

Council Chambers at City Hall
Tuesday, October 22, 2024
7 p.m.



William E. Dollar Municipal Building
200 N. Fifth St.
Garland, Texas

GARLAND

CITY OF GARLAND REGULAR MEETING OF THE CITY COUNCIL

The Garland City Council extends to all visitors a sincere welcome. We value your interest in our community and your participation in the meetings of this governing body. Visit GarlandTX.gov/Council for a full list of meeting dates.

The Council Chambers at Garland City Hall is wheelchair accessible, and ADA parking is available on State Street as well as in the public parking garage behind City Hall. Persons who may need assistive listening devices or interpretation/translation services are asked to contact the City Secretary's Office at 972-205-2404 as soon as possible prior to the meeting so that we may do all we can to provide appropriate arrangements.

Garland City Council meetings are livestreamed and available on-demand at GarlandTX.tv. They are also broadcast on Spectrum Channel 16, Frontier Channel 44 and AT&T Uverse Channel 99. Closed captioning is available for each in English and Spanish.

NOTICE: Pursuant to Section 551.127 of the Texas Government Code, one or more members of the City Council may attend this meeting by internet/video remote means. A quorum of the City Council, as well as the presiding officer, will be physically present at the above identified location. Members of the public that desire to make a public comment must attend the meeting in person.

LEGISLATIVE PRAYER AND PLEDGE OF ALLEGIANCE

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MAYORAL PROCLAMATIONS, RECOGNITIONS AND ANNOUNCEMENTS

The Mayor may present proclamations, recognize attendees or accomplishments, and make announcements regarding City events or other matters of interest to citizens including but not limited to listed items. There will be no Council discussion 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 or his designee to execute each item. The Mayor will announce the consent agenda and provide an opportunity for members of the audience, as well as Council, to request that any item be removed and considered separately.

1. Approve the minutes of the October 8, 2024 Regular Meeting
2. Approve the following bids:

- a. **Spring Creek Erosion Repairs, Phase 1** **Bid No. 1263-24**
- Knight Erosion Control, Inc.** **\$1,913,630.14**
- This request is for construction of repairs to City-maintained gabion retaining walls to protect stream bank stabilization at seven locations along Spring Creek northeast of Jupiter Road and Campbell Road. The remediation of these existing retaining walls includes the removal, disposal, repair, and construction of gabion walls, gabion blankets, and rock riprap.*
- b. **Police Department Interior Remodel - Construction Services** **Bid No. 1511-24**
- Core Construction** **\$589,606.00**
- This request is to provide construction services for interior security improvements at the Police Department located at 1891 Forest Lane.*
- c. **Screen Wall Reconstruction 2023** **Bid No. 1285-24**
- Ratliff Hardscape, Ltd.** **\$988,638**
- This request is for the reconstruction of existing screen walls in two subdivisions: Big Springs Court Estates and Castlewood Estates. This project consists of the demolition and reconstruction of roughly 850 linear feet of existing screen wall along the westerly boundary of Big Springs Court Estates subdivision. Additionally, it includes the demolition and reconstruction of approximately 1,350 linear feet of existing screen wall along E. Centerville Road parkway at Castlewood Estates.*
- d. **Engineering Design Services for Duck Creek Erosion** **Bid No. 0020-25**
- Freese and Nichols, Inc.** **\$312,951.00**
- This request is to obtain engineering design services to provide creek bank stabilization at three locations along Duck Creek at or near Bass Park.*
- e. **TMPA Makalu 138kV Switch Station Engineering Services** **Bid No. 0019-25**
- Burns & McDonnell** **\$2,773,000.00**
- This request is to obtain professional engineering services needed to support the construction of the TMPA Makalu 138kV Switch Station for the new Makalu Solar Farm interconnection. This is part of the approved TMPA Greenville Interchange to Pruitt New Line and Station CIP project and will be reimbursed at 100%.*
- f. **Central Library - Multimedia Equipment and Installation** **Bid No. 1512-24**
- Videotex Systems, Inc.** **\$502,347.83**
- This request is to provide and install multimedia equipment at the Central Library as a part of the building renovations.*

- g. **TMPA Gibbons Creek - Yellow Wolf Terminal Engineering Services** **Bid No. 0018-25**

Power Engineers, Inc. **\$488,400.00**

This request is to obtain engineering services associated with the modification of a terminal at the TMPA Gibbons Creek Switch Station needed for the interconnection of the Yellow Wolf Solar Farm to the Gibbons Creek to Limestone 345kV Transmission Line. This is part of the approved TMPA Yellow Wolf Cut-in to Gibbons Creek - Limestone CIP project and will be reimbursed at 100%.

- h. **GP&L Emergency Distribution Restoration Services** **Bid No. 0026-25**

Bryan Texas Utilities **\$448,966.22**

This request is in response to emergency GP&L Distribution System restoration services from the May 28, 2024 storm.

- i. **GP&L Emergency Distribution Restoration Services** **Bid No. 0025-25**

CPS Energy **\$368,423.35**

This request is in response to emergency GP&L Distribution System restoration services from the May 28, 2024 storm.

- j. **Enterprise Agreement for GIS Licensing** **Bid No. 1527-24**

ESRI **\$450,450.00**

This request is to authorize the City Manager or his designee to execute a 3-year contract with ESRI for a GIS software Enterprise License Agreement. This agreement will provide additional GIS software and server licenses, enhancing analysis, map-making, and mobile capabilities. It will increase access to real-time field data, such as tracking debris and utility damage during emergency events.

3. **Neighborhood Vitality Matching Grant Spring 2024 Applications**

Approve the funding requests for the Spring 2024 Neighborhood Vitality Matching Grant Cycle, previously reviewed at the October 7, 2024 City Council Work Session.

4. **Bond Refunding - Electric Utility Commercial Paper Notes**

Authorize an ordinance to issue up to \$150 million in Electric Utility Revenue Refunding Bonds, Series 2024.

CITIZEN COMMENTS

Members of the audience wishing to address issues not on the meeting agenda may have three minutes to speak. However, according to the Texas Open Meetings Act, Council is prohibited from discussing any item not on the posted agenda.

ADJOURN

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NOTICE: The City Council may recess from the open session and convene in a closed executive session if the discussion of any of the listed agenda items concerns one or more of the following matters:

1. Pending/contemplated litigation, settlement offer(s), and matters concerning privileged and unprivileged client information deemed confidential by Rule 1.05 of the Texas Disciplinary Rules of Professional Conduct. Sec. 551.071, Tex. Gov't Code.
2. The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.072, Tex. Gov't Code.
3. A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.073, Tex. Gov't Code.
4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Sec. 551.074, Tex. Gov't Code.
5. The deployment, or specific occasions for implementation of security personnel or devices. Sec. 551.076, Tex. Gov't Code.
6. Discussions or deliberations regarding commercial or financial information that the City has received from a business prospect that the City seeks to have to locate, stay, or expand in or near the territory of the City and with which the City is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect of the sort described in this provision. Sec. 551.087, Tex. Gov't Code.
7. Discussions, deliberations, votes, or other final action on matters related to the City's competitive activity, including information that would, if disclosed, give advantage to competitors or prospective competitors and is reasonably related to one or more of the following categories of information:
 - generation unit specific and portfolio fixed and variable costs, including forecasts of those costs, capital improvement plans for generation units, and generation unit operating characteristics and outage scheduling;
 - bidding and pricing information for purchased power, generation, and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies;
 - effective fuel and purchased power agreements and fuel transportation arrangements and contracts;
 - risk management information, contracts, and strategies, including fuel hedging and storage;
 - plans, studies, proposals, and analyses for system improvements, additions, or sales, other than transmission and distribution system improvements inside the service area for which the public power utility is the sole certificated retail provider; and
 - customer billing, contract, and usage information, electric power pricing information, system load characteristics, and electric power marketing analyses and strategies. Sec. 551.086; Tex. Gov't Code; Sec. 552.133, Tex. Gov't Code]



Each year, the City Council reviews and updates its goals for the Garland community and City operations. City management uses these goals to guide operational priorities, decision-making and resource allocation.



GARLAND
CITY COUNCIL STAFF REPORT

City Council Regular Session

1.

Meeting Date: 10/22/2024

Title: City Council Regular Meeting Minutes- October 8, 2024

Submitted By: Jennifer Stubbs, City Secretary

Issue/Summary

Approve the minutes of the October 8, 2024 Regular Meeting

Background

N/A

Consideration / Recommendation

Approval of the October 8, 2024 Regular Meeting Minutes as presented.

Attachments

City Council Regular Meeting Minutes- October 8, 2024

DRAFT



GARLAND

MINUTES

The City Council of the City of Garland convened in regular session at 7:00 p.m. on Tuesday, October 8, 2024 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
Deputy Mayor Pro Tem Margaret Lucht
Councilmember Jeff Bass
Councilmember Kris Beard
Councilmember B.J. Williams
Councilmember Carissa Dutton
Councilmember Dylan Hedrick
Councilmember Chris Ott

Absent: Mayor Pro Tem Ed Moore

Staff Present: City Manager Jud Rex
Deputy City Manager Mitch Bates
Assistant City Manager Crystal Owens
Deputy City Attorney Trey Lansford
City Secretary Jennifer Stubbs
Deputy City Secretary Tracy Allmendinger

LEGISLATIVE PRAYER AND PLEDGE OF ALLEGIANCE

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Councilmember Williams provided the legislative prayer and led those in attendance in reciting the Pledge of Allegiance to the Flag of the United States of America.

MAYORAL PROCLAMATIONS, RECOGNITIONS AND ANNOUNCEMENTS

The Mayor may present proclamations, recognize attendees or accomplishments, and make announcements regarding City events or other matters of interest to citizens including but not limited to listed items. There will be no Council discussion or votes on these matters.

• Pet of the Month

Officer Maldonado announced the pet of the month, Remi. Councilmember Dutton arrived at 7:02 p.m. Mayor LeMay announced that Mayor Pro Tem Moore was absent.

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 or his designee to execute each item. The Mayor will announce the consent agenda and provide an opportunity for members of the audience, as well as Council, to request that any item be removed and considered separately.

Councilmember Williams made a motion to approve the consent agenda as presented. Councilmember Bass seconded the motion. All voted in favor. The motion carried.

1. **APPROVED** Approve the minutes of the September 10, 2024 Joint Meeting with the Plan Commission
2. **APPROVED** Approve the minutes of the September 17, 2024 Regular Meeting
3. **Approve the following bids:**
 - a. **APPROVED** Demolition 101 & 103 W Ave D Properties **Bid No. 1502-24**

Intercon Environmental, Inc. **\$440,619.26**

This request is for the removal and disposal of two buildings located at the southeast end of the Downtown District. The City acquired the properties with a vision of a future bottleneck improvement along with a high-density residential redevelopment project. The project includes removal and disposal of asbestos-containing materials, demolition of the structures, foundations and paving.
 - b. **APPROVED** GP&L Girvin to Greasewood II 345kV Transmission Line **Bid No. 0261-24**

NorthStar Energy Solutions **\$413,778.34**

This request is to obtain change order # 1 to PO 35974 issued for the GP&L Girvin to Greasewood II 345kV Transmission Line project. This change order is for costs associated with delays in material deliveries and additional requested work to complete the project. This is part of the approved Girvin to Greasewood II 345kV Transmission Line CIP project.
 - c. **APPROVED** GP&L Olinger Boiler Chemical Cleaning **Bid No. 0383-24**

HPC Industrial Services, LLC **\$546,008.42**

This request is to obtain a chemical cleaning on the GP&L Olinger Unit 2 and 3 boilers as part of routine boiler maintenance activities.
 - d. **APPROVED** Holford Fitness Equipment **Bid No. 665-22**

Marathon Fitness **\$324,203.34**

This request is for all new fitness equipment at Holford Recreation Center. The new recreation center, a 2019 Bond Project, is scheduled to open mid-2025.
 - e. **APPROVED** GP&L Substation Testing & Commissioning **Bid No. 1320.24**

7W Consulting, LLC **\$500,000.00**

This request is to obtain as-needed equipment testing, commissioning, consulting services for GP&L and TMPA Substations, and necessary reports and documentation required to comply

with NERC. This will be an initial term contract with three optional renewals. 7W Consulting, LLC received the highest evaluated score, offering the Best Value for the City.

f. APPROVED GP&L Lookout Substation 138kV Terminal Engineering Services **Bid No. 1483-24**

Burns & McDonnell Engineering Company, Inc. \$1,118,500.00

This request is to obtain professional engineering services needed to support the addition of a 138kV terminal at the GP&L Lookout Substation. This is part of the approved GP&L Lookout Terminal to Holford CIP project.

g. APPROVED GP&L Wynn Joyce Pole Replacement Project **Bid No. 1372-24**

KBS Electrical Distributors, Inc. \$1,968,073.00

This request is to obtain steel structures for the GP&L Wynn Joyce Transmission Line. This is part of the approved GP&L Wynn Joyce Pole Replacement CIP project. An owner's contingency is included for any additional materials that may be required.

h. APPROVED GP&L Girvin Switch Station Engineering Services Addendum **Bid No. 0247-23**

Burns & McDonnell Engineering Company, Inc. \$581,000.00

This request is to obtain an addendum to the GP&L Girvin Switch Station Engineering Services contract for technical modifications to the project and to maintain the project completion schedule in recognition of material delivery delays. This is part of the approved GP&L Girvin Switch Station CIP project.

i. APPROVED GP&L Holford Switch Station to Lookout Transmission Line - Material **Bid No. 1290-24**

Techline, Inc. \$800,000.00

This request is for the purchase of material needed for the Holford Switch Station to Lookout Transmission Line. This is part of the approved Lookout and Campbell 138kV transmission lines to the new Holford Switch Station CIP project. An owner's contingency has been included for any unforeseen material items needed.

j. APPROVED GP&L Spencer 5-2 Circulating Water Pump Motor Repair **Bid No. 0565-24**

Flanders Electric, LLC \$34,000.00

This request is to approve a Change Order to the current Blanket Order 9812 for a motor repair at the Spencer Power Plant. Additional funding is needed due to the cost of an unplanned motor repair at the Spencer Power Plant.

k. APPROVED GP&L Holford Switch Station to Campbell Switch Station Transmission Line **Bid No. 1393-24**

Great Southwestern Construction \$2,300,000.00

This request is to obtain construction services needed for the Holford Switch Station to Campbell Switch Station 138kV transmission line. This is part of the approved GP&L Holford 138kV Line Loop Addition CIP project. An owner's contingency has been included for any unforeseen material items needed.

