



GARLAND

AGENDA

REGULAR MEETING OF THE CITY COUNCIL

**City of Garland
Council Chambers, City Hall
William E. Dollar Municipal Building
200 North Fifth Street
Garland, Texas
May 15, 2018
7:00 p.m.**

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

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

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services must contact the City Secretary's Office at (972) 205-2404 at least two working days prior to the meeting so that appropriate arrangements can be made.

BRAILLE IS NOT AVAILABLE.

Strategic Focus Areas

In November 2017, Council adopted ten Key Focus Areas reflecting the attributes they want to accurately describe the Garland community.

- **Growing Economic Base**
- **Commercially Thriving Downtown**
- **Well-Maintained City Infrastructure**
- **Enhanced Quality of Life Through Amenities, Arts, and Events**
- **Safe Community**
- **Vibrant Neighborhoods and Commercial Centers**
- **Reliable, Cost Efficient Utility Services**
- **Customer-Focused City Services**
- **Sound Governance and Finances**
- **Future-Focused City Organization**

LEGISLATIVE PRAYER AND PLEDGE OF ALLEGIANCE

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

MAYORAL PROCLAMATIONS, RECOGNITIONS AND ANNOUNCEMENTS

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

CONSENT AGENDA

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

1. Consider approval of the minutes of the May 1, 2018 Regular Meeting.
2. Consider approval of the following bids:
 - a. Engineering Services for GP&L College to Jupiter Transmission Line Reconstruction Bid No. 0666-18

R-Delta Engineers	\$488,300.00
Optional Contingency	<u>48,830.00</u>
TOTAL:	\$537,130.00

This request is to obtain professional engineering services for the GP&L College to Jupiter (CSJU-04 to Lawler Tap) Transmission Line Reconstruction. Due to the complex nature of the project, an Optional Contingency is included for any additional work that may be required.

b. City Website Design and Hosting Services Bid No. 0512-18

CivicPlus \$175,000.00

This request is to replace the City's current external website platform and redesign the site to optimize the user experience.

c. Mechanical Chest Compression Devices Bid No. 0684-18

Physio-Control, Inc. \$282,021.24

This request is to purchase 14 mechanical chest compression devices.

d. Commvault Services for Enterprise Backup Upgrade Project Bid No. 0683-18

EST Group, LLC \$171,772.00

This request is to upgrade the City's existing data backup solution that has reached end-of-life.

e. Consulting Services for Bond Program Development Bid No. 0508-18

Kimley Horn & Associates \$200,000.00

This request is to retain a qualified firm to assist in the development of a Municipal Bond Program which will be considered by Council in the upcoming year.

f. Underground Duct System Construction Bid No. 0592-18

Team Fishel \$490,421.00

Optional Contingency 29,719.28

TOTAL: \$520,140.28

This request is for the construction of an underground duct system for the Wyrick-Riverset Subdivision located at the corner of Buckingham and Shiloh Road.

g. Transformers for Warehouse Inventory Bid No. 0493-18

Stuart C. Irby \$103,542.00

This request is to purchase electric distribution transformers for Warehouse inventory.

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

a. Zoning File No. Z 18-16, IDI Logistics (District 5)

Consider an ordinance amending the Garland Development Code of Garland, Texas, by approving amendments to Planned Development (PD) District 16-07 for Industrial Uses on a 29.053-acre tract of land zoned PD 16-07 for Industrial Uses and located at 3800 Leon Road; providing for conditions, restrictions, and regulations; providing a penalty under the provisions of Sec. 10.05 of the Code of Ordinances of the City of Garland, Texas; providing a Savings Clause and a Severability Clause; and providing an effective date.

b. Zoning File No. Z 18-18, Kimley Horn & Associates (District 6)

Consider an ordinance amending the Garland Development Code of Garland, Texas, by approving 1) Amendments to Planned Development (PD) 16-10 District for Industrial Uses including Retail Store, 2) Amendments to a Detail Plan for Convenience Store; Fuel Pumps, Retail; Retail Store; Restaurant, Drive-Through and Car Wash, Automated/Rollover, 3) Amendments to a Specific Use Provision for Restaurant, Drive-Through and 4) a Zoning Change from Planned Development (PD) 16-10 District to Industrial (IN) District (on a portion of the subject property identified on Exhibits C and D as Tract 2) on an 8.232-acre tract of land zoned Planned Development (PD) 16-10 District for Industrial Uses including Retail Store and located on the northeast corner of West Miller Road and South Jupiter Road; providing for conditions, restrictions, and regulations; providing a penalty under the provisions of Sec. 10.05 of the Code of Ordinances of the City of Garland, Texas; providing a Savings Clause and a Severability Clause; and providing an effective date.

