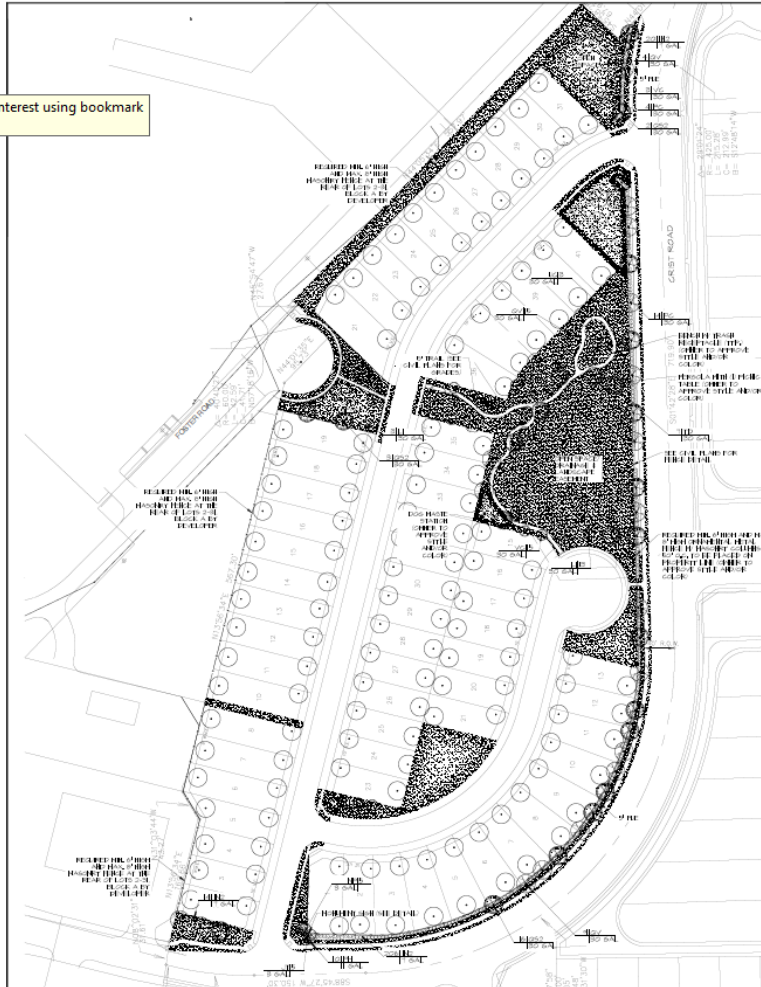




GARLAND
TEXAS MADE HERE

Landscape Layout

interest using bookmark



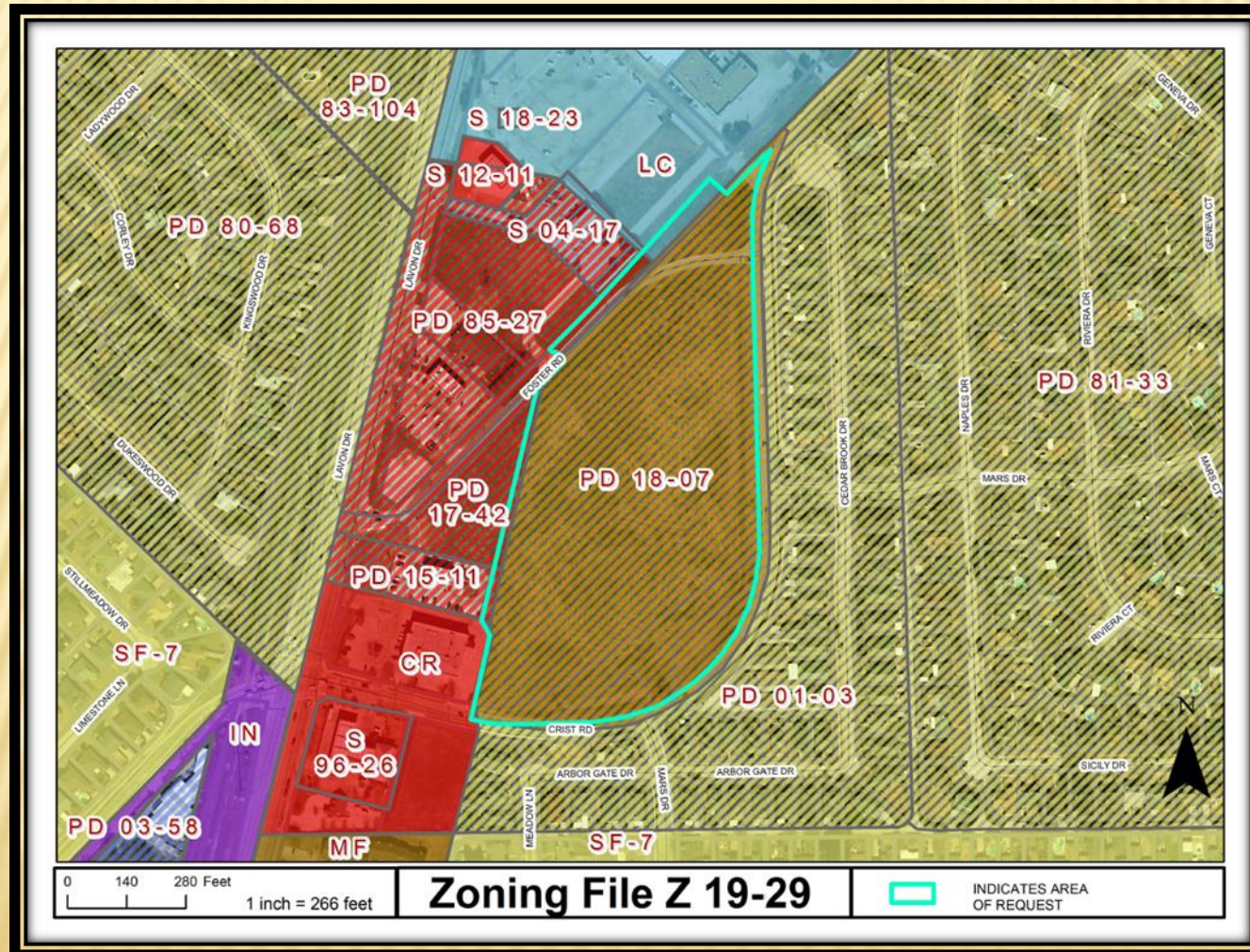
LANDSCAPE TABULATION:

1 TREE PER 2,500 SF OPEN SPACE AREA: 24,625 SF PROVIDED:	10 TREES
	30 SHrub TREES
	10 ORNAMENTAL TREES
PARK TREES REQUIRED 1/1,250 SF: 76,095 PROVIDED:	61 TREES
	32 SHrub TREES
	28 ORNAMENTAL TREES
1 TREE PER SLOPE OF STREET FRONTAGE: 1,525 L.F. PROVIDED:	31 TREES
	32 SHrub TREES

Elevations



Location Map





**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

13. c.

Meeting Date: 11/05/2019

Item Title: Development Agreement regarding Zoning File No. Z 19-29

Submitted By: Will Guerin, Planning Director

Summary of Request/Problem

This Development Agreement relates to Zoning Case Z 19-29 for a proposed Single-Family Detached development at 2845 Crist Road. During the October 14, 2019 Plan Commission meeting, the Commission recommended that a development agreement accompany Zoning Case Z 19-29 to include the building materials and sample elevations as presented by the applicant. This is an updated agreement to a previously approved development agreement for this site.

Recommendation/Action Requested and Justification

A draft development agreement is attached for the Council's consideration.