**I. APPROVED TMPA Dansby to Steep Hollow 138kV
Transmission Line**

Bid No. 0991-24

Primoris T&D Services, LLC

\$5,814,104.39

This request is to approve a Change Order to the current Blanket Order 9812 for a motor repair at the Spencer Power Plant. Additional funding is needed due to the cost of an unplanned motor repair at the Spencer Power Plant.

m. APPROVED 2024 Level Lifting & Stabilization Contract

Bid No. 1376-24

KKE Concrete Lifting, Inc.

\$1,000,000.00

This request is to authorize the award of a term contract for pavement level lifting and soil stabilization services. This approval is for a one-year term contract with two optional renewals.

4. APPROVED Garland Cultural Arts Commission, Inc. Hotel Occupancy Tax Revenue Budget, Sub-grant Recipients and Hotel Occupancy Tax Program Management Agreement

Approve the 2024-2025 Garland Cultural Arts Commission, Inc. Hotel Occupancy Tax Revenue Budget, Sub-grant Recipients and Hotel Occupancy Tax Program Management Agreement.

5. APPROVED Facilities Management Warehouse Rental

Approve a lease agreement to relocate stored materials and equipment to 2050 Forest Lane, Suite 250, and authorize the City Manager to execute such documents necessary to complete the transaction.

6. APPROVED Interlocal Agreement between City of Garland and DART for the Lake Ray Hubbard Transit Center

Approve an Interlocal Agreement between City of Garland and DART for the Lake Ray Hubbard Transit Center.

7. APPROVED Resolution Approving a Project Specific Agreement with Dallas County for Maintenance Improvements on Buckingham Road

Approve a resolution authorizing the City Manager to execute a Project Specific Agreement with Dallas County for maintenance improvements on Buckingham Road from Shiloh Road to the West Garland city limit.

8. APPROVED Reallocation of CDBG CARES Act Funding for James Park

Approve the reallocation of unspent CDBG-CV (CARES ACT) funding from the completed Dallas College Project for the expansion of the Council-approved James Park Project.

9. APPROVED Amendments to the Code of Ordinances - Chapter 21

Approve an ordinance amending Chapter 21 of the Code of Ordinances to allow for partial cost recovery for certain vehicle collisions, vehicle fires, hazardous standbys, and special rescues. This amendment also amends Chapter 21 by defining hazardous materials, hazardous material incidents, and allowing for full cost recovery of City incurred costs associated with the response to hazardous material incidents.

10. APPROVED Adoption of Fees for Certain Fire Department Responses

Approve an ordinance amending the Master Fee Schedule of Chapter 10 of the Code of Ordinances pertaining to fees for partial cost recovery for certain vehicular collisions, vehicle fires, hazardous standbys, and special rescues that the fire department responds to.

ITEMS FOR INDIVIDUAL CONSIDERATION

Members of the audience may provide public comment in favor, in opposition or about any of the items for individual consideration. Anyone wishing to speak must fill out a speaker card (located at the entrance to the Council Chambers) and give it to the City Secretary in advance of the respective agenda item. Speakers are grouped by agenda item and will be called in the order of the agenda. All comments and testimony are to be presented from the podium. The Mayor may impose a time limit and may provide for rebuttal.

11. APPROVED Ordinance Adopting 50% Non-Retroactive Repeating COLA for Retirees and their Beneficiaries under TMRS

Council will consider an ordinance adopting a 50% Non-Retroactive Repeating COLA to be added to the TMRS Plan effective January 1, 2025.

Mayor LeMay announced there was no presentation on this item. Speaker on this item: Brandon Day. Councilmember Williams made a motion to approve the ordinance as presented. Councilmember Dutton seconded the motion. All voted in favor. The motion carried.

CITIZEN COMMENTS

Members of the audience wishing to address issues not on the meeting agenda may have three minutes to speak. However, according to the Texas Open Meetings Act, Council is prohibited from discussing any item not on the posted agenda.

Robert Niedwiecki.

ADJOURN

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Mayor LeMay adjourned the meeting at 7:15 p.m.

Submitted By:

Scott LeMay, Mayor

Jennifer Stubbs, City Secretary



GARLAND
PURCHASING REPORT

City Council Regular Session

2. a.

Meeting Date: 10/22/2024

Item Title: Spring Creek Erosion Repairs, Phase 1

Submitted By: Michael Polocek, Engineering Director

Bid Number: 1263-24

Purchase Justification:

This request is for construction of repairs to City-maintained gabion retaining walls to protect stream bank stabilization at seven locations along Spring Creek, northeast of Jupiter Road and Campbell Road. The remediation of these existing retaining walls includes the removal, disposal, repair, and construction of gabion walls, gabion blankets and rock riprap. An owner's contingency is included for any additional work that may be required.

Evaluation:

A request for bids was issued in accordance with Purchasing procedures. Four (4) bids were received and evaluated with Knight Erosion Control, Inc. submitting the Straight Low Bid.

Award Recommendation:

<i>Vendor</i>	<i>Item</i>	<i>Amount</i>
Knight Erosion Control, Inc.	All	\$1,739,630.14
Owner's Contingency		174,000.00
	TOTAL:	\$1,913,630.14

Basis for Award:

Straight Low Bid

Purchase Requisition #:

52011

Fiscal Impact

Total Project/Account: \$6,575,000

Expended/Encumbered to Date (Including this Item): \$4,568,641

Proposed Balance: \$2,006,359

Account #: 691-1409-1449500-9017

Fund/Dept/Project Description and Comments:

Drainage CIP / Drainage Maintenance Program

Attachments

Bid Recap

Location Map

Budget Type:

CIP

Fiscal Year:

2024

Document Location:

Page 116

Budget Director Approval:

Allyson Bell Steadman

Approval Date:

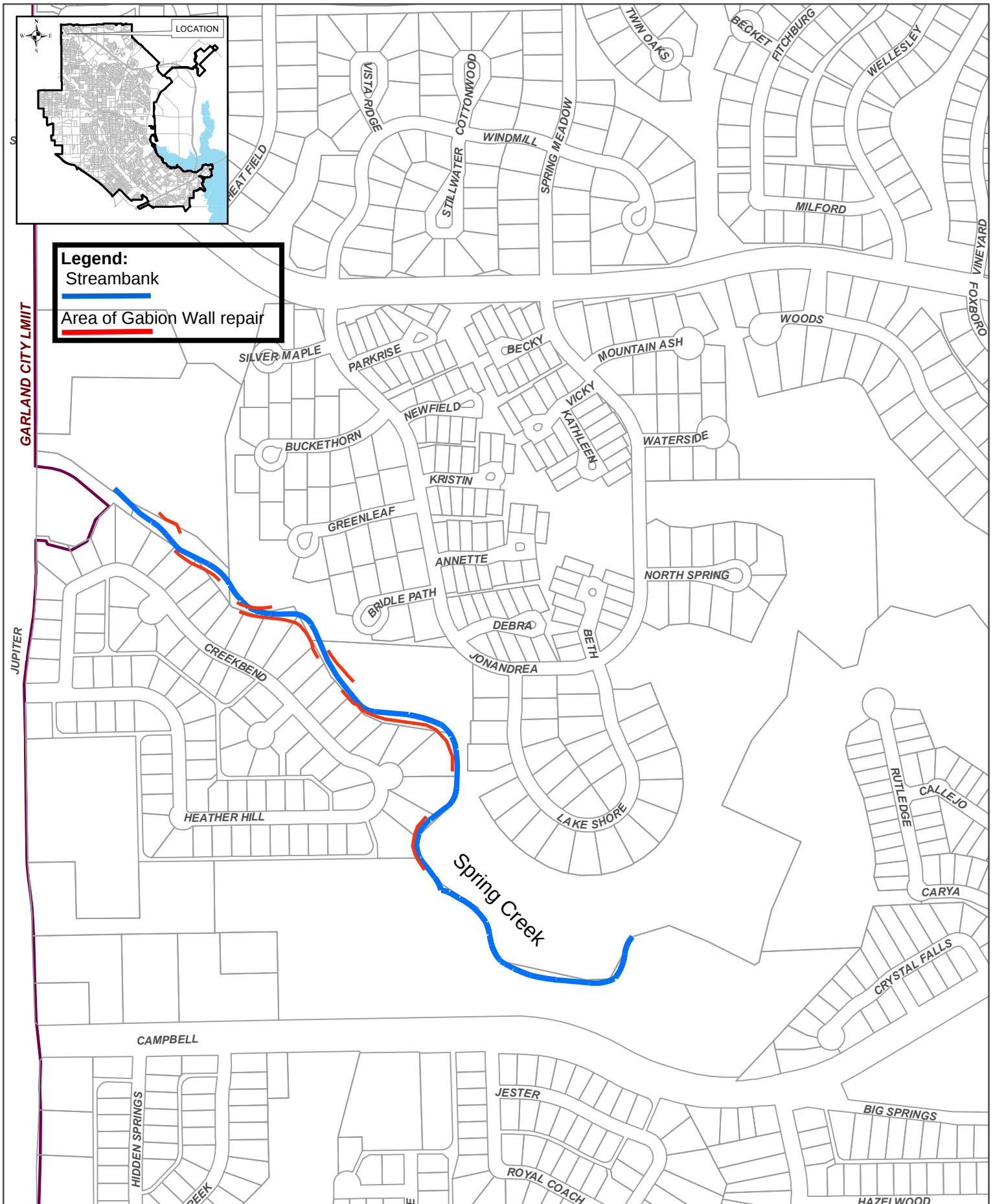
09/26/2024

Purchasing Director Approval:

Gary L. Holcomb

Approval Date:

09/25/2024





GARLAND
PURCHASING REPORT

City Council Regular Session

2. b.

Meeting Date: 10/22/2024

Item Title: Police Department Interior Security Improvements - Construction Services

Submitted By: Laura Dunn, Capital Project
Management Director

Bid Number: 1511-24

Purchase Justification:

This request is to provide construction services for interior security improvements at the Police Department located at 1891 Forest Lane. The facility is in need of renovations and modernization to better accommodate current operational needs. The project includes creating separate spaces for the Neighborhood Police Officers and the Gang Unit as well as remodeling the Front Desk Office, an office between the Behavioral Health and Professional Standards Unit, and the Mat Training Room. Interior finishes (carpet, paint, cabinetry) will also be replaced/updated in select areas. This will be accomplished through a Job Order Contracting construction delivery method. This project is part of the 2019 Bond Program and approved in the 2024 CIP.

Evaluation:

The Police Department interior security upgrades are available from CORE Construction through the Equalis Cooperative Purchasing Contract R10-1166B. As competitive bids were not received, a Bid Recap is not included.

Award Recommendation:

<i>Vendor</i>	<i>Item</i>	<i>Amount</i>
CORE Construction	All	\$589,606.00
	TOTAL:	\$589,606.00

Basis for Award:

Cooperative Purchase

Purchase Requisition #:

52240

Fiscal Impact

Total Project/Account: \$2,149,973

Expended/Encumbered to Date (Including this Item): \$1,103,729

Proposed Balance: \$1,046,244

Account #: 652-1429-1302819-9002

Fund/Dept/Project Description and Comments:

Public Safety CIP / Police Station Security Improvements

Budget Type:

CIP

Fiscal Year:

2024

Document Location:

Page 136

Budget Director Approval:

Allyson Bell Steadman

Approval Date:

10/07/2024

Purchasing Director Approval:

Gary L. Holcomb

Approval Date:

10/07/2024



GARLAND
PURCHASING REPORT

City Council Regular Session

2. c.

Meeting Date: 10/22/2024

Item Title: Screen Wall Reconstruction 2023

Submitted By: Michael Polocek, Engineering Director

Bid Number: 1285-24

Purchase Justification:

This request is for the reconstruction of existing screen walls in two subdivisions: Big Springs Court Estates and Castlewood Estates. This project consists of the demolition and reconstruction of approximately 850 linear feet of existing screen wall along the westerly boundary of Big Springs Court Estates subdivision. Additionally, the project includes the demolition and reconstruction of approximately 1,350 linear feet of existing screen wall along E. Centerville Road at Castlewood Estates. An owner's contingency is included for any additional work that may be required.

Evaluation:

A request for bids was issued in accordance with Purchasing procedures. Two (2) bids were received and evaluated with Ratliff Hardscape, Ltd. submitting the Straight Low Bid.