c. Zoning File No. Z 18-20, City of Garland (Districts 3 and 4)

Consider an ordinance amending the Garland Development Code of Garland, Texas, by approving 1) a Change in Zoning from Urban Business (UB), Community Retail (CR), and Community Office (CO) to a Planned Development (PD) District for Mixed Uses on approximately 146.372 acres of land generally bound by Bobtown Road on the north, Overglan Drive on the south, and extending approximately 1,500 feet east and 1,700 feet west of Rosehill Road.; providing for conditions, restrictions, and regulations; providing a penalty under the provisions of Sec. 10.05 of the Code of Ordinances of the City of Garland, Texas; providing a Savings Clause and a Severability Clause; and providing an effective date.

4. **Consider a resolution agreeing to the sale of certain property located within the City of Garland and owned by taxing authorities including the City of Garland as the result of a tax sale; authorizing the Mayor to execute a Deed Without Warranty; and providing an effective date.**

Council is requested to accept the offer and sell the property to Mr. Leija. Pursuant to Section 34.05 of the Texas Property Tax Code, consent of sale has been provided by Dallas County and the Garland Independent School District. The sale of this property further supports a stable tax base and future development opportunities.

5. **Consider a resolution authorizing the Mayor to execute a Deed Without Warranty to the State of Texas and providing an effective date.**

Council is requested to approve an amended resolution authorizing the Mayor to execute a special warranty deed to the State of Texas.

6. **Consider a resolution adopting and approving the amendment to the One Year Plan of Action for the 2018/2019 Community Development Block Grant, Home Investment Partnership and, Emergency Solutions Grant Programs; and approving an effective date.**

Council is requested to approve and adopt the amendment to the One Year Plan of Action for 2018-2019 Community Development Block Grant, HOME Infill Partnership Grant and Emergency Solutions Grant programs and funding.

7. **Consider an ordinance authorizing an amendment to the 2018 Capital Improvement Program (2018 CIP Amendment No. 1), providing for the supplemental appropriation of funds in the emergency response safety equipment project; and providing an effective date.**

Council is requested to approve the CIP Budget Amendment No. 1 to increase the appropriation for Emergency Response Safety Equipment in the 2018 Capital Improvement Program.

8. **Consider an ordinance of the City of Garland, Texas approving and authorizing the issuance of Electric Utility System Commercial Paper Notes, Series 2018, in an aggregate principal amount at any one time outstanding not to exceed \$80,000,000 to provide interim financing to pay project costs for eligible projects and to refund obligations issued in connection with eligible projects; authorizing such short term obligations to be issued, sold and delivered in various forms, including Commercial Paper Notes and Bank Notes, and prescribing the terms, features and characteristics of such instruments; approving and authorizing certain authorized officers and employees of the City to act on behalf of the City in the selling and delivery of such short term obligations, within the limitations and procedures specified herein; making a certain covenants and agreements in connection therewith; providing for the payment of the Commercial Paper Notes and Bank Notes; resolving other matters incident and related to the issuance, sale, security and delivery of**

Commercial Paper Notes, including the approval of an issuing and paying agent agreement, a reimbursement agreement and a dealer agreement; approving the use of an offering memorandum in connection with the sale from time to time of such short term obligations; and providing an effective date.

Council is requested to approve termination of the Electric Utility System Commercial Paper Program, Series 2014 and establish Electric Utility System Commercial Paper Program, Series 2018.

- 9. Consider an ordinance authorizing the issuance of “City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2018”, pledging the net revenues of the City’s electric utility system to the payment of the principal of and interest on said bonds; specifying the terms and conditions of such bonds; resolving other matters incident and related to the issuance, payment, security, sale and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement, a Purchase Agreement and an Escrow Agreement; and the approval and distribution of a Preliminary Official Statement and an Official Statement; and providing an effective date.**

Council is requested to approve the sale of Electric Utility System Revenue Refunding Bonds, Series 2018.

- 10. Consider an ordinance authorizing the issuance of “City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, New Series 2018”, pledging net revenues of the City’s Water and Sewer System to the security of and the payment of the principal of and interest on said bonds; specifying the terms and conditions of such bonds; resolving other matters incident and related to the issuance, payment, security, sale and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement and a Purchase Agreement; and the approval and distribution of a Preliminary Official Statement and an Official Statement; and providing an effective date.**

Council is requested to consider approving the sale of Water and Sewer Utility Revenue Refunding Bonds, Series 2018.