Attachments

Development Agreement - Draft

**FIRST AMENDMENT TO DEVELOPMENT AGREEMENT BETWEEN
SKORBURG RETAIL CORPORATION AND THE CITY OF GARLAND, TEXAS**

THIS FIRST AMENDMENT to the Development Agreement between Skorburg Retail Corporation and the City of Garland, Texas ("First Amendment"), is made and entered into as of the ____ day of _____, 2019 ("Effective Date"), by and between the City of Garland, Texas, a Texas home-rule municipality ("City"), and Skorburg Retail Corporation, a Texas corporation, and its successors and assigns ("Developer") (collectively, "Parties"), acting by and through their respective authorized officers. The purpose of this First Amendment is to, among other things (1) amend the Agreement (as hereinafter defined) to change the proposed development of the Property (as defined in the Agreement) from a 90-lot townhome residential development to a 67-lot single-family detached home subdivision (maintaining the alley waiver), (2) ensure quality design and construction by mutually agreeing to certain minimum design and building standards, and (3) establish certain City-approved outside, unrelated third party assignees to which Developer may assign the Development Agreement.

ARTICLE I

RECITALS

The RECITALS in this Section are (1) true and correct; (2) incorporated as part of this Agreement for all purposes; (3) evidence the intent of the Parties in entering into this First Amendment; and (4) to be used in interpreting this First Amendment:

WHEREAS, in 2017 the City Council of the City of Garland approved Planned Development (PD) 17-04 to allow the development of 90 townhomes and five HOA lots on the Property and subsequently approved an increase in the overall size of the Property pursuant to Planned Development (PD) 18-07;

WHEREAS, to assist Developer in the development of the Property, the City agreed to enter into that certain Development Agreement Between Skorburg Retail Corporation and the City of Garland, Texas ("Agreement") on or about the 4th day of January 2018;

WHEREAS, Developer has approached the City requesting to amend the Agreement by changing the scope of the development from a 90-lot townhome residential development into a 67-lot single family detached residential development;

WHEREAS, Developer and City have mutually agreed to amend the Agreement by, among other things (1) changing the scope of the development into a 67-lot single family detached residential development, (2) establishing certain minimum design and construction standards, and (3) establishing certain City-approved outside, unrelated third party assignees to which Developer may assign the Development Agreement; and

WHEREAS, Developer and City acknowledge and agree that the terms and conditions of this First Amendment are mutually beneficial;

WHEREAS, Developer has advised the City that a primary factor inducing Developer to complete development of the Property is this First Amendment;

WHEREAS, the development of the Property will increase (1) economic development in the City, (2) redevelopment in the area, (3) revitalization of the area, and (4) tax revenues because of investments in real property within the City;

WHEREAS, Developer and City recognize and acknowledge that the use of a variety of architectural elements and high quality building materials in the construction of buildings and structures add value and significance to property, which will also encourage the development or redevelopment of surrounding properties and promote future economic activity within the area;

NOW, THEREFORE, Developer and the City make and enter into this First Amendment in consideration of the mutual covenants and agreements contained in this First Amendment, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by both Developer and the City, and agree as follows:

ARTICLE II

CONSTRUCTION AND INTERPRETATION

Section 2.01. The above recitals are hereby incorporated as contractual terms of the First Amendment.

Section 2.02. Except as expressly stated herein, all terms and conditions of the Agreement continue in full force and effect. To the extent of any express conflict between this First Amendment and the Agreement, the terms of this First Amendment shall control.

Section 2.03. This First Amendment is the final agreement of Developer and City with respect to the matters expressly stated herein and supersedes all prior negotiations, discussions, representations and understandings. This First Amendment has been negotiated at arms-length between sophisticated parties, each represented by highly competent counsel of its choice and has been carefully read. This First Amendment is intended to be liberally construed to accomplish its stated purposes. The parties waive any common law rules of construction against the drafter.

Section 2.04. All capitalized terms not defined herein shall have the meanings ascribed to them in the Agreement.