Award Recommendation:

Vendor	Item	Amount
Ratliff Hardscape, Ltd.	All	\$898,738.00
Owner's Contingency		\$89,900.00
	TOTAL:	\$988,638.00

Basis for Award:

Straight Low Bid

Purchase Requisition #:

51996

Fiscal Impact

Total Project/Account: \$782,000

Expended/Encumbered to Date (Including this Item): \$1,123,158

Proposed Balance: \$341,158 *

Account #: 692-1409-14301149011

Fund/Dept/Project Description and Comments:

Street / Transportation CIP / Screen Wall Reconstruction

* The Screen Wall Reconstruction program will continue into 2025, and additional funding for the continuation of this program is included in 2025, as reflected in the 2024 Adopted CIP.

Attachments

Bid Recap

Location Map

Budget Type:

CIP

Fiscal Year:

2024

Document Location:

Page 87

Budget Director Approval:

Allyson Bell Steadman

Approval Date:

09/26/2024

Purchasing Director Approval:

Gary L. Holcomb

Approval Date:

09/25/2024



GARLAND
PURCHASING REPORT

City Council Regular Session

2. d.

Meeting Date: 10/22/2024

Item Title: Engineering Design Services for Duck Creek Erosion

Submitted By: Michael Polocek, Engineering Director

Bid Number: 0020-25

Purchase Justification:

This request is to obtain engineering design services to provide creek bank stabilization at three (3) locations along Duck Creek at or near Bass Park, where creek erosion has impacted the trails and low water crossing. The scope of the project includes design, survey, geotechnical investigation, drainage analysis, environmental, and construction administrative services.

Evaluation:

Freese and Nichols, Inc. was selected as the Most Qualified firm for this project from RFQ 0712-23. As competitive bids were not received, a Bid Recap is not included.

Award Recommendation:

<i>Vendor</i>	<i>Item</i>	<i>Amount</i>
Freese and Nichols, Inc.	All	\$312,951.00
	TOTAL:	\$312,951.00

Basis for Award:

Most Qualified

Purchase Requisition #:

52407

Fiscal Impact

Total Project/Account: \$1,250,000

Expended/Encumbered to Date (Including this Item): \$315,112

Proposed Balance: \$934,888

Account #: 266-4699-1861700-7101

Fund/Dept/Project Description and Comments:

Miscellaneous Revenue Supported & Internal Service CIP / Stormwater Management / Duck Creek Erosion Engineering & Improvement

Attachments

Location Map

Budget Type:

CIP

Fiscal Year:

2024

Document Location:

Page 198

Budget Director Approval:

Allyson Bell Steadman

Approval Date:

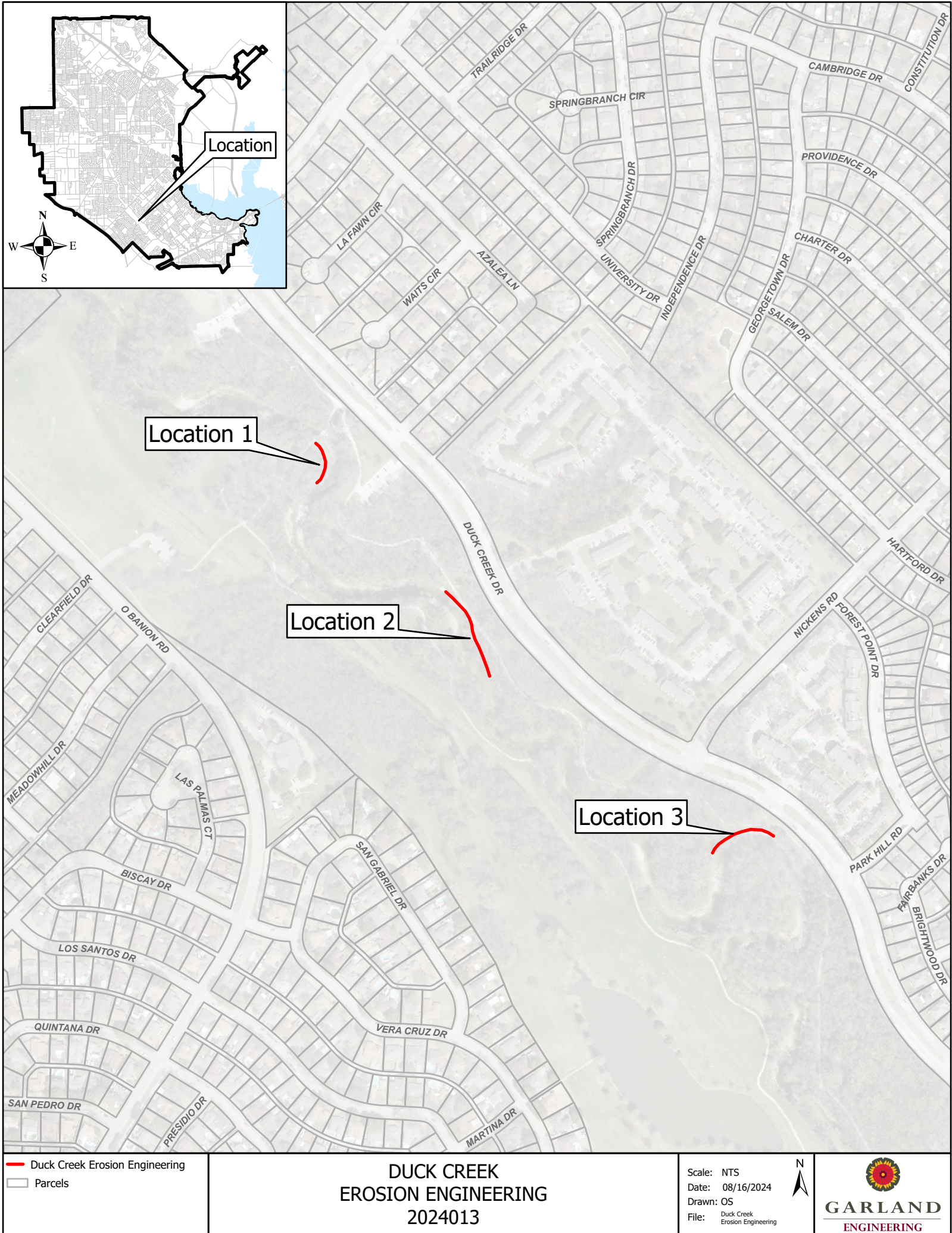
10/07/2024

Purchasing Director Approval:

Gary L. Holcomb

Approval Date:

10/07/2024



Location 1

Location 2

Location 3

Duck Creek Erosion Engineering

Parcels

DUCK CREEK
EROSION ENGINEERING
2024013

Scale: NTS

Date: 08/16/2024

Drawn: OS

File: Duck Creek
Erosion Engineering

GARLAND
ENGINEERING



GARLAND
PURCHASING REPORT

City Council Regular Session

2. e.

Meeting Date: 10/22/2024

Item Title: TMPA Makalu 138kV Switch Station Engineering Services

Submitted By: Steve Martin, GP&L Transmission
Director

Bid Number: 0019-25

Purchase Justification:

This request is to obtain professional engineering services needed to support the construction of the TMPA Makalu 138kV Switch Station for the new Makalu Solar Farm interconnection. This is part of the approved TMPA Greenville Interchange to Pruitt New Line and Station CIP project and will be reimbursed at 100%.

Evaluation:

Burns & McDonnell was selected as the Most Qualified firm for this project from RFQ 0753-19. As competitive bids were not received, a Bid Recap is not included.

Award Recommendation:

<i>Vendor</i>	<i>Item</i>	<i>Amount</i>
Burns & McDonnell	All	\$2,773,000.00
	TOTAL:	\$2,773,000.00

Basis for Award:

Purchase Requisition #:

52402

Fiscal Impact

Total Project/Account: \$12,500,000

Expended/Encumbered to Date (Including this Item): \$4,012,873

Proposed Balance: \$8,487,127

Account #: 215-3542-3147301-7111

Fund/Dept/Project Description and Comments:

Electric CIP / Transmission Lines Program

Budget Type:

Fiscal Year:

Document Location:

Budget Director Approval:

Approval Date:

10/07/2024

Purchasing Director Approval:

Approval Date:

10/07/2024



GARLAND
PURCHASING REPORT

City Council Regular Session

2. f.

Meeting Date: 10/22/2024

Item Title: Central Library - Multimedia Equipment and Installation

Submitted By: Laura Dunn, Capital Project
Management Director

Bid Number: 1512-24

Purchase Justification:

This request is to provide and install multimedia equipment at Central Library as part of the building renovations. This is part of the 2019 Bond Program and approved in the 2024 CIP.

Evaluation:

The multimedia equipment for Central Library is available from Videotex Systems, Inc. through the BuyBoard Cooperative Purchasing Contract 739-24. As competitive bids were not received, a Bid Recap is not included.

Award Recommendation:

<i>Vendor</i>	<i>Item</i>	<i>Amount</i>
Videotex Systems, Inc.	All	\$502,347.83
	TOTAL:	\$502,347.83

Basis for Award:

Cooperative Purchase

Purchase Requisition #:

52237

Fiscal Impact

Total Project/Account: \$18,068,386

Expended/Encumbered to Date (Including this Item): \$16,988,956

Proposed Balance: \$1,079,430

Account #: 692-1429-1959000-9002

Fund/Dept/Project Description and Comments:

Library CIP / Modernization/Upgrades to Central Library

Budget Type:

CIP

Fiscal Year:

2024

Document Location:

Page 130

Budget Director Approval:

Allyson Bell Steadman

Approval Date:

10/07/2024

Purchasing Director Approval:

Gary L. Holcomb

Approval Date:

10/07/2024



GARLAND
PURCHASING REPORT

City Council Regular Session

2. g.

Meeting Date: 10/22/2024

Item Title: TMPA Gibbons Creek to Yellow Wolf Terminal Engineering Services

Submitted By: Steve Martin, GP&L Transmission
Director

Bid Number: 0018-25

Purchase Justification:

This request is to obtain engineering services associated with the modification of a terminal at the TMPA Gibbons Creek Switch Station needed for the interconnection of the Yellow Wolf Solar Farm to the Gibbons Creek to Limestone 345kV Transmission Line. This is part of the approved TMPA Yellow Wolf Cut-in to Gibbons Creek -- Limestone CIP project and will be reimbursed at 100%.

Evaluation:

Power Engineers, Inc. was selected as the Most Qualified firm for this project from RFQ 0753-19. As competitive bids were not received, a Bid Recap is not included.

Award Recommendation:

<i>Vendor</i>	<i>Item</i>	<i>Amount</i>
Power Engineers, Inc.	All	\$488,400.00
	TOTAL:	\$488,400.00

Basis for Award:

Most Qualified

Purchase Requisition #:

52311

Fiscal Impact

Total Project/Account: \$500,000

Expended/Encumbered to Date (Including this Item): \$488,438

Proposed Balance: \$11,562

Account #: 215-3542-3147801-7111

Fund/Dept/Project Description and Comments:

Electric CIP / Transmission Lines Program

Budget Type:

CIP

Fiscal Year:

2024

Document Location:

Page 268

Budget Director Approval:

Allyson Bell Steadman

Approval Date:

10/07/2024

Purchasing Director Approval:

Gary L. Holcomb

Approval Date:

10/07/2024



GARLAND
PURCHASING REPORT

City Council Regular Session

2. h.

Meeting Date: 10/22/2024

Item Title: GP&L Emergency Distribution Restoration Services

Submitted By: Jonas Whitehead, GP&L Distribution
Director

Bid Number: 0026-25

Purchase Justification:

This request is in response to emergency GP&L Distribution System restoration services from the May 28th storm.

Evaluation:

Bryan Texas Utilities provided electrical contractor services as an Emergency purchase. As competitive bids were not received, and Bid Recap is not included.

Award Recommendation:

<i>Vendor</i>	<i>Item</i>	<i>Amount</i>
Bryan Texas Utilities	All	\$448,966.22
	TOTAL:	\$448,966.22

Basis for Award:

Emergency

Purchase Requisition #:

52375

Fiscal Impact

Total Project/Account: \$13,945,036

Expended/Encumbered to Date (Including this Item): \$6,257,219

Proposed Balance: \$7,687,817

Account #: Various

Fund/Dept/Project Description and Comments:

Funding Source	Account Number	This Item
Electric Utility Fund / GP&L Distribution	211-3233-7111	\$394,939
Electric CIP / Commercial and Industrial Construction Program	210-3299-3153201-7111	\$53,942
Electric CIP / Distribution Line Overhead Program	210-3292-3132001-7111	\$85
	Total	\$448,966

Budget Type: Operating Budget
CIP

Fiscal Year: 2024-25

Document Location: Op. - Page 262; CIP - Pages 267 & 271

Budget Director Approval: Allyson Bell Steadman

Approval Date: 10/08/2024

Purchasing Director Approval: Gary L. Holcomb

Approval Date: 10/07/2024



GARLAND
PURCHASING REPORT

City Council Regular Session

2. i.

Meeting Date: 10/22/2024

Item Title: GP&L Emergency Distribution Restoration Services

Submitted By: Jonas Whitehead, GP&L Distribution
Director

Bid Number: 0025-25

Purchase Justification:

This request is in response to GP&L Distribution System restoration services from the May 28th storm.

Evaluation:

CPS Energy provided electrical contractor services as an Emergency purchase. As competitive bids were not received, a Bid Recap is not included.