- 11. Consider an ordinance approving a Standby Letter of Credit Extension and an Amended and Restated Fee Agreement relating to the "City of Garland, Texas, Water and Sewer System Commercial Paper Notes, Series 2015"; and resolving other matters incident and related thereto.**

Council is requested to consider approving an ordinance authorizing a Standby Letter of Credit Extension and an Amended and Restated Fee Agreement associated with the Water and Sewer System Commercial Paper Notes, Series 2015.

12. **Consider an ordinance authorizing the issuance of “City of Garland, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2018”; providing for the payment of said certificates of obligation by the levy of an ad valorem tax upon all taxable property within the City and a limited pledge of the net revenues derived from the operation of the City’s Water and Sewer System; providing the terms and conditions of such certificates of obligation and resolving other matters incident and relating to the issuance, payment, security, sale and delivery of said certificates of obligation, including the approval and execution of a Paying Agent/Registrar Agreement and a Purchase Agreement, and the approval and distribution of a Preliminary Official Statement and an Official Statement pertaining thereto; and providing an effective date.**

At the April 2, 2018 Work Session, Council considered authorizing the the sale of Certificates of Obligation in an amount of approximately \$33.8 million to fund a portion of the CIP and pay related issuance costs of approximately \$150,000.

13. **Consider approval by minute action of a Real Property Transfer between Fourth Avenue Investments LLC (Shane Jordan) and the City of Garland for approximately a ten acres tract of land generally located at the intersection of Rosehill and IH30; and, approval of the terms of a Chapter 380 Agreement to promote economic development and to stimulate business and commercial activity in South Garland.**

Council is requested to consider approval of a real property transfer between Fourth Avenue Investments LLC (Shane Jordan) and the City of Garland.

ITEMS FOR INDIVIDUAL CONSIDERATION

Speaker Regulations:

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

14. **Hold a public hearing to adopt the Youth Programs Standards of Care Ordinance.**

At the April 30, 2018 Work Session, Council was requested to consider adopting the Youth Programs Standards of Care to meet requirements of the Texas Human Resources Code, Section 42.041(b)(14) to exempt recreational programs for children operated by municipalities from state care licensing.

15. Consider an ordinance canvassing the election results of the May 5, 2018 Charter Election.

Council is requested to consider an ordinance canvassing the returns and declaring the results of the May 5, 2018 Charter Election.

16. Consider an ordinance canvassing the results of a special election for Mayor and a General Election for the purpose of electing candidates to the Office of City Council of the City of Garland, Texas, for an election having been held on May 5, 2018; declaring the results of that election; and providing an effective date.

Formal canvassing of the returns and declaring the results of the May 5, 2018 General Election held for the purpose of electing candidates to the Office of the City Council of the City of Garland for District 2 and a Special Election for the unexpired term of the Mayor.

Conduct the swearing in of Mayor and Council Members for Districts 1, 2, 4 and 5.

17. Mayor Appointments

Mayor Lori Barnett Dodson will present for Council confirmation appointments to the Regional Transportation Council, Dallas Regional Mobility Council and Tex-21.

18. Citizen comments.

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

19. Adjourn.

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



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

1.

Meeting Date: May 15, 2018

Item Title: Minutes May 1

Submitted By: Rene Dowl, City Secretary

Summary of Request/Problem

Consider approval of the minutes of the May 1, 2018 Regular Meeting.

Recommendation/Action Requested and Justification

Attachments

May 1 Meeting Minutes

Minutes of the Garland City Council Regular Meeting

The City Council of the City of Garland convened in regular session at 7:00 p.m. on Tuesday, May 1, 2018 in the Council Chambers at City Hall, 200 North Fifth Street, Garland, Texas, with the following members present:

- COUNCIL PRESENT:
- | | |
|----------------|-----------------|
| Mayor | Douglas Athas |
| Mayor Pro Tem | David Gibbons |
| Council Member | Anita Goebel |
| Council Member | Jerry Nickerson |
| Council Member | B. J. Williams |
| Council Member | Rich Aubin |
| Council Member | Robert Vera |
| Council Member | Scott LeMay |
| Council Member | Robert Smith |
- STAFF PRESENT:
- | | |
|----------------|------------------|
| City Manager | Bryan Bradford |
| City Attorney | Brad Neighbor |
| City Secretary | Eloyce René Dowl |
- CEREMONIALS:
- Mayor Athas presented a proclamation to the Planning Department staff recognizing May 2018 to be National Bicycle Month in Garland.
- Mayor Athas presented a proclamation to Dorothy Brooks and representatives for the National Day of Prayer, declaring May 3, 2018 as a National Day of Prayer in Garland.
- CALL TO ORDER: The meeting was called to order by Mayor Douglas Athas.
- CONSENT AGENDA: All items marked with asterisks (**) on the Consent Agenda were voted on at the beginning of the meeting. Mayor Athas read those items into the record. Motion was made by Council Member Smith to approve the Consent Agenda as presented, seconded by Council Member LeMay, to approve items 1, 2a, 2b, 2c, 2d, 2e, 2f, 2g, 3, 4, 5, 6, and 7. Motion carried, 9 ayes, 0 nays.
1. APPROVED** Approval of the Minutes of the April 17, 2018 Regular Meeting.
- 2a. APPROVED** Bid No. 0600-18 awarded to HOLT Texas, Ltd. in the amount of \$122,945.00 for a Backhoe/Loader Tractor for the Water Department to be used in their daily operations.
- 2b. APPROVED** Bid No. 0602-18 awarded to East Texas Mack Sales, LLC in the amount of \$139,750.00 and Heil of Texas in the amount

of \$120,000.00 for a total bid of \$259,750.00 for a Front Loader Truck for the EWS Department the truck will be used by the EWS Department in their daily operations.

2c. APPROVED**

Bid No. 0601-18 awarded to Bruckner Truck Sales, Inc. in the amount of \$281,468.00 for two Dump Trucks for the Stormwater Department for use in their daily operations.

2d. APPROVED**

Bid No. 0599-18 awarded to Texas Municipal Equipment, LLC in the amount of \$239,770.00 for a Street Sweeper Truck for the Street Department to be used in their daily operations.

2e. APPROVED**

Bid No. 0633-18 awarded to Teague, Nall, and Perkins, Inc. in the amount of \$698,500.00 for the Naaman School Road and Brand Road Alignment Study.

This request is to conduct an alignment study of approximately 4,200 linear feet for Naaman School Road between Brand Road (North) and State Highway 78 as well as approximately 6,700 linear feet for Brand Road (South) between Beltline Road and Naaman School Road.

2f. APPROVED**

Bid No. 0639-18 awarded to R-Delta Engineers, Inc. in the amount of \$505,000.00 for the Holford Road and Naaman Forest Boulevard Alignment Study.

This request is to finalize the alignment study for Holford Road between Arapaho and Creekwood Drive.

2g. APPROVED**

Bid No. 0250-17 awarded to CORE Construction in the amount of \$2,528,958.00, which includes an optional contingency of \$237,659.00, for a total bid of \$2,766,617.00 for the Granger Recreation Center Renovation.

This request is to provide needed renovations to the Granger Recreation Center. Due to the complex nature of the project, an optional contingency is included for any unforeseen additional repairs that may be required.

3. APPROVED**

Ordinance No. 6980 amending the Garland Development Code of Garland, Texas; by approving a Specific Use Provision for a Food Processing and Storage Use on a

2.23-acre tract of land zoned Industrial (IN) District and located at 3925 Miller Park Drive; providing a penalty under the provisions of Sec. 10.05 of the Code of Ordinances of the City of Garland, Texas; providing a Savings Clause and a Severability Clause; and providing an effective date. (File No. Z 18-15, Star Plus, Inc., District 6)

4. APPROVED**

Resolution No. 10338 authorizing the acceptance of a Texas Department of Transportation (TxDOT) Selective Traffic Enforcement Program (STEP) – Click It or Ticket (CIOT) Grant in the amount of \$11,374.58; and providing an effective date.

Council approved a resolution authorizing the City Manager to accept the State of Texas Department of Transportation (TxDOT) Selective Traffic Enforcement Program (STEP) Grant “Click It or Ticket” for May 22, 2108 – June 4, 2018 in the amount of \$11,374.58.

5. APPROVED**

Resolution No. 10339 approving and funding the 2017-2018 Cycle Neighborhood Vitality Matching Grant Projects.

6. APPROVED**

Resolution No. 10340 of the City of Garland finding that Oncor Electric Delivery Company, LLC’s application for approval of a distribution cost recovery factor pursuant to 16 Tex. Admin. Code 25.243 to increase distribution rates within the City should be denied; finding that the City’s reasonable rate case expenses shall be reimbursed by the company; requiring notice of this resolution to the company and legal counsel; and setting an effective date.

Council adopted the proposed resolution to suspend the rate increase application and preserve current rates pending further action.