Section 2.05. The terms and conditions of this First Amendment are contingent upon the approval thereof by the City Council of the City of Garland, Texas ("City Council") and City Council approval of the change in zoning of the Property to a Planned Development for Single-Family-5 (SF-5) Uses and an alley waiver. Notwithstanding City Council approval of the terms

and conditions of this Agreement, City Council is not obligated, and is not hereby promising or agreeing, to approve the change in zoning to the proposed PD District.

ARTICLE III

AMENDMENTS OF TERMS AND CONDITIONS

Section 3.01. Reference to “90” in the fourth recital of the section of the Agreement entitled “RECITALS,” is hereby modified to be “67.”

Section 3.02. Exhibit “B” to the Agreement is hereby deleted and replaced with Exhibit “B-1” attached hereto.

Section 3.03. The following is added as a new subsection 3 of Section B, “Developer’s Obligations,” of the Agreement:

“3. **Design and Construction Standards.** Developer agrees to comply with the requirements of the applicable planned development ordinance and associated planned development conditions set forth on Exhibit “G” attached hereto (collectively the “PD Requirements”), unless expressly modified herein for the mutual benefit of both Parties. In no event shall Developer or its permitted assignee be subject to or required to comply with Section 4.84 of the Garland Development Code. If there is a conflict between the PD Requirements and this Agreement, the terms and conditions of this Agreement shall control. Developer expressly agrees to the following design and construction standards:

- a. **Elevations.** Developer agrees that residential units and common structures will be designed and constructed in similar form and manner as depicted in the representative product elevations depicted in “Exhibit ‘H’,” attached hereto and incorporated herein by reference for all purposes, and reflects reasonable design and construction standards, architectural styles, elevations, roof forms, cladding detail, and porch, door, and window detail.
- b. **Definitions.** For the purpose of this Agreement, the following definitions apply to construction materials:
 - i. **Masonry Construction.** A form of construction consisting of brick, stone, glass block, tile, or other similar building units or materials, or any combination of these materials, laid up unit-by-unit, and set in mortar. Notwithstanding the foregoing, Masonry Construction expressly includes stucco construction. The term excludes wall areas devoted to doors and windows. When applied to meeting the

minimum requirements for exterior construction, this term includes the following materials:

- (a) Acceptable materials include hard-fired brick such as kiln-fired clay, shale, or slate material. Acceptable materials may also include integrally-colored concrete brick, known as concrete masonry units or CMUs, but only subject to the limitations in subsection (e) below and only if the concrete masonry units conform to the same ASTM standard for construction as typical hard-fired clay brick. Material under this Section must meet the classification of severe weather grade and have a minimum thickness of two and one-quarter inches when applied as a veneer. Acceptable materials under this Section do not include unfired or underfired clay, sand, or shale brick.
 - (b) Acceptable materials include stone such as naturally occurring granite, marble, limestone, slate, river rock, and other similar hard and durable, all-weather stone that is customarily used in exterior building construction. Acceptable materials may also include cast or manufactured stone product, provided that such product yields a highly textured, stone-like appearance, its coloration is integral to the masonry material, and it is demonstrated to be highly durable and maintenance-free. The surface of any manufactured stone must not be painted. Natural or man-made stone must have a minimum thickness of two and five-eighths inches when applied as a veneer.
 - (c) Acceptable materials include glass blocks or tiles of the type customarily used in exterior building construction. Glass blocks are counted as windows and must not comprise more than twenty percent of any exterior wall surface. Acceptable glass blocks must not be highly reflective or have a mirror-like finish.
 - (d) Acceptable materials include stucco, if such material is color-intrinsic and applied in a 3-stage process in accordance with industry standards. The Building Official shall review the proposed installation method, as detailed in the building plans, at the time of Building Permit application. The approved installation method shall be a condition of Building Permit issuance.
- ii. Non-Masonry Construction. The following materials do not qualify and do not meet the definition of “Masonry Construction” in

meeting the minimum requirements for the exterior construction of buildings:

- (a) Adobe or mortar wash surface material;
- (b) Exterior insulation and finish system (EIFS), acrylic matrix, synthetic plaster, or other similar synthetic material;
- (c) Cementitious fiberboard siding, such as "SmartBoard" or "HardiBoard";
- (d) Vinyl-based siding material, as may be allowed by the City's Building Code;
- (e) Lightweight or featherweight concrete blocks or cinder blocks;
- (f) Exterior plaster that does not meet the definition of Stucco;
- (g) Any other cementitious product not listed above

- c. **Building Materials.** Developer agrees that all elevations within the Project facing a dedicated street shall have a minimum of eighty percent (80%) Masonry Construction materials excluding gables, windows, doors, dormers, insets, areas under covered porches or other architectural projections and/or accents.

Section 3.04. That subsection 3, "Impact Fees," of Section C., "City's Obligations," of the Agreement is hereby deleted and amended in its entirety to read as follows:

"3. **Impact Fees.** Developer acknowledges and agrees that it owes roadway impact fees related to the development of the Property. The proposed development consists of 67 single family detached residential lots for a total roadway impact fee of **\$203,278.00**. As part of the consideration for entering into this Agreement, the City agrees to reimburse Developer all of the roadway impact fees owed by Developer or builders and actually collected by the City. Impact fees will be remitted to the Developer on a quarterly basis upon actual receipt by the City, as paid by homebuilders, for completed dwelling units within the Property."

Section G. That Section G., "Assignment," of the Agreement is hereby deleted and amended in its entirety to read as follows:

"G. **Assignment.** Except as provided below, this Agreement may not be assigned by Developer without the City Manager's written consent, which shall not be unreasonably withheld. This Agreement may be assigned by Developer without the consent of the City to an entity in which Richard M. Skorburg is an officer, member or partner. Notwithstanding anything contained in the Agreement to the contrary, the City hereby consents to allow the Agreement to be assigned by Developer or its permitted assignee to any one (but not more than one) of the following entities and any affiliates thereof:

- Pulte Homes of Texas, L.P.
- Grand Homes
- Gehan Homes
- M/I Homes
- Altura Homes.”

Section 3.05. Notwithstanding anything contained in the Agreement to the contrary, the “agreed upon Fair Market Value” for all purposes of the Agreement is \$84,102.00. The City shall convey the ROW to Developer, AS-IS, WHERE-IS AND WITH NO WARRANTIES, upon (1) receiving full payment of the agreed upon Fair Market Value, (2) Developer relocating any and all existing utility facilities located within the Foster Road right-of-way as identified by each utility owner, (3) dedication by Developer and acceptance by the City, pursuant to a separate instrument, of a Utility Easement for any relocated or existing utilities within the ROW, such acceptance not to be unreasonably withheld by the City, and (4) substantial completion of the Foster Road cul-de-sac by Developer and acceptance of the construction by the City, such acceptance not to be unreasonably withheld by the City.

Section 3.06. Exhibit “G” attached hereto shall be deemed Exhibit “G” for all purposes of the Agreement, and Exhibit “H” attached hereto shall be deemed Exhibit “H” for all purposes of the Agreement.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the ____ day of _____, 2019 ("Execution Date").

THE CITY OF GARLAND, a Texas home-rule municipality

By: _____
Name: _____
Title: _____

SKORBURG RETAIL CORPORATION, a Texas Corporation

By: _____
Adam J. Buczek, Authorized Signer

EXHIBIT "B-1"