Award Recommendation:

<i>Vendor</i>	<i>Item</i>	<i>Amount</i>
CPS Energy	All	\$368,423.35
	TOTAL:	\$368,423.35

Basis for Award:

Emergency

Purchase Requisition #:

52369

Fiscal Impact

Total Project/Account: \$8,302,875

Expended/Encumbered to Date (Including this Item): \$3,693,394

Proposed Balance: \$4,609,481

Account #: Various

Fund/Dept/Project Description and Comments:

Funding Source	Account Number	This Item
Electric Utility Fund / GP&L Distribution	211-3233-7111	\$254,796
Electric CIP / Commercial and Industrial Construction Program	210-3299-3153201-7111	\$103,336
Electric CIP / Residential Construction Program	215-3291-3124001-7111	\$10,291
	Total	\$368,423

Budget Type:

Operating Budget
CIP

Fiscal Year:

2024-25

Document Location:

Op. - Page 262; CIP - Pages 265 & 267

Budget Director Approval:

Allyson Bell Steadman

Approval Date:

10/08/2024

Purchasing Director Approval:

Gary L. Holcomb

Approval Date:

10/07/2024



GARLAND
PURCHASING REPORT

City Council Regular Session

2. j.

Meeting Date: 10/22/2024

Item Title: Enterprise Agreement for GIS Licensing

Submitted By: Mike Betz, Interim Managing Director

Bid Number: 1527-24

Purchase Justification:

Authorize the City Manager or his designee to execute a 3-year contract with ESRI for a GIS software Enterprise License Agreement. This request is to provide increased access to ArcGIS software by providing additional GIS software licenses as well as GIS server licenses through an Enterprise License Agreement. The agreement will increase the number of people who can use the traditional analysis and map-making software, strengthen our backend server capabilities, and increase our online presence. Crucially, it will also dramatically increase the number of people who can access the mobile applications to send and receive information in the field, such as tracking debris and utility damage during an emergency storm event in real time.

Evaluation:

ESRI is being awarded as a Sole Source based on being the only company that provides comprehensive GIS software for offline, online, and server use. As competitive bids were not received, a Bid Recap is not included.

Award Recommendation:

<i>Vendor</i>	<i>Item</i>	<i>Amount</i>
ESRI	All	\$450,450.00
	TOTAL:	\$450,450.00

Basis for Award:

Sole Source

Purchase Requisition #:

52319

Fiscal Impact

Total Project/Account: \$12,378,085

Expended/Encumbered to Date (Including this Item): \$3,704,703

Proposed Balance: \$8,673,382

Account #: 411-4514-7121

Fund/Dept/Project Description and Comments:

Information Technology Fund / Strategic Services

Budget Type:

Operating Budget

Fiscal Year:

2024-25

Document Location:

FY 2024-25 Proposed Budget Page 345

Budget Director Approval:

Allyson Bell Steadman

Approval Date:

10/09/2024

Purchasing Director Approval:

Gary L. Holcomb

Approval Date:

10/08/2024



GARLAND
CITY COUNCIL STAFF REPORT

City Council Regular Session

3.

Meeting Date: 10/22/2024
Title: Neighborhood Vitality Matching Grant Spring 2024 Applications
Submitted By: Laura De La Vega, Sr. Planner
Strategic Focus Area: Vibrant Neighborhoods and
Commercial Centers

Issue/Summary

Authorize the City Manager or his designee to execute a Neighborhood Vitality Participation Agreement with the Spring 2024 Neighborhood Vitality Matching Grant applicants, the Crystal Lake HOA and the Greens of Firewheel associations.

Background

City Council allocated Neighborhood Vitality Matching Grant funds for Garland neighborhood groups to improve the physical features of their neighborhoods. Projects must provide a public benefit which promotes stronger, safer, and healthier communities. Neighborhood Vitality staff presented the Spring 2024 Matching Grant funding requests to the Community Services Committee on September 9, 2024. The committee recommended the funding requests be considered by City Council.

City Council considered the funding requests at the October 7, 2024, City Council Worksession.

Consideration / Recommendation

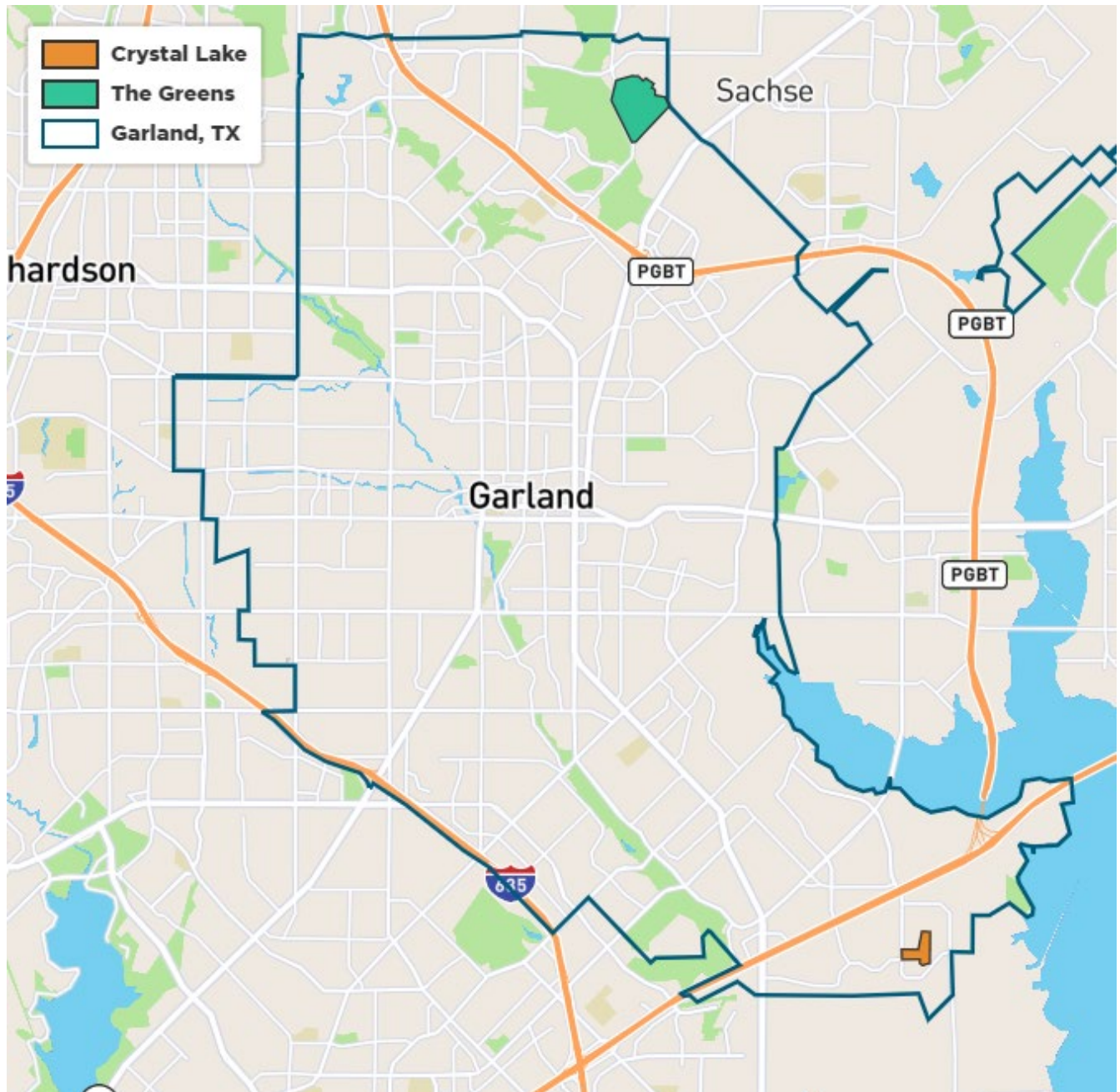
Authorize the City Manager or his designee to execute a Neighborhood Vitality Participation Agreement with the Spring 2024 Neighborhood Vitality Matching Grant funding requests, as directed by City Council at the October 7, 2024 Work Session.

Attachments

Spring 2024 Matching Grant Funding Request Packet

NEIGHBORHOOD VITALITY MATCHING GRANT

SPRING 2024 PROJECT LOCATIONS



NEIGHBORHOOD VITALITY MATCHING GRANT

PROJECT SUMMARY – ADDITIONAL FUNDS REQUEST

Neighborhood Association: Crystal Lake HOA

Project Name: Retaining Walls and Erosion Control

Project Location: Shoreline at lake behind Sasaki Way

Updated Project Information:

Total Project Cost:	\$133,346
Requesting Amount:	\$100,000
Neighborhood Match	\$33,346
Match Percentage:	25%

Project Summary:

- Install 164 linear feet of riprap retaining wall along the eastern shoreline

Project Updates:

Approved at the November 9, 2021 City Council Regular session, the funding agreement was signed between Crystal Lake and the City of Garland on February 2, 2022. The original project cost was \$109,925 with the requesting amount of \$82,433.75.

The property manager contacted the Office of Neighborhood Vitality in March of 2024 with an updated estimate from the contractor which included the addition of a continuous gravel drain with fabric wrapped to the soil side with a drain pipe installed at the base of the wall to relieve hydraulic pressure and to trap the soil. Geo-grid and necessary steel will be installed to ensure proper strength.

Crystal Lake is requesting an additional \$17,566.25 based on the updated estimate.

Stated Goals

“The lake located inside the Crystal Lake HOA neighborhood provides residents a beautiful place to gather and exercise. Over time, the lake banks have eroded back and are dangerously close to residents [sic] backyard fences.”

Stated Maintenance

Inspected by Knight Erosion on an as-needed basis.

Maps:



Community Services Committee Updates:

Neighborhood Vitality staff presented the funding request at the September 9, 2024 Community Services Committee. The committee recommends this project be considered by full City Council.

However they did request the applicant provide a timeline for project completion. The property manager of Crystal Lake HOA has since clarified their projected start date as the second week of January 2025 with an estimated completion time of February 28, 2025. They have already expended \$9,500 to Knight Erosion Control for engineering and design.

Staff Comments on Updates:

Neighborhood Vitality:

1. Additional funding request must be presented to Community Services Committee for discussion and recommendations before taking to City Council.

Engineering:

1. It does appear that the permit drawings approved by Building Inspections does show the items you mentioned. We don't review structural components/requirements, so all I can say is it is in the permit drawings. Those additional items are always good to have for walls.

Staff Comments on Application:

Neighborhood Vitality:

1. Common area or recreational improvements (new construction) and neighborhood park improvements are both eligible projects under the current matching grant program guidelines, as long as a license agreement is obtained and the improvements are made available to the general public.
2. Repairs or maintenance of existing structures are not eligible under current program guidelines.

Building Inspection

1. Retaining walls over 4' in height require a permit and engineering design. If they are not over 4' in height no permit required.

Engineering

1. Same as Letter of Intent comments.

Staff Comments on Letter on Intent

Neighborhood Vitality

1. Common area or recreational improvements (new construction) and neighborhood park improvements are both eligible projects under the matching grant program. Repairs or maintenance of existing structures are not eligible.

Building Inspection

1. Retaining walls over 4' in height require a permit and engineering design. If they are not over 4' in height no permit required.

Engineering

1. The proposed retaining wall will be considered private by the Engineering Department since the wall will be located outside of public R.O.W. and within the HOA Common Area lot per the Crystal Lake plat.
2. Refer to the Technical Standards Manual Section 7.05 for design criteria that may apply to the proposed retaining wall.
 - a. Be advised: at the discretion of the Director of Engineering, the Director may require the developer to reimburse the City for the City's structural engineering consultant's evaluation of the structural integrity of retaining walls within the zone of influence of public right-of-way and easements.
 - b. One applicable criterion is walls exceeding 4' in height must be engineered and the structural design must be submitted to the Building Inspections Department for review.

Crystal Lake NV

Signed Agreement 1-18-22

- Emailed

1-18-22

NEIGHBORHOOD VITALITY PARTICIPATION AGREEMENT

This Neighborhood Vitality Participation Agreement ("Agreement") is made by and between the City of Garland, Texas, a home-rule municipality (the "City") and Crystal Lake HOA, including its successors and assigns, ("Applicant") located at or near the 4100 Crystal Lane, Garland, Texas (collectively, the "Parties").

WHEREAS, the City has agreed to participate in the expenses of a project to be undertaken by Applicant whereby Applicant will construct, place and maintain certain improvements (the "Project") at or 4300 Crystal Lane, in the Crystal Lake neighborhood in Garland, Texas for the benefit of the citizens of Garland, all as more particularly described in Exhibit "A", attached hereto; and

WHEREAS, Applicant has agreed to undertake and diligently pursue the construction of the Project to full and satisfactory completion, in full compliance with all approved plans, specifications, permits, ordinances, rules, and regulations; and

WHEREAS, it is the intention of the City to assist and financially participate in the Project by reimbursing Applicant for a portion of the allowed and approved Project costs;

NOW THEREFORE, in consideration of the following mutual covenants and promises, the City and Applicant agree as follows:

Section 1. Administration and Construction of the Project.

(A) Applicant shall prepare and submit to the City such plans, specifications, reports, and studies (the "Plans") describing the Project as the City may reasonably require. At a minimum, the Plans shall adequately describe the Project, and all components thereof, in a manner that will provide the City with a means of verifying that the work described in the Project application and the work as finally approved for the Project has, upon completion, actually been performed and completed satisfactorily and in accordance with the Project application and the Plans. Applicant acknowledges that the preparation of such Plans may necessitate the retention of appropriate professionals including, without limitation, architects and engineers. Applicant shall obtain all necessary City, State, and Federal permits.