7. APPROVED**

Resolution No. 10341 agreeing to the sale of certain property located within the City of Garland and owned by taxing authorities including the City of Garland as the result of a tax sale; authorizing the Mayor to execute a Deed Without Warranty; and providing an effective date.

Council accepted the offer and sold the property to the Garland Housing Finance Corporation.

ITEMS FOR INDIVIDUAL CONSIDERATION

8. PUBLIC HEARING
HELD
- Hold a public hearing to amend the project plan and financing plan for Tax Increment Financing (TIF) Reinvestment Zone #1 (Downtown/Forest-Jupiter)
- At the April 30, 2018 Work Session, Council was provided information related to the Downtown/Forest-Jupiter Tax Increment Financing (TIF) Reinvestment Zone #1 Project Plan and Financing Plan. The TIF board provided an overview of projects they recommend be added to The Project Plan and Financing Plan (project are required by state law to be listed in these plans before TIF funds can be used).
- Mayor Athas opened the public hearing. Speakers on this item were: Robert Smith, Dave Brady, DART Community Liaison, Joseph Schroeder, TIF Board, Paul Mayer, Garland Economic Development Partnership, Melissa McBride, Wild Grace, and Cary Hodson, Intrinsic Smokehouse and Brewery.
9. APPROVED
- Consider an ordinance of the City of Garland adopting the revised Project and Financing Plan for the Downtown/Forest-Jupiter Tax Increment Financing Reinvestment Zone (TIF #1); and providing an effective date.
- Motion was made by Council Member Goebel to approve the revised Project and Financing Plan for the Downtown/Forest-Jupiter Tax Increment Financing Reinvestment Zone seconded by Council Member LeMay. There was discussion by the Council. Motion carried 9 ayes, 0 nays, adopting Ordinance No. 6981.
- 10a. POSTPONED
- Consider the application of Masterplan Consultants, requesting approval of 1) a Change in Zoning from Agricultural (AG) District to Planned Development (PD) District for Multi-Family Uses and 2) a Detail Plan for Multi-Family Uses. The property is located at 4701 Bunker Hill Road. (File No. Z 17-43, District 1)

BEING an approximate 41.79-acre tract of land situated in the Daniel Crist Survey, Abstract No. 226, Dallas County, Texas, and being property described as two tracts of land in deed to Norberto Guillen as recorded in Volume 2002058 at Page 7057 of the official public records of Dallas County, Texas. Approval of the request would allow a Planned Development (PD) District and Detail Plan for an approximately 291-unit multi-family development.

Council agreed by consensus to postpone this to June 5, 2018, at the request of the applicant.

10b. APPROVED

Consider the application of AMCAL Multi-Housing, Inc., requesting approval of 1) a Zoning Change from Planned Development (PD) 95-20 District for Light Commercial Uses and Community Retail (CR) District to a Planned Development (PD) District for Multi-Family Uses and 2) a Detail Plan for Elder Care-Independent Living. The property is located at 902 Lavon Drive, 1014 Lavon Drive and 314 Castle Drive. (File No. Z 18-08, District 2)

BEING an approximate 11.299-acre tract of land situated in the William Turner Survey, Abstract Number 1483, in the City of Garland, Dallas County, Texas, and being all of Tract C, Block 1 of Shorehaven Village, Second Installment, an addition to the City of Garland as recorded in Volume 382, Page 1145, Map Records, Dallas County, Texas, and said tract being all of a tract of land described to Harvest Church of God in a Special Warranty Deed With Vendor's Lien as recorded in Instrument Number 201500221528, Official Public Records, Dallas County, Texas. Approval of the request would allow the construction of a senior living facility (independent living).

The staff report was presented by Josue De La Vega, Development Planner. Speakers on this item were Darin Hansen, applicant and Theresa Burnett. There was discussion by the Council. Motion was made by Council

Member Goebel to approve the request based on staff and Plan Commission recommendation, seconded by Council Member LeMay. Motion carried 9 ayes, 0 nays.

10c. APPROVED

Consider the application of IDI Logistics, requesting approval of amendments to Planned Development (PD) District 16-07 for Industrial Uses. The property is located at 3800 Leon Road. (File No. Z 18-16, District 5)

BEING a 29.053-acre tract of land situated in the John Casey Survey, Abstract No. 351, the John Casey Survey, Abstract No. 350, and the John T. Corcoran Survey, Abstract No. 348, City of Garland, Dallas County, Texas, being all of Lot 1, Block 1 and Lot 2, Block 1 Garland Logistics Center, an addition to the City of Garland, Dallas County, Texas according to the plat thereof recorded in County Clerk's Instrument # 201600351809 of the Official Public Records of Dallas County, Texas. Approval of the request would allow a Planned Development District 16-07 to allow screened outside storage, and clarify and reduce the list of permitted uses with Planned Development District 16-07.