DETAIL PLAN

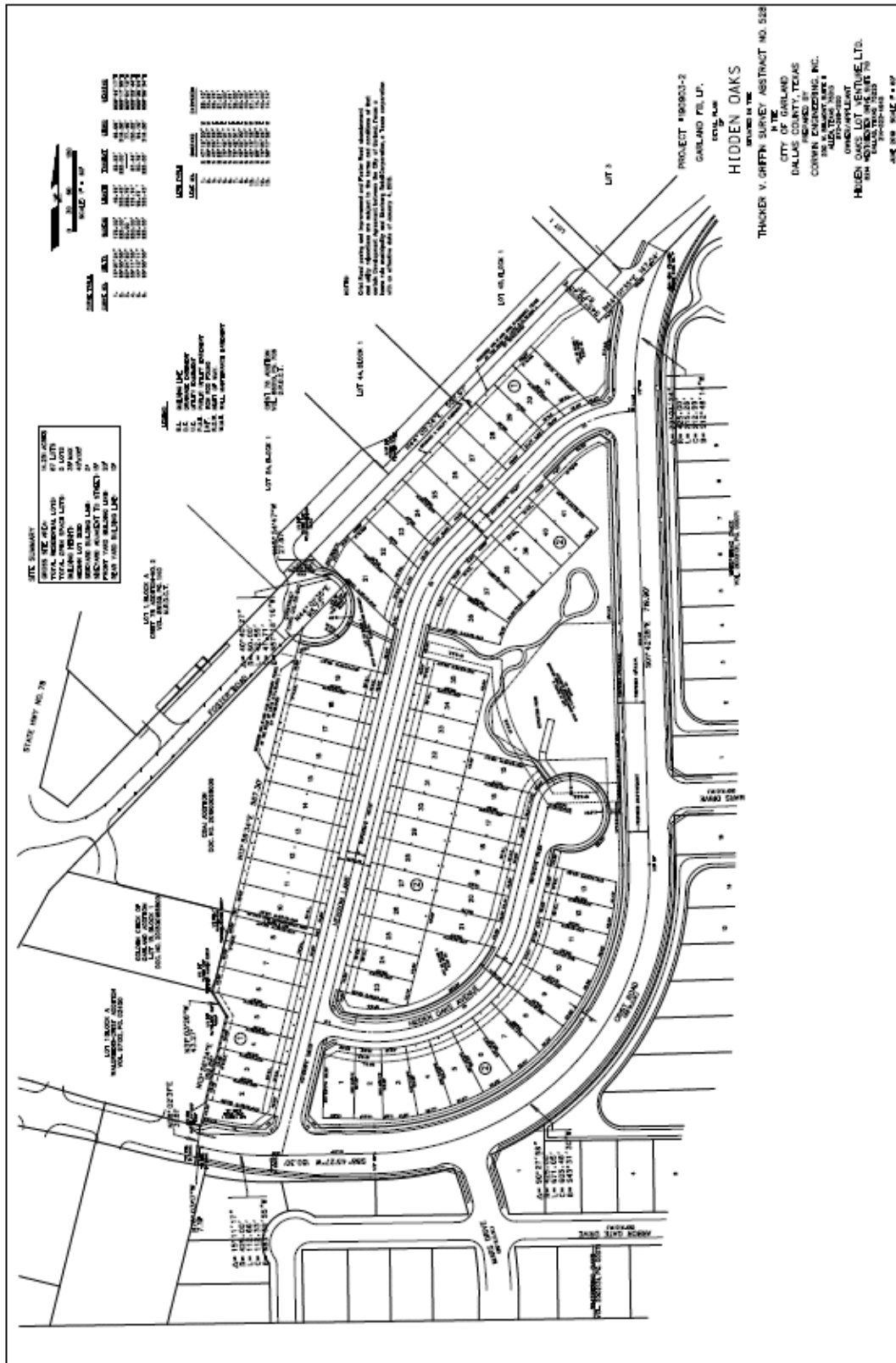


EXHIBIT “G”

PLANNED DEVELOPMENT CONDITIONS

PLANNED DEVELOPMENT CONDITIONS

APPLICANT/OWNER: HIDDEN OAKS LOT VENTURE, LTD.