(B) If required by the City, Applicant shall attend a pre-submittal meeting. Applicant shall prepare bid specifications for the construction of the Project and the solicitation of such bids or proposals from potential contractors. Applicant shall evaluate those bids or proposals and shall award a contract for the work only to the lowest responsible or best-value bidder for construction of the Project, subject to approval by the City. Applicant shall provide the City with true and complete copies of all contracts for the Project. During the course of constructing the Project, Applicant shall provide oversight and management of the Project in accordance with the construction contract, the Plans, and this Agreement. Applicant shall coordinate with appropriate City personnel regarding the performance, inspection, and completion of the Work, and shall provide such information to the City as it may reasonably request regarding Project administration, scheduling, and the progress of construction. Applicant shall promptly evaluate and approve change orders, if appropriate (and subject to approval by the City) relating to the construction of the Project.

(C) Applicant shall review and approve or disapprove (subject to approval by the City) all payment requests submitted by the contractor(s) for the Project, shall promptly pay all approved payment requests, and shall provide copies of the same to the City. Upon completion of the Project, Applicant shall certify to the City that the Project has been completed in accordance with the Plans, shall provide the City with copies of all invoices, payment applications, and other proof of Project expenses as the City may reasonably require.

(D) If the Project involves the construction of permanent improvements to private property, Applicant shall, prior to or at the completion of the Project, obtain, transfer or convey to the City such appropriate easements, dedications or other real property interests as may be deemed necessary by the City as may be reflected on the approved Plans.

Section 2. Payment of Project Costs.

(A) At the completion of the Project, Applicant shall submit proof acceptable to the City that the Applicant's share of Project expenses has been paid including: (i) an "all bills paid" affidavit from the contractor(s) who or which provided the work for the Project; and (ii) lien releases from all contractors, subcontractors, and vendors for the Project.

(B) The maximum amount of Project costs that the City will provide under this Agreement is **\$82,444**. In no event shall the City's share of Project costs exceed the actual, approved costs for the Project even if the final cost of the Project exceeds the cost estimated in the Project application. If actual costs are less than those estimated in the Project application, the City's share shall be equitably reduced to reflect those cost savings.

(C) Unless approved in advance as part of the Project application, Applicant shall not be entitled to any "draw" payments during the course of Project construction and the City shall make only one payment of the City's share of Project costs, at the completion of Project construction.

Section 3. Project Records. Applicant shall keep true, complete and accurate books and records of all costs for which it seeks reimbursement from the City under this Agreement. The City shall have the right, upon reasonable notice and during business hours, to audit those books and records and to obtain, at the expense of the City, copies of those books and records.

Section 4. Indemnity. Applicant hereby indemnifies, releases, discharges, and agrees to hold harmless the City of Garland, Texas, and all of its present, future and former agents, employees, officials, successors, assigns, attorneys, and representatives in their official, individual and representative capacities, (collectively referred to herein as the "Released Parties") from any and all claims, demands, causes of action, judgments, liens and expenses (including attorney's fees, whether common law or statutory), costs and damages (whether common law or statutory, whether actual, punitive, consequential or incidental) of any conceivable character, due to or arising from injuries to persons (including death) or to property (both real and personal) created by, arising from or in any manner relating to: (i) the Project; (ii) to any approval, permission, inspection, or review provided by any Released Party; or (iii) the conditions and circumstances that necessitated the Project. The foregoing release expressly includes any form of liability including strict liability, liability arising under the constitutions of the United States and Texas, and those caused by the

negligence or other fault of any Released Party. This Release is intended to cover and release all possible claims and damages which Applicant may have at the present, at any time in the past, or may possess at any time in the future against any Released Party to the extent those claims relate to the Project or the conditions and circumstances that created, led to or necessitated the Project, and regardless of whether those claims and damages are fully known or appreciated at this time.

Section 5. Notices. Any notice required or desired to be given from one party to the other party to this Agreement shall be in writing and shall be given and shall be deemed to have been served and received (whether actually received or not) 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.

Section 6. No Assignment. Neither party shall have the right to assign that party's interest in this Agreement without the prior written consent of the other party.

Section 7. Severability. If any term or provision of this Agreement is held to be illegal, invalid or unenforceable, the legality, validity or enforceability of the remaining terms or provisions of this Agreement shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable term or provision, there shall be added automatically to this Agreement a legal, valid or enforceable term or provision as similar as possible to the term or provision declared illegal, invalid or unenforceable. Provided, however, that if the illegality, invalidity or unenforceability of any term or terms renders the basic purposes of this Agreement illegal, invalid or unenforceable or otherwise materially and adversely affects the utility or financial parameters of this Agreement, then either the City or Applicant may, upon written notice to the other, terminate this Agreement and the parties agree to enter into good faith negotiations to replace this Agreement with a contract as similar to the terms and conditions of this Agreement as legally permissible.

Section 8. Waiver. Either City or Applicant shall have the right to waive any requirement contained in this Agreement, 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 Agreement 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 of a different type of breach or violation.

Section 9. Governing Law; Venue. This Agreement and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas. The provisions and obligations of this Agreement are performable in Dallas County, Texas such that exclusive venue for any action arising out of this Agreement shall be in Dallas County, Texas.

Section 10. Paragraph Headings; Construction. The paragraph headings contained in this Agreement 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 negotiation and preparation of this

Agreement and this Agreement shall not be construed either more or less strongly against or for either party.

Section 11. Binding Effect. Except as limited herein, the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, devisees, personal and legal representatives, successors and assigns.

Section 12. Gender. Within this Agreement, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires.

Section 13. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 14. Exhibits. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

Section 15. Entire Agreement. It is understood and agreed that this Agreement contains the entire agreement between the parties and supersedes any and all prior agreements, arrangements or understandings between the parties relating to the subject matter. No oral understandings, statements, promises or inducements contrary to the terms of this Agreement exist. This Agreement cannot be changed or terminated orally and no written modification of this Agreement shall be effective unless executed by both parties.

Section 16. Relationship of Parties; No Third-Party Beneficiaries. Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association whatsoever between the parties, it being expressly understood and agreed that no provision contained in this Agreement nor any act or acts of the parties hereto shall be deemed to create any relationship between the parties other than the relationship of independent parties contracting with each other solely for the purpose of effecting the provisions of this Agreement. Except for the provisions of this Agreement relating to the release of claims against employees, agents and representatives of the City, there are no third-party beneficiaries to this Agreement and no third-party beneficiaries are intended by implication or otherwise.

Section 17. No Waiver of Immunity or Defense. Applicant acknowledges the City makes this Agreement in its governmental capacity. Neither party, by execution of this Agreement, waives nor shall be deemed to have waived, any immunity of defense that would otherwise be available to it including, without limitation, immunity from liability and suit for damages to one another or to any third-party except as otherwise provided by law. Applicant acknowledges that the City, in entering into this Agreement and participating in the Project, is acting in its governmental capacity.

Section 18. Dispute Resolution. In accordance with the provisions of Subchapter I, Chapter 271, TEX. LOCAL GOV'T CODE, the parties agree that, prior to instituting any lawsuit or other proceeding arising from a dispute under this Agreement, the parties will first attempt to resolve the dispute by taking the following steps: (1) A written notice substantially describing the nature of the dispute shall be delivered by the dissatisfied party to the other party, which notice shall request a written response to be delivered to

the dissatisfied party not less than 5 days after receipt of the notice of dispute. (2) If the response does not reasonably resolve the dispute, in the opinion of the dissatisfied party, the dissatisfied party shall give notice to that effect to the other party whereupon each party shall appoint a person having authority over the activities of the respective parties who shall promptly meet, in person, in an effort to resolve the dispute. (3) If those persons cannot or do not resolve the dispute, then the parties shall each appoint a person from the highest tier of managerial responsibility within each respective party, who shall then promptly meet, in person, in an effort to resolve the dispute.

EXECUTED this 2 day of February, 2022.

CITY OF GARLAND, TEXAS:

By: [Signature]

By: Becky King

Print: Scott Bollinger

Print: Becky King

Title: Neighborhood Resources Manager

Title: Managing Director
(over \$25,000 follow Signature Authority)

ADDRESS FOR NOTICE:

City of Garland
200 North Fifth Street
P.O. Box 469002
Garland, Texas 75046-9002

APPLICANT:

By: Eric Johnson

Printed Name: ERIC JOHNSON

Title: Property manager

ADDRESS FOR NOTICE:



GARLAND

**EXHIBIT A
NEIGHBORHOOD VITALITY MATCHING GRANT
PROJECT SUMMARY**

Neighborhood-Based Group: Crystal Lake Estates
Project Name: Retaining Walls and Erosion Control
Project Location: Shoreline at lake behind Sasaki Way

Total Project Cost:	\$109,925.00
Requesting Amount:	\$82,443.75
Neighborhood Match:	\$27,481.25
Match %:	25%

Project Summary

- Install 164 linear feet of riprap retaining wall along the eastern shoreline

Location

Between Crystal Lane and Sasaki Way

Identified Neighborhood Boundaries

North – Crystal Lane

South – Sasaki Way

West – Bobtown Road

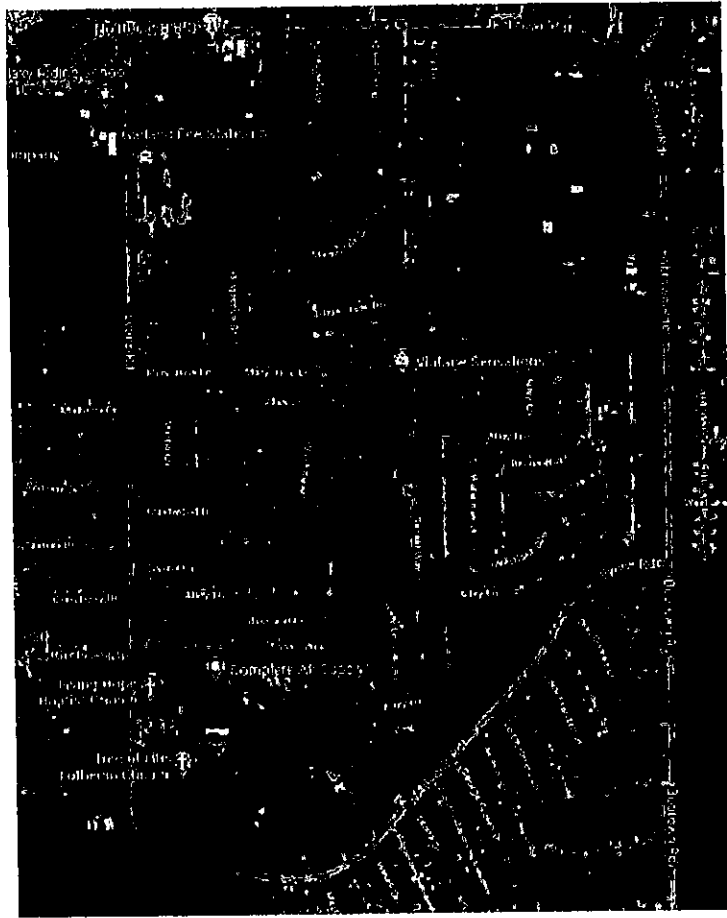
East – Sasaki Way

Stated Goals

“The lake located inside the Crystal Lake HOA neighborhood provides residents a beautiful place to gather and exercise. Over time, the lake banks have eroded back and are dangerously close to residents [sic] backyard fences.”

Stated Maintenance

Inspected by Knight Erosion on an as-needed basis.



Comments from Letter of Intent Phase

Neighborhood Vitality

- Common area or recreational improvements (new construction) and neighborhood park improvements are both eligible projects under the matching grant program. Repairs or maintenance of existing structures are not eligible.

Building Inspection

- Retaining walls over 4' in height require a permit and engineering design. If they are not over 4' in height no permit required.

Engineering

- The proposed retaining wall will be considered private by the Engineering Department since the wall will be located outside of public R.O.W. and within the HOA Common Area lot per the Crystal Lake plat.
- Refer to the Technical Standards Manual Section 7.05 for design criteria that may apply to the proposed retaining wall.

- i. Be advised: at the discretion of the Director of Engineering, the Director may require the developer to reimburse the City for the City's structural engineering consultant's evaluation of the structural integrity of retaining walls within the zone of influence of public right-of-way and easements.
- ii. One applicable criterion is walls exceeding 4' in height must be engineered and the structural design must be submitted to the Building Inspections Department for review.

Application Phase Comments

Neighborhood Vitality

- Common area or recreational improvements (new construction) and neighborhood park improvements are both eligible projects under the current matching grant program guidelines, as long as a license agreement is obtained and the improvements are made available to the general public.
- Repairs or maintenance of existing structures are not eligible under current program guidelines.

Building Inspection

- Retaining walls over 4' in height require a permit and engineering design. If they are not over 4' in height no permit required.

Engineering

- Same as Letter of Intent comments.

NEIGHBORHOOD VITALITY MATCHING GRANT

PROJECT SUMMARY FOR APPLICATIONS

Neighborhood Association: The Greens of Firewheel

Project Name: Electricity Connections and Lighting Improvements

Project Location: Corners of: Brand & O'Shannon, and Brand & Flanagan Dr.

Total Project Cost:	\$10,000
Requesting Amount:	\$10,000
Neighborhood Match	\$0
Match Percentage:	No Match – Voluntary Neighborhood with Project Cost <\$10,000

Project Summary:

- Install electricity connections to the two (2) entrances on the corners of Brand & O'Shannon and Brand & Flanagan Dr.
- Add lighting improvements to the four (4) corners of the above mentioned entrances.

Stated Goals:

- “Our goals are to assure the beauty, safety and stability of the area and the surrounding community, to promote neighborliness and pride among the residents, and to form a base for representation in matters affecting the community.”