The staff report was presented by Kira Wauwie, Principal Development Planner. Speakers on this item were David Seaman and Angela Hunt, applicants. Jon B. Harmon registered a position in favor, but did not testify. There was discussion by the Council. Motion was made by Council Member Aubin to approve the application in based on staff and Plan Commission recommendation, with the elimination on Exhibit B of the last sentence of Item J (outside storage), seconded by Council Member Vera. Motion carried 9 ayes, 0 nays.

10d. APPROVED

Consider the application of Kimley-Horn & Associates, requesting approval of 1) Amendments to Planned Development (PD) 16-10 District for Industrial Uses including Retail Store, 2) Amendments to a Detail Plan for Convenience Store; Fuel Pumps, Retail; Retail Store; Restaurant, Drive-Through and Car Wash, Automated/Rollover, 3) Amendments to a Specific Use Provision for Restaurant, Drive-Through and

4) a Zoning Change from Planned Development (PD) 16-10 District to Industrial (IN) District. The property is located on the northeast corner of West Miller Road and South Jupiter Road. (File No. Z 18-18, District 6)

BEING one tract of land with approximately 8.232 acres and identified as Lot 1 on Block 1 of the Bluestone Garland Addition, an addition to the City of Garland, as recorded in Instrument No. 201600364479, M.R.D.C.T., City of Garland, Dallas County, Texas. Approval of the request would allow the applicant to acquire a portion of the subject property (a rectangular area located on the northeast corner of the subject property) and rezone it to Industrial (IN) District. Such portion of the subject property would be removed from the existing Planned Development (PD) 16-10 District, out of the Detail Plan and out of Specific Use Provision; subsequently, it would be combined with the property immediately to the north for the development of a distribution center.

The staff report was presented by Josue De La Vega, Development Planner. Speaker on this item was David Kochalka, applicant. There was discussion by the Council. Motion was made by Council Member Vera to approve based on staff and Plan Commission recommendation, seconded by Council Member LeMay. Motion carried 9 ayes, 0 nays.

10e. APPROVED

Consider the application of the City of Garland, requesting approval of 1) a Change in Zoning from Urban Business (UB), Community Retail (CR), and Community Office (CO) to a Planned Development (PD) District for Mixed Uses. The property is generally bound by Bobtown Road on the north, Overglen Drive on the south, and extending approximately 1,500 feet east and 1,700 feet west of Rosehill Road. (File No. Z 18-20, Districts 3 and 4)

BEING approximately 138.6 acres of land with portions situated in the McKinney & Williams Survey, Abstracts No. 1036 and 1037, the W S Pegues Survey, Abstract No. 1158, and the Andrew J Robinson Survey, Abstract No. 1260, in the City of Garland, Dallas County, Texas. Approval of the request

ATTEST: _____
Eloyce René Dowl, City Secretary



**GARLAND
PURCHASING REPORT**

City Council Regular Session Agenda

2.a.

Meeting Date: May 15, 2018

Item Title: Engineering Services for GP&L College to Jupiter Transmission Line Reconstruction

Submitted By: Ross Owen, Director of Transmission & Distr

Bid Number: 0666-18

Purchase Justification:

The purpose of this request is to obtain professional engineering services for the GP&L College to Jupiter (CSJU-04 to Lawler Tap) Transmission Line Reconstruction. Services will include electrical, civil, structural, and geotechnical engineering services as well as surveying. The project will upgrade a section of the existing transmission line on Shiloh Road terminating at the Lawler Tap. This upgrade will resolve the constraint issue with the transmission line segment from Shiloh Road west to Jupiter Road. Due to the complex nature of the project, an Optional Contingency is included for any additional work that may be required. This project was approved as part of the 2018 CIP.

Evaluation:

R-Delta Engineers was selected as the Most Qualified firm for this project from a short list of Engineers evaluated and ranked in RFQ 5771-15.