CASE NO. 190903-2

Specific Regulations:

- A. Permitted Uses: Only Single-Family Detached Dwelling is permitted.
- B. Minimum Lot Area: The minimum lot area is 4,200 square feet.
- C. Minimum Lot Depth: The minimum lot depth is 105 feet.
- D. Minimum Lot Width: The minimum lot width is 40 feet.
- E. Maximum Lot Coverage: 60%
- F. Setbacks:
 - a. Front yard: twenty (20) feet standard with a reduction to fifteen (15) feet for curvilinear, staggered or cul-de-sac lots.
 - b. Rear yard: ten (10) feet
 - c. Side yard:
 - i. not adjacent to street: five (5) feet
 - ii. side adjacent to street: fifteen (15) feet
- G. Dwelling Unit Area: The minimum dwelling unit area is 1,600 square feet; however, thirty (30) percent or more of the dwelling units shall be greater than 2,000 square feet.
- H. Garages/Alleys:
 - a. Front entry garages shall be allowed.
 - b. Alleys will not be required with this development.
 - c. Offset front entry with the garage door set back at least five feet behind the front of building face will not be required.

- d. Regardless of other setbacks, a street-facing garage door must have a minimum of twenty (20) feet from the applicable street right of way line.
 - e. “J” and “Swing” drives will not be required.
- I. Masonry Requirement: All elevations facing a dedicated street shall be 80% masonry or stone excluding gables, windows, doors, dormers, insets, areas under covered porches or other architectural projections and/or accents.
- J. Additional Front Entry Mitigation: All front elevations shall contain a covered front porch with a minimum area of 40 square feet.
- K. Additional Front Entry Mitigation: Each garage shall incorporate at least two of the following architectural elements: Sconce lighting, decorative banding or moldings, decorative overhangs above garage doors, eyebrow soldier course over garage doors, decorative vent covers on gable above garage, upgraded carriage style garage doors, or faux wood garage doors.
- L. Roof Design: Each dwelling unit must be constructed with a roof overhang of not less than twelve inches, as measured from the frame to the exterior edge of soffit.
- M. Homeowners Association: A Homeowners Association shall be incorporated, and each lot/homeowner shall be a mandatory member. The bylaws of this association shall establish a system of payment of dues; a system of enforcement of its rules and regulations; shall establish a clear and distinct definition of the responsibility of each member; and other provisions as deemed appropriate to secure a sound and stable association.
- N. Screening and Landscaping: Screening and landscaping shall be in general conformance with the Landscape Plan set forth in Exhibit “___”.
- O. Trash Containers: Trash containers and recycling bins must be stored in one of the following locations:
 - a. inside the garage of the single-family Dwelling constructed on the Lot; or
 - b. behind the single-family Dwelling or fence constructed on the Lot in such a manner that the trash container and recycling bin is not visible from any street, alley, or adjacent Lot.
- P. Screening from Non-Residential Zoned Properties: A masonry wall having a height of not less than six (6) feet or more than eight (8) feet shall be built, placed, kept and maintained along the rear property lines of lots two (2) through thirty-one (31) of Block one (1). The wall shall be constructed of brick or stone in accordance with the City’s Technical Standards, or may be constructed of a simulate product with the appearance of hand-laid brick or stone provided the wall will have the same structural integrity of the

City's standard screening wall details. The brick and/or stone on the masonry screening wall shall match the brick and/or stone on the entry monument sign (see Exhibit "___").

- Q. Maintenance of Open/Common Space, Landscaped Areas, Entry Features, Access Easements, Screening Walls/Fences in HOA Lots or Wall/Fence Maintenance Easements And Amenities In HOA Lots: Maintenance of all open/common space, landscaped areas, entry features, access easements, screening walls/fences in HOA lots or wall/fence maintenance easements and amenities in HOA lots shall be the responsibility of the Homeowners Association.

EXHIBIT “H”

REPRESENTATIVE PRODUCT ELEVATIONS