Stated Maintenance:

- “Due to the nature of the project and it's project longevity, we expect to only have to provide routine light bulb and possibly fixture replacements. Maintenance costs should be minimal.”

Maps:



O'Shannon South Entrance



O'Shannon North Entrance



Flannigan South Entrance



Flannigan North Entrance

Community Services Committee Updates:

Neighborhood Vitality staff presented the funding request at the September 9, 2024 Community Services Committee. The committee recommends this project be considered by full City Council.

Staff Comments on Application:

Neighborhood Vitality:

- Previous comments still apply.
- The applicant did not clarify if there is already electricity at these entrances as indicated by Garland Power & Light.
 1. This has since been addressed.

Engineering:

- All previous Engineering comments for The Greens of Firewheel still apply, with one additional clarification about the License Agreement.
 - We see in the estimate that there will be boring and installation of conduit below the two streets in order to run electrical lines to the other side of the ROW. Will this conduit and electrical line be privately owned and maintained by the HOA or by the electrical company (Oncor and/or GP&L)? If the lines will be owned and maintained by the HOA, then a License Agreement will be required. For Oncor / GP&L ownership, we would not require a License Agreement.
- Please have them contact Jake Fisher or Rahman Kafray if they have any questions related to the License Agreement that must be executed (if required) with the Engineering Dept. before they can obtain any permits. Appendix 3D is attached for their reference

Staff Comments on Letter of Intent:

Neighborhood Vitality:

- Matching Grant applicants are eligible to receive up to \$100,000 within a five-year time frame. If approved, the completion of the current project will mark the beginning of their new five-year cycle.
- Application must specify exact scope of work to be completed.
- Line-item estimates must be included with application.
- Installing electrical connections without lighting elements may not be deemed eligible.
 - Is there currently electricity at the entrances? Please confirm or clarify as GP&L has noted there is already service to the entrances.
- Wiring in the irrigation system and replacing controllers could be seen as maintenance of existing structures or facilities which is not eligible.
- If permits are required, please be sure to include this cost into your estimates as permit fees are not waived for Matching Grant projects.
- All projects must comply with applicable City of Garland codes and policies, and applicable federal, state, and local laws. Projects cannot create a public safety hazard or conflict with existing or approved municipal projects. They must also adhere to the comments from the departments below.

Engineering:

- Any private lighting improvements within the public ROW would require a License Agreement to be executed with the Engineering Dept. See [Technical Standards Manual](#) Appendix 3D for assistance.
- Multiple public utilities cross the right-of-way (ROW) at these intersections, see attached GIS Map. Ensure any new ground mounted equipment is placed a minimum of 7.5' from public water (blue) / wastewater (green) lines and 10' from public storm sewer (purple) lines. Contact engineeringrecords@garlandtx.gov to obtain records of more exact utility locations.
- Existing 27'x27' Landscape & Wall Easements at O'Shannon Intersection per attached plat: The Greens No. 3 Replat.
- Existing easements (not legible) at Flanigan Intersection per attached plat: The Greens No. 2.
 - Construction within the ROW would require a [ROW Permit](#).
 - Texas811 should be called to locate the public and private / franchise utility lines prior to installation.

Building Inspections:

Any new electrical or irrigation will require permits.

Garland Power & Light:

It appears they already have service to their entrances for the lighting & irrigation enhancements. FYI, the entrance at Brand and Flanigan is an Oncor service area and the entrance at Brand and O Shannon is an GP&L service area.



GARLAND
CITY COUNCIL STAFF REPORT

City Council Regular Session

4.

Meeting Date: 10/22/2024
Title: Bond Refunding - Electric Utility Commercial Paper Notes
Submitted By: Matt Watson, Chief Financial Officer
Strategic Focus Area: Future-Focused City Organization

Issue/Summary

At the October 7, 2024, Worksession, Council was briefed on an ordinance to issue up to \$150 million in Electric Utility Revenue Refunding Bonds, Series 2024. In addition, the ordinance will authorize the appointment of a pricing officer and delegate to the pricing officer the authority to approve on behalf of the City the terms of sale of these bonds and will establish parameters for the approval of such matters by the pricing officer. The purpose of this transaction is to refund a portion of variable rate commercial paper notes with fixed rate long-term debt and to refund the Series 2014 Electric Utility Revenue Bonds.

Background

The Electric Utility Commercial Paper Program is a short-term interim financing tool used to fund the construction of various capital improvement projects for the Electric Utility. Funding capacity of this variable rate program is \$150 million, of which \$91.4 million of this capacity has been issued for capital projects. \$53.525 million of the Series 2014 Electric Utility Revenue Bonds are callable on a current basis and can be refunded for a savings to the Electric Utility.

Consideration / Recommendation

Consider approving an ordinance issuing up to \$150 million in Electric Utility Revenue Refunding Bonds, Series 2024, authorizing the appointment of a pricing officer, and establishing parameters for the approval of such matters by the pricing officer.

Attachments

Ordinance

ORDINANCE NO. ____

ORDINANCE OF THE CITY OF GARLAND, TEXAS

AUTHORIZING THE ISSUANCE OF

**CITY OF GARLAND, TEXAS
ELECTRIC UTILITY SYSTEM
REVENUE REFUNDING BONDS NEW SERIES**

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF CITY OF GARLAND, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, NEW SERIES; ESTABLISHING THE OBLIGATIONS TO BE REFUNDED WITH PROCEEDS OF SAID BONDS; PROVIDING FOR SAID BONDS TO BE ISSUED AS TAXABLE BONDS OR TAX-EXEMPT BONDS; APPOINTING A PRICING OFFICER AND DELEGATING TO THE PRICING OFFICER THE AUTHORITY TO APPROVE ON BEHALF OF THE CITY THE TERMS OF SALE OF SAID BONDS AND THE OFFERING DOCUMENTS FOR SAID BONDS; ESTABLISHING CERTAIN PARAMETERS FOR THE APPROVAL OF SUCH MATTERS BY THE PRICING OFFICER; PLEDGING THE NET REVENUES OF THE CITY'S ELECTRIC UTILITY SYSTEM TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, PAYMENT, SECURITY, SALE AND DELIVERY OF SAID BONDS, INCLUDING THE APPROVAL AND EXECUTION OF ONE OR MORE PAYING AGENT/REGISTRAR AGREEMENTS, PURCHASE AGREEMENTS AND ESCROW AGREEMENTS, IF REQUIRED IN CONNECTION WITH THE REFUNDING OF THE REFUNDED OBLIGATIONS; AND PROVIDING AN EFFECTIVE DATE

THE STATE OF TEXAS

§

COUNTIES OF DALLAS, COLLIN AND ROCKWALL

§

CITY OF GARLAND

§

WHEREAS, the City of Garland, Texas (the "City") is an "Issuer" under Section 1371.001(4)(A), Texas Government Code, being (i) a home-rule municipality that: (A) adopted its charter under Section 5, Article XI, Texas Constitution; (B) has a population of 50,000 or more; and (C) has outstanding long-term indebtedness that is rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for a long-term obligation; and

WHEREAS, the City has heretofore issued its Prior Lien Bonds and its Previously Issued Bonds (as such terms are hereinafter defined); and

WHEREAS, in the ordinances authorizing the issuance of the Previously Issued Bonds, the City reserved the right to issue additional parity bonds secured by a lien on and pledge of the Net Revenues (hereinafter defined) of the City's Electric Utility System (the "System") on a parity with the Previously Issued Bonds; and

WHEREAS, the City Council (the "Council") of the City, has heretofore issued, sold, and delivered, and there is currently outstanding, City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2014, dated June 1, 2014, scheduled to mature on March 1 in each of the years 2025 through 2034, inclusive, and aggregating in the principal amount of \$53,525,000 (the "Refunded Bonds"); and

WHEREAS, the Council, in accordance with the provisions of Texas Government Code, Chapter 1371 ("Chapter 1371"), has heretofore authorized by ordinance and provided for the issuance of "City of Garland, Texas Electric Utility System Commercial Paper Notes, Series A"

(the "Commercial Paper Notes") in an aggregate principal amount not to exceed \$150,000,000 for the purpose of financing costs and expenses incurred in relation to "Eligible Projects" which include the acquisition, purchase, construction, improvement, enlargement, and/or equipping of any property, buildings, structures, activities, services, operations, or other facilities, or any other project, program or improvement, authorized by Chapter 1502, Texas Government Code, as amended, and Chapter 1371 and any other applicable laws of the State of Texas, including capital assets and facilities incident and related to the operation, maintenance and administration thereof, and with respect to a property or a facility for the generation, distribution or transmission of electric power and energy, the purchase of electric energy and fuel acquisition for use by the System; and

WHEREAS, Chapter 1371 and Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), authorizes the City to issue refunding bonds to refund all or a portion of its outstanding obligations to refund obligations issued in connection with an Eligible Project; and

WHEREAS, the Council has determined that it is in the best interest of the City to issue the bonds hereinafter authorized (the "Bonds") secured by a lien on and pledge of the Net Revenues on a parity with the Previously Issued Bonds for the purposes, among other things, of refunding all or a portion of the Refunded Bonds to achieve a net present value debt service savings as set forth herein and the outstanding Commercial Paper Notes (the "Refunded CP Notes" and, collectively with the Refunded Bonds, the "Refunded Obligations") to restructure a portion of the City's System debt service requirements by extending the debt to mature over a term that is generally commensurate with the expected life of the System facilities and/or to provide rate relief for System ratepayers; and

WHEREAS, Chapter 1207 further authorizes the City to enter into escrow or similar agreements with such paying agent for the Refunded Obligations or trust company or commercial bank with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the City and such paying agent or trust company or commercial bank may agree; and

WHEREAS, all of the Refunded Obligations mature or are subject to redemption prior to maturity within 20 years of the date of the Bonds hereinafter authorized; and

WHEREAS, the Council hereby finds and determines that the manner in which the refunding of the Commercial Paper 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 refunding and refinancing of the Commercial Paper Notes into long-term obligations; and

WHEREAS, the Bonds hereinafter authorized are to be issued and delivered pursuant to the laws of the State of Texas, including specifically Chapter 1207 and Chapter 1371; and

WHEREAS, pursuant to the provisions of Chapter 1207, the Council is authorized to issue refunding bonds and deposit the proceeds of sale directly with the place of payment for the Refunded Obligations, 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, shall constitute the making of firm banking and financial arrangements for the

defeasance, discharge and payment of the Refunded Obligations at their maturity or redemption date; and

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 that is subordinate to the pledge of and lien on the Net Revenues associated with the Prior Lien Bonds but on a parity with the pledge of and lien on the Net Revenues that secures the payment of the Previously Issued Bonds; 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, and specifically to refund the Refunded Obligations in the amounts specified by a Pricing Officer in the Pricing Certificate, each as defined below; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Ordinance has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Ordinance, was given, all as required by the applicable provisions of Tex. Gov't Code Ann. ch. 551; Now, Therefore

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

SECTION 1. INCORPORATION OF RECITALS. The recitals set forth in the preambles hereof are incorporated herein and shall have the same force and effect as if set forth in this Section.

SECTION 2. PURPOSE OF THE BONDS. The Bonds are hereby authorized to be issued in one or more series and delivered in the aggregate principal amount specified in one or more certificates executed pursuant to Section 4 of this Ordinance, which supplements and completes this Ordinance (each, a "Pricing Certificate"), for the public purpose of providing funds to refund a portion of the City's outstanding System indebtedness and to pay the costs incurred in connection with the issuance of the Bonds.

SECTION 3. DESIGNATION OF THE BONDS. Unless otherwise provided in the respective Pricing Certificate, each bond issued pursuant to this Order shall be designated: "CITY OF GARLAND, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND, [TAXABLE][TAX-EXEMPT] NEW SERIES 2024," and initially there shall be issued, sold, and delivered hereunder fully registered Bonds, without interest coupons, payable to the respective Owners thereof (with the initial bonds being made payable to the initial purchaser identified in the respective Pricing Certificate, or to the registered assignee or assignees of said bonds or any portion or portions thereof). The Bonds shall be in the respective denominations and principal amounts, shall be numbered, shall mature and be payable on the date or dates in each of the years and in the principal amounts, and shall bear interest to their respective dates of maturity or redemption prior to maturity at the rates per annum, as set forth in the Pricing Certificate.

SECTION 4. DELEGATION TO PRICING OFFICER.

(a) As authorized by Chapter 1207 and Section 1371.053, Texas Government Code, the City Manager and the City's Finance Director, are each hereby authorized to act on behalf of the City in selling and delivering the Bonds (of which officers, the officer executing a Pricing Certificate shall be hereinafter referred to as, and shall for all purposes be, the "Pricing Officer" with respect to such series) in one or more series, and, in addition to any other authorization provided in this Ordinance, each Pricing Officer is authorized to determine: (i) the amount of the Refunded Obligations that shall be refunded by a series of Bonds; (ii) the Bond Date of a series of Bonds and any additional or different designation or title by which a series of Bonds shall be known; (iii) the date that interest shall begin to accrue on a series of Bonds; (iv) the identity of the purchaser or purchasers of a series of Bonds and the terms under which a series of Bonds shall be sold including the price at which the Bonds will be sold; (v) the years in which the Bonds of a series will mature and the principal amount to mature in each of such years; (vi) the rate of interest to be borne by each such maturity, (vii) the interest payment and record dates, the price and terms, if any, upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the City, as well as any mandatory sinking fund redemption provisions; (viii) whether the Bonds of a series shall be issued on a tax-exempt basis or on a taxable basis and whether Bonds issued as tax-exempt obligations shall be designated as "qualified tax-exempt obligations" as defined in section 265(b)(3) of the Internal Revenue Code of 1986, as amended; (ix) whether the types of securities and obligations that may be used as Government Obligations for a series shall be limited; (x) whether to obtain a policy of bond insurance from a Bond Insurer if bond insurance is deemed beneficial to the City to achieve the objectives of the refunding; and (xi) all other matters relating to the issuance, sale, and delivery of the Bonds and the refunding of the Refunded Obligations, including without limitation establishing the redemption date for and effecting the redemption of the Refunded Obligations. All of the determinations specified above shall be set forth in a Pricing Certificate.