Award Recommendation:

<u><i>Vendor</i></u>	<u><i>Item</i></u>	<u><i>Amount</i></u>
R-Delta Engineers	All	\$488,300.00
Optional Contingency		48,830.00
TOTAL:		\$537,130.00

Basis for Award: Most Qualified

Purchase Requisition #: 39739

Fiscal Impact

Total Project/Account: \$774,000

Expended/Encumbered to Date: 1,605

Balance: \$772,395
This Item: 537,130
Proposed Balance: \$235,265
Account #: 210-3599-3144201-7111
Fund/Dept/Project – Description and Comments:
Electric CIP Fund / Transmission Lines

Attachments

Bid Recap

Fiscal Reference:

Budget Type: CIP

Fiscal Year: 2018

Document Location: Page E01

Budget Director Approval: Ron Young

Approval Date: 05/01/2018

Purchasing Director Approval: Gary L. Holcomb

Approval Date: 04/27/2018



**GARLAND
PURCHASING REPORT**

City Council Regular Session Agenda

2.b.

Meeting Date: May 15, 2018

Item Title: City Website Design and Hosting Services

Submitted By: Dorothy White, Public & Media Relations Director

Bid Number: 0512-18

Purchase Justification:

The purpose of this request is to replace the City's current external website platform and redesign the site to optimize the user experience. The new website will include not only a fresh look and feel, but also an improved search engine, improved mobile accessibility, improved access to online services, and improved interactivity. The ongoing maintenance/hosting fees will be included in the IT Fund's annual operating budget.

Evaluation:

A request for proposals was issued to three (3) cooperative contract holders. After the initial reviews and vendor demonstrations, the evaluation team short-listed CivicPlus and Vision Internet. Both firms provided additional information and were subsequently scored based on the published evaluation criteria. CivicPlus received the highest evaluated score, offering the best value for the City.

Award Recommendation:

	<u>Vendor</u>	<u>Item</u>	<u>Amount</u>
	CivicPlus	All	\$175,000.00
		TOTAL:	\$175,000.00

Basis for Award: Best Value

Purchase Requisition #: 39790

Fiscal Impact

Total Project/Account: \$250,000

Expended/Encumbered to Date: 0

Balance: 250,000
This Item: 175,000
Proposed Balance: \$75,000
Account #: 415-4599-2339318-9029
Fund/Dept/Project – Description and Comments:
IT Project Fund / City Website Redesign

Attachments

Bid Recap

Fiscal Reference:

Budget Type: Operating Budget

Fiscal Year: 2017-18

Document Location: Pages 79 and 138

Budget Director Approval: Ron Young

Approval Date: 05/02/2018

Purchasing Director Approval: Gary L. Holcomb

Approval Date: 04/27/2018



**GARLAND
PURCHASING REPORT**

City Council Regular Session Agenda

2.c.

Meeting Date: May 15, 2018

Item Title: Mechanical Chest Compression Devices

Submitted By: Mark Lee, Fire Chief

Bid Number: 0684-18

Purchase Justification:

This request is for the purchase of 14 mechanical chest compression devices. When considering mechanical chest compression devices, the first element of importance is that once attached to a patient, the devices perform highly qualitative and quantitative chest compressions without interruption and without direct personnel contact, allowing EMS personnel to perform other duties related to patient care. Secondly, the devices reduce risk to EMS personnel caused from standing or leaning over a patient to deliver chest compressions in the patient compartment. This exposes EMS personnel to risk of injury from being in an unsecured position and prone to the reactive movements of the ambulance during transport.

Performing manual chest compressions in a moving ambulance also degrades the qualitative and quantitative effectiveness of the chest compressions being delivered. Finally, without a hospital within the borders of the city of Garland, there is an increased complexity and duration for chest compression delivery before reaching the closest appropriate hospital.

Evaluation:

The mechanical chest compression devices are being purchased through the NASPO Value Point Purchasing Cooperative Contract OK-SW-300.

Award Recommendation:

<u>Vendor</u>	<u>Item</u>	<u>Amount</u>
Physio-Control, Inc.	All	\$282,021.24
TOTAL:		\$282,021.24

Basis for Award: Cooperative Purchase

Purchase Requisition #: 39810

Fiscal Impact

Total Project/Account: \$322,000
Expended/Encumbered to Date: \$0
Balance: \$322,000
This Item: \$282,022
Proposed Balance: \$39,978
Account #: 691-1399-1210800-9007

Fund/Dept/Project – Description and Comments:

Public Safety CIP Fund / Emergency Response Equipment - Funding to purchase 14 mechanical chest compression devices for Garland Fire Department ambulances will be provided through 2018 CIP Budget Amendment #1.

Attachments

Bid Recap

Fiscal Reference:

Budget Type: CIP

Fiscal Year: 2018

Document Location: Page PS06

Budget Director Approval: Ron Young

Approval Date: 05/02/2018

Purchasing Director Approval: Gary L. Holcomb

Approval Date: 05/02/2018



**GARLAND
PURCHASING REPORT**

City Council Regular Session Agenda

2.d.