(b) Notwithstanding anything in this Section 4 to the contrary, the authority of each Pricing Officer shall be governed by the following requirements:

- (i) the aggregate original principal amount of all Bonds issued pursuant to this Ordinance shall not exceed \$150,000,000;
- (ii) no Bond shall bear interest at a rate that exceeds the maximum rate provided by State law;
- (iii) the refunding of the Refunded Bonds must produce present value debt service savings of at least 3.00%, net of any City contribution;
- (iv) the maximum maturity for a series of Bonds shall not extend beyond March 1, 2055; and
- (v) the delegation made hereby shall expire if not exercised by the Pricing Officer on or prior to the date that is twelve months after the adoption of this Ordinance by the City Council.

(c) In establishing the aggregate principal amount of a series of Bonds, the Pricing Officer shall establish an amount not exceeding the amount authorized in Subsection (b) hereof, which shall be sufficient in amount to provide for the purposes for which the Bonds are authorized and to pay costs of issuing the Bonds. The Bonds may be sold by public offering (either through a negotiated or competitive offering) or by private placement. If the Bonds are sold by private placement, the Pricing Certificate shall so state, and the Pricing Certificate may make changes to this Ordinance to effect such private placement, including the provisions hereof that pertain to the book-entry-only procedures (including eliminating the book-entry-only system of registrations, payment and transfers) and to the provisions of Section 36 hereof relating to the Rule 15c2-12 undertaking pertaining to the applicable series of Bonds (including eliminating or replacing such undertaking with an agreement to provide alternative disclosure information).

(d) In furtherance of authority granted by Section 1207.007(b), Texas Government Code, the Pricing Officer is further authorized to enter into and execute on behalf of the City with a financial institution that is authorized to serve as an escrow agent for all or part of the Refunded Obligations, an escrow agreement (the "Escrow Agreement"), if, in the judgment of the Pricing Officer such an agreement is required in connection with the refunding or all or part of the Refunded Obligations. The form of the Escrow Agreement shall be approved by the Pricing Officer to provide for the payment of the applicable Refunded Obligations. In addition, the Pricing Officer is authorized to purchase such securities with proceeds of the Bonds, to execute such subscriptions for the purchase of the United States Treasury Securities, State and Local Government Series or to purchase other securities authorized by State law in the open market, and to transfer and deposit such cash from available funds, as may be necessary or appropriate for the escrow fund described in the Escrow Agreement.

(e) In satisfaction of Section 1201.022(a)(3)(B), Texas Government Code, the Council hereby determines that the delegation of the authority to the Pricing Officer to approve the final terms of the Bonds set forth in this Ordinance is, and the decisions made by the Pricing Officer pursuant to such delegated authority and incorporated into the Pricing Certificate will be, in the City's best interests, and the Pricing Officer is hereby authorized to make and include in the Pricing Certificate a finding to that effect.

SECTION 5. CHARACTERISTICS OF THE BONDS.

(a) Registration. The City shall keep or cause to be kept at the corporate trust office of the financial institution named as the Paying Agent/Registrar in the respective Pricing Certificate (collectively, the "Paying Agent/Registrar"), books or records for the registration of the transfer, conversion and exchange of the Bonds of a series (the "Registration Books"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided within three days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each Owner to notify

the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The City shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The City shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

(b) Transfer, Conversion and Exchange. Except as provided in Section 7(a) of this Ordinance, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein. Pursuant to Chapter 1201, Government Code, as amended, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Bond, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds that initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General and registered by the Comptroller of Public Accounts.

(c) Payment of Bonds and Interest. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the applicable series of Bonds, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Ordinance. However, 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 United States mail, first class postage prepaid, to the address of each Owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(d) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Owners thereof, (ii) shall be in the denominations, (iii) may be converted and exchanged for other Bonds, (iv) may be transferred and assigned, (v) shall have the characteristics, (vi) shall be signed, sealed, executed

and authenticated, (vii) shall be payable, (viii) may and shall be redeemed prior to their scheduled maturities, and (ix) shall be administered and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Ordinance (as modified in a Pricing Certificate). The Bond initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(e) Conditional Notice of Redemption. With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by this Ordinance have been met and 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 shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and 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 6. CITY TO MAINTAIN A PAYING AGENT/REGISTRAR FOR THE BONDS. The City covenants with the Owners of the Bonds that at all times while the Bonds are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 50 days written notice to the Paying Agent/Registrar, to be effective not later than 45 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

SECTION 7. AUTHENTICATION OF BONDS; INITIAL BOND.

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

(b) Cancellation of Initial Bond. On the closing date, one initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the purchaser designated in the Pricing Certificate or its designee, executed by manual or facsimile signature of the Mayor and City Secretary of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State, will be delivered to such purchaser or its designee. Upon payment for the initial Bond, the Paying Agent/Registrar shall cancel the initial Bond and deliver to the Depository Trust Company on behalf of such purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all of the Bonds for such maturity. To the extent that the Paying Agent/Registrar is eligible to participate in DTC's FAST System, pursuant to an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

SECTION 8. BOOK-ENTRY ONLY SYSTEM.

(a) Depository Trust Company. The Bonds issued in exchange for the Bond initially issued to the initial purchaser specified herein shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and except as provided in subsection (b) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC

Participant or any other person, other than an Owner of Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than an Owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the Owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the City to make payments of principal and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the Owner at the close of business on the Record date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

The previous execution and delivery of the Blanket Letter of Representations with respect to obligations of the City is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Bonds.

(b) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the representations letter of the City to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate certificated Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

(c) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representations letter of the City to DTC.

SECTION 9. FORM OF BONDS. The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State to be attached to the Bonds initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance, and with the Bonds to be completed with information set forth in the Pricing Certificate. The Form of Bond shall be completed with information set forth in the Pricing Certificate and shall be attached to the Pricing Certificate as an exhibit thereto.

(a) [Form of Bond]

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS CITY OF GARLAND, TEXAS ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND [TAXABLE][TAX-EXEMPT] NEW SERIES 2024[]	PRINCIPAL AMOUNT \$
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INTEREST RATE	INITIAL DELIVERY DATE OF BONDS	MATURITY DATE	CUSIP NO.
_____	_____, 2024	_____, _____	_____

OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

ON THE MATURITY DATE specified above, the City of Garland, in Dallas, Collin and Rockwall Counties, Texas (the "City"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Owner specified above, or registered assigns (hereinafter called the "Owner"), on the Maturity Date specified above, the Principal Amount specified above. The City promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Initial Delivery Date of Bonds set forth above at the Interest Rate per annum specified above. Interest is payable on _____ and semiannually on each _____ and _____ thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except, if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Owner hereof upon presentation and surrender of this Bond at maturity, or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of _____, in _____, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the ordinance authorizing the issuance of this Bond (the "Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Owner hereof, at its address as it appeared on the [fifteenth] day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the Owner upon presentation and surrender of this Bond for payment or redemption at the principal corporate trust office of the Paying Agent/Registrar. The City covenants with the Owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Bond Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for any 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 principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not such a Saturday, Sunday, legal holiday or day on which 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.

THIS BOND is one of a series of Bonds dated as of _____ (the "Bond Date") of like designation and tenor, except as to number, interest rate, denomination, and maturity issued pursuant to the ordinance adopted by the governing body of the City (herein referred to as the "Ordinance") in the original aggregate principal amount of \$_____ for the purpose of

refunding certain outstanding obligations payable from revenues of the City's Electric Utility System 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, Chapters 1207 and 1371, as amended, and the Ordinance.

THE BONDS OF THIS SERIES maturing on _____ in the years _____ are subject to mandatory redemption prior to maturity in part at random, by lot or other customary method selected by the Paying Agent/Registrar, at par plus accrued interest to the redemption date, and without premium, with funds on deposit in the Interest and Sinking Fund. Such Bonds shall be redeemed by the Paying Agent/Registrar on _____ in each of the years and in the principal amounts, respectively, as are set forth in the following schedule:

Bonds Maturing		Bonds Maturing		Bonds Maturing	
_____, _____		_____, _____		_____, _____	
<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>

(1) Final maturity of Bond.

The principal amount of the Bonds required to be redeemed pursuant to the operation of such mandatory sinking fund shall be reduced by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been purchased by the City and delivered to the Paying Agent/Registrar for cancellation or (ii) redeemed pursuant to the optional redemption provision described below and not theretofore credited against a mandatory sinking fund requirement.

IN ADDITION TO THE FOREGOING MANDATORY REDEMPTION, the Bonds of this series maturing on and after _____ may be redeemed prior to their scheduled maturities on any date on or after _____, at the option of the City, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the City (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption, to the Owner of each Bond to be redeemed at its address as it appeared on the 45th day prior to such redemption date; provided, however, that the failure of the Owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such

redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof that are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Bonds or portions thereof that are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Owner upon the surrender thereof for cancellation, at the expense of the City, all as provided in the Ordinance.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Ordinance, this Bond may, at the request of the Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the City. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the City, resigns, or otherwise ceases to act as such, the City has covenanted in the Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Owners of the Bonds.

THE BONDS CONSTITUTE SPECIAL OBLIGATIONS of the City and, together any Additional Bonds (as defined in the Ordinance), 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 OWNER 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 Bonds 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 Bonds 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 any Additional Bonds 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 herein above 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 Owner 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 Owners; (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 Registration Books 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 Owner hereof, or his duly authorized agent. When a transfer on the Registration Books 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 Owner whose name appears on the Registration Books (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 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.

(signature)
City Secretary

(signature)
Mayor

(SEAL)

(b) [Form of Paying Agent/Registrar's Authentication Certificate]

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Bond is not accompanied by an executed Registration
Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Ordinance described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a Bond, Bonds, or a portion of a Bond or Bonds of a series that originally

was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: _____.

_____,
Paying Agent/Registrar

By: _____
Authorized Representative

(c) [Form of Assignment]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or Taxpayer Identification Number of Transferee:

Please print or typewrite name and address, including zip code of Transferee:

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

Dated: _____.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

NOTICE: The signature above must correspond with the name of the Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

(d) [Form of Registration Certificate of the Comptroller of Public Accounts]

COMPTROLLER'S REGISTRATION CERTIFICATE: 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 that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this _____.

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

(e) [Initial Bond Insertions]

(i) The initial Bond shall be in the form set forth in paragraph (a) of this Section, except that:

A. immediately under the name of the Bond, the headings "Interest Rate" and "Maturity Date" shall both be completed with the words "As shown below" and "CUSIP No. _____" shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"THE CITY OF GARLAND, TEXAS, in Dallas, Collin and Rockwall Counties, Texas (the "City"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Owner specified above, or registered assigns (hereinafter called the "Owner"), on _____ in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Maturity Dates</u>	<u>Principal Installments</u>	<u>Interest Rates</u>
-----------------------	-------------------------------	-----------------------

(Information for the Current Interest Bonds from Pricing Certificate to be inserted)

The City promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Date of Initial Delivery shown above, at the respective Interest Rate per annum specified above. Interest is payable on _____, and on each _____ and _____ thereafter to the date of payment of the principal installment specified above, or the date of redemption prior to maturity; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

C. The Initial Bond shall be numbered "T-1."

SECTION 10. DEFINITIONS. In addition to such other terms defined elsewhere in this Ordinance, 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 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 Previously Issued 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 "Bond Date" shall mean the dated date for a series of Bonds as set forth in a Pricing Certificate.

(d) The term "Bond Insurer" shall mean a company licensed to issue policies of municipal bond insurance in the State.

(e) The term "Bonds" shall mean, collectively, the bonds of all series of Bonds authorized, issued and delivered pursuant to this Ordinance.

(f) The term "Bonds Similarly Secured" shall mean, collectively, the Bonds, the Previously Issued Bonds and any Additional Bonds.

(g) The term "City" shall mean the City of Garland, Texas

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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".

(n) Subject to any limitation that may be provided in a Pricing Certificate, 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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 30 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.

(t) 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.

(u) The term "Paying Agent/Registrar" shall mean the person or entity designated as such pursuant to Section 5(a) of this Ordinance.

(v) The term "Previously Issued Bonds" shall mean (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, (vi) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2019, dated February 15, 2019, (vii) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2019A, dated December 1, 2019, (viii) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2020, dated June 1, 2020, (ix) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2021, dated January 15, 2021, (x) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, Tax-Exempt New Series 2021A, dated August 1, 2021, (xi) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, Taxable New Series 2021B, dated August 1, 2021, and (xii) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2023, dated August 1, 2023.

(w) The term "Prior Lien Bonds" shall mean "City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, Series 2013" dated May 1, 2013.

(x) The term "State" shall mean the State of Texas.

(y) 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.

(z) The term "System" shall mean the City's Electric Utility System, including all present and future extensions, additions, replacements and improvements thereto.

(aa) 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.

(bb) 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 Owners 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 Owners 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 Owners 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 amount to be accumulated and maintained in such Fund (the "Required Reserve Amount") 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 subparagraphs (1) through (5) 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 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, 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;

(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 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, 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 Owner or Owners 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, 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 Refunded Obligations (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 Owners 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 BONDS. 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. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Government Obligations that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the revenues herein pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Government Obligations, and thereafter the City will have no further responsibility with respect to amounts available to the Paying Agent/Registrar (or other financial

institution permitted by applicable law) for the payment of such Defeased Bonds, including any insufficiency therein caused by the failure of the Paying Agent/Registrar (or other financial institution permitted by applicable law) to receive payment when due on the Government Obligations. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 30(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the City expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the City also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from such Government Obligations received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the City, or deposited as directed in writing by the City. Any Future Escrow Agreement pursuant to which the money and/or Government Obligations are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Government Obligations or the substitution of other Government Obligations upon the satisfaction of the requirements specified in subsection 30(a)(i) or (ii). All income from such Government Obligations received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the City or deposited as directed in writing by the City.

(c) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(d) In the event that the City elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

SECTION 31. ORDINANCE A CONTRACT; AMENDMENTS. This Ordinance shall constitute a contract with the Owner 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 36 hereof. The City, may, without the consent of or notice to any Owners of Bonds, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Owners 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 Owners 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 Owners of Outstanding Bonds affected thereby, 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 32. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made by the Owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the Owner applying for a replacement bond shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the Owner shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the Owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the Owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the City whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Bonds duly issued under this Ordinance.

(e) Authority for Issuing Replacement Bonds. In accordance with Chapter 1201, Texas Government Code, this Section of this Ordinance shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 5(b) of this Ordinance for Bonds issued in conversion and exchange for other Bonds.

SECTION 33. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION AND ENGAGEMENT; ATTORNEY GENERAL FILING FEE; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED. (a) The Mayor of the City is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State, and their registration by the Comptroller of Public Accounts of the State. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Bond. The approving legal opinion of the City's Bond Counsel and the assigned CUSIP numbers may, at the option of the City, be printed on the Bonds issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the Owners of the Bonds. In addition, if bond insurance is obtained, the Bonds may bear an appropriate legend as provided by the insurer.

(b) The obligation of the initial purchaser to accept delivery of the Bonds is subject to the initial purchaser being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the City, which opinion shall be dated as of and delivered on the date of initial delivery of the Bonds to the initial purchaser. The engagement of such firm as bond counsel to the City in connection with issuance, sale and delivery of the Bonds is hereby approved and confirmed, and the execution and delivery of an engagement letter between the City and such firm, with respect to such services as bond counsel, is hereby authorized in such form as may be approved by the Mayor (or in the absence of the Mayor, the Mayor Pro-tem) of the City and an Authorized Officer (as hereinafter defined) is hereby authorized to execute such engagement letter.

(c) In accordance with the provisions of Section 1202.004, Tex. Gov't Code Ann., in connection with the submission of the Bonds by the Attorney General of Texas for review and approval, a statutory fee (an amount equal to 0.1% principal amount of each series of Bonds, subject to a minimum of \$750 and a maximum of \$9,500) is required to be paid to the Attorney General upon the submission of the transcript of proceedings for the Bonds. The City hereby authorizes and directs that a check in the amount of the Attorney General filing fee for each series of Bonds, made payable to the "Texas Attorney General," be promptly furnished to the City's Bond Counsel, for payment to the Attorney General in connection with his review of the Bonds.

SECTION 34. COVENANTS REGARDING TAX EXEMPTION. With respect to Bonds that are issued as tax-exempt obligations (as specified in the Pricing Certificate pertaining thereto), the City covenants to refrain from taking any action which would adversely affect, and to take any required action to ensure, the treatment of such as obligations described in Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of the Tax-Exempt Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in Section 141(b)(6) of the Code or, if more

than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Ordinance, or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Tax-Exempt Bonds, in contravention of Section 141(b)(2) of the Code;

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Tax-Exempt Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of Section 141(b)(3) of the Code, to the governmental use;

(c) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Tax-Exempt Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of Section 141(c) of the Code;

(d) to refrain from taking any action which would otherwise result in the Tax-Exempt Bonds being treated as "private activity bonds" within the meaning of Section 141(b) of the Code;

(e) to refrain from taking any action that would result in the Tax-Exempt Bonds being "federally guaranteed" within the meaning of Section 149(b) of the Code;

(f) to refrain from using any portion of the proceeds of the Tax-Exempt Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in Section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Tax-Exempt Bonds, other than investment property acquired with

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(1) proceeds of the Tax-Exempt Bonds invested for a reasonable temporary period until such proceeds are needed for the purpose for which the Tax-Exempt Bonds are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of Section 1.148-1(b) of the Treasury Regulations, and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Tax-Exempt Bonds;

(g) to otherwise restrict the use of the proceeds of the Tax-Exempt Bonds or amounts treated as proceeds of the Tax-Exempt Bonds, as may be necessary, so that the Tax-Exempt Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(h) to refrain from using the proceeds of the Tax-Exempt Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Tax-Exempt Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(i) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Tax-Exempt Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Tax-Exempt Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

For the purposes of the foregoing (a) and (b), the City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Tax-Exempt Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Tax-Exempt Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Tax-Exempt Bonds under Section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Tax-Exempt Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Tax-Exempt Bonds under Section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor (or in the absence of the Mayor, the Mayor Pro-tem), the City Manager or the Finance Director of the City to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Tax-Exempt Bonds.

In order to facilitate compliance with the above covenant (i), a "Rebate Fund" is hereby established by the City for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with Section 148 of the Code.

SECTION 35. COVENANTS REGARDING TAXABLE BONDS.

(a) To the extent required by the Code, and the rules and regulations of the United States Department of the Treasury, it shall be the duty of the Paying Agent/Registrar to report to the owners of the Taxable Bonds and the Internal Revenue Service (i) the amount of "reportable payments," if any, subject to back up withholding during each year and the amount of tax withheld, if any, with respect to the payments on the Taxable Bonds and (ii) the amount of interest or amount treated as interest, such as original issue discount, on the Taxable Bonds required to be included in the gross income of the owners thereof for federal income tax purposes.

(b) It is the intention of the City that the Taxable Bonds not be obligations described in section 103 of the Code interest on which is excludable from the gross income of the holders and

in that regard the City agrees not to file a form 8038 G, or any comparable information return relating to tax-exempt obligations, with the Internal Revenue Service.

SECTION 36. DISPOSITION OF REFINANCED FACILITIES. The City covenants that the property financed with the proceeds of the Refunded Obligations will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless the City obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

SECTION 37. COMPLIANCE WITH RULE 15c2-12.

(a) If the Bonds are sold by public offering, and are subject to the Rule (as defined below), the following provisions shall apply:

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

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); 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.

(ii) Annual Reports. (A) The City shall provide annually to the MSRB, in the electronic format prescribed by the MSRB, financial information and operating data (the "Annual Operating Report") with respect to the City of the general type included in the final Official Statement authorized by this Ordinance, being the information described in the Pricing Certificate. The City will additionally provide financial statements of the City (the "Financial Statements"), that will be (i) prepared in accordance with the accounting principles described in the Pricing Certificate or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in the final Official Statement and (ii) audited, if the City commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The City will update and provide the Annual Operating Report within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning

with the fiscal year ending in and after 2024. The City may provide the Financial Statements earlier, including at the time it provides its Annual Operating Report, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

(B) If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section. 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 documents available to the public on the MSRB's internet website or filed with the SEC.

(iii) Event Notices. The City shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of the event, of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of 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;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor trustee or change in the name of the 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, any event described in the immediately preceding item (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

(iv) Limitations, Disclaimers, and Amendments. (A) The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with this Ordinance or applicable law that causes the Bonds no longer to be outstanding.

(B) The provisions of this Section are for the sole benefit of the Owners 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.

(C) UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR 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.

(D) No default by the City in observing or performing its obligations under this Section shall comprise a breach of or default under the 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.

(E) 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 since such offering as well as such changed circumstances and (2) either (a) the Owners 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) determined that such amendment will not materially impair the interest of the Owners and beneficial owners of the Bonds. 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 reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

(b) If the Bonds are sold by private placement, the Pricing Officer may agree to provide for an undertaking in accordance with the Rule or may agree to provide other public information to the purchaser as may be necessary for the sale of the Bonds on the most favorable terms to the City.

SECTION 38. SALE OF BONDS AND APPROVAL OF OFFICIAL STATEMENT; FURTHER PROCEDURES.

(a) The Bonds shall be sold and delivered subject to the provisions of Section 1 and Section 4 and pursuant to the terms and provisions of a bond purchase agreement, notice of sale and bidding instructions or private placement agreement (collectively, the "Purchase Agreement") which the Pricing Officer is hereby authorized to execute and deliver and in which the purchaser or purchasers (collectively, the "Purchaser") of the Bonds shall be designated. The Bonds shall initially be registered in the name of the purchaser thereof as set forth in the Pricing Certificate.

(b) The Pricing Officer is hereby authorized, in the name and on behalf of the City, to approve, distribute, and deliver a preliminary official statement and a final official statement relating to the Bonds to be used by the Purchaser in the marketing of the Bonds.

(c) The Mayor and Mayor Pro Tem, the City Manager, the City Secretary and the Finance Director of the City (each, an "Authorized Officer") shall be and they 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 under the corporate seal and on behalf of the City a Paying Agent/Registrar Agreement with the Paying Agent/Registrar, a commitment for municipal bond insurance, if the Bonds shall be so insured, and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Pricing Certificate, the Bonds, the sale of the Bonds and the Official Statement. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 39. APPROVAL OF ESCROW AGREEMENTS AND TRANSFER OF FUNDS. In furtherance of authority granted by Section 1207.007(b), Texas Government Code, and in accordance with Section 4(d) of this Ordinance, an Authorized Officer is further authorized to enter into and execute on behalf of the City with the escrow agent named therein, one or more escrow or similar agreements, which agreement or agreements will provide for the refunding or payment in full of the Refunded Obligations.

In addition, on or immediately prior to the date of the delivery of the Bonds to the initial purchaser, an Authorized Officer is authorized to transfer and deposit cash from available funds to the paying agent/registrar of the Refunded Obligations, as applicable, if needed, to (i) fund the account described in the escrow or similar agreements as the City's contribution to the refunding of the Refunded Bonds and (ii) accomplish the refunding of the Refunded CP Notes. In addition, an Authorized Officer is authorized to purchase such securities, to execute such subscriptions for the purchase of the Escrowed Securities (as defined in the agreement or agreements), if any, and to authorize such contributions for the escrow fund as provided in the agreement or agreements.

SECTION 40. REDEMPTION OF REFUNDED OBLIGATIONS.

(a) Subject to the execution and delivery of the Purchase Agreement with the Purchaser, the City hereby directs that the Refunded Obligations be called for redemption or otherwise retired on the dates and at the prices set forth in the Pricing Certificate.

(b) The paying agent/registrar for the Refunded Obligations are hereby directed to provide the appropriate notice of redemption as required by the Refunded Obligations (if applicable) and are hereby directed to make appropriate arrangements so that the Refunded Obligations may be redeemed or otherwise retired on the appropriate redemption or maturity date.

(c) If the redemption of the Refunded Obligations results in the partial refunding of any maturity of the Refunded Obligations, the Pricing Officer shall direct the paying agent/registrar for the Refunded Obligations to designate at random and by lot which of the Refunded Obligations will be payable from and secured solely from the Net Revenues of the System pledged pursuant to the ordinance of the City authorizing the issuance of such Refunded Obligations (the "Refunded Bond Ordinance"). For purposes of such determination and designation, all Refunded Obligations

registered in denominations greater than \$5,000 shall be considered to be registered in separate \$5,000 denominations. The paying agent/registrar shall notify by first-class mail all Owners of all affected bonds of such maturities that: (i) a portion of such bonds have been refunded and are secured until final maturity solely with cash and investments maintained by the Escrow Agent in the Escrow Fund, (ii) the principal amount of all affected bonds of such maturities registered in the name of such Owner that have been refunded and are payable solely from cash and investments in the Escrow Fund and the remaining principal amount of all affected bonds of such maturities registered in the name of such Owner, if any, have not been refunded and are payable and secured solely from the Net Revenues of the System described in the Refunded Obligation Ordinance, (iii) the Owner is required to submit his or her Refunded Obligations to the paying agent/registrar, for the purposes of re-registering such Owner's bonds and assigning new CUSIP numbers in order to distinguish the source of payment for the principal and interest on such bonds, and (iv) payment of principal of and interest on such bonds may, in some circumstances, be delayed until such bonds have been re-registered and new CUSIP numbers have been assigned as required by (iii) above.

(d) The source of funds for payment of the principal of and interest on the Refunded Obligations on their respective maturity or redemption dates shall be from the funds deposited with the respective escrow agents for the Refunded Obligations, pursuant to the escrow or similar agreements approved in Section 39 of this Ordinance, or from amounts deposited with the paying agent/registrars for the Refunded Obligations from proceeds of the Bonds, if there is no escrow or similar agreement for one or both series of the Refunded Obligations.

SECTION 41. 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 Owners, 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 Owners.

SECTION 42. GOVERNING LAW. This Ordinance shall be construed and enforced in accordance with the laws of the State and the United States of America.

SECTION 43. EFFECT OF HEADINGS. The Section headings herein are for convenience of reference only and shall not affect the construction hereof.

SECTION 44. 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 45. PUBLIC NOTICE. It is hereby officially found and determined that public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

SECTION 46. EFFECTIVE DATE. In accordance with the provisions of V.T.C.A., Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council.