Meeting Date: May 15, 2018

Item Title: Commvault Services for Enterprise Backup Upgrade Project

Submitted By: Steven Niekamp, Chief Information Officer

Bid Number: 0683-18

Purchase Justification:

This request is to upgrade the City's existing data backup solution that has reached end-of-life. This upgrade will provide the hardware, software, and services necessary to upgrade to the latest version of the data backup solution.

Evaluation:

This upgrade is available from EST Group, LLC, through the BuyBoard Purchasing Cooperative Contract 498-15. EST Group, LLC, is a preferred provider of Dell hardware and software products, and they have worked with the IT Department on several similar projects.

Award Recommendation:

	<u>Vendor</u>	<u>Item</u>	<u>Amount</u>
	EST Group, LLC	All	\$171,772.00
		TOTAL:	\$171,772.00

Basis for Award: Cooperative Purchase

Purchase Requisition #: 39792

Fiscal Impact

Total Project/Account:	\$252,000
Expended/Encumbered to Date:	0
Balance:	\$252,000
This Item:	171,772
Proposed Balance:	\$80,228
Account #:	415-4599-2337218-9029 & 413-4511-9029

Fund/Dept/Project – Description and Comments:

IT Project Fund / Enterprise Backup Upgrade

IT Replacement Fund / City-wide

AttachmentsBid Recap

Fiscal Reference:**Budget Type:** Operating Budget**Fiscal Year:** 2017-18**Document Location:** Pages 79, 138, and 139

Budget Director Approval: Ron Young**Approval Date:** 05/02/2018**Purchasing Director Approval:** Gary L. Holcomb**Approval Date:** 05/02/2018

[illegible]



**GARLAND
PURCHASING REPORT**

City Council Regular Session Agenda

2.e.

Meeting Date: May 15, 2018

Item Title: Consulting Services for Bond Program Development

Submitted By: Matt Watson, Finance Director

Bid Number: 0508-18

Purchase Justification:

This request is to retain a qualified firm to assist in the development of a Municipal Bond Program which will be considered by Council in the upcoming year. The selected firm will assist in assessing and identifying a comprehensive inventory of infrastructure and facility needs in the City. Services the firm will perform include, but are not limited to, project cost estimation, feasibility analysis, resource planning, and campaign preparation.

Evaluation:

A request for proposals was issued to engineering firms selected from the City's approved short list. Two proposals were received and evaluated based on the published criteria of quality of proposal, program manager experience, program team experience, proposed approach/schedule, reference quality/applicability, and interview/presentation performance. Kimley Horn & Associates received the highest evaluated score, offering the Best Value for the City.

Award Recommendation:

<u>Vendor</u>	<u>Item</u>	<u>Amount</u>
Kimley Horn & Associates	All	\$200,000.00
TOTAL:		\$200,000.00

Basis for Award: Best Value

Purchase Requisition #: 39818

Fiscal Impact

Total Project/Account: \$350,000

Expended/Encumbered to Date: 0

Balance: \$350,000
This Item: 200,000
Proposed Balance: \$150,000
Account #: 100-7777-7101

Fund/Dept/Project – Description and Comments:

General Fund/Non-Departmental - This item was approved by Council as part of Operating Budget Amendment #1.

Attachments

Bid Recap

Fiscal Reference:

Budget Type: Operating Budget

Fiscal Year: 2017-18

Document Location: Page 91

Budget Director Approval: Ron Young

Approval Date: 05/02/2018

Purchasing Director Approval: Gary L. Holcomb

Approval Date: 05/02/2018



**GARLAND
PURCHASING REPORT**

City Council Regular Session Agenda

2.f.

Meeting Date: May 15, 2018

Item Title: Underground Duct System Construction

Submitted By: Ross Owen, Director of Transmission & Distr

Bid Number: 0592-18

Purchase Justification:

This request is for the construction of an underground duct system for the Wyrick-Riverset Subdivision located at the corner of Buckingham and Shiloh Road. The duct system is necessary to provide electric service to the subdivision that will have an estimated 590 single-family residential homes. Due to the complex nature of the project, an Optional Contingency is included for any unforeseen additional work that may be required. This project was approved as part of the 2018 CIP.

Evaluation:

A request for bids was issued in accordance with Purchasing procedures. Three bids were received and evaluated with Team Fishel submitting the lowest bid.

Award Recommendation:

	<u>Vendor</u>	<u>Item</u>	<u>Amount</u>
Team Fishel		All	\$490,421.00
Optional Contingency			29,719.28
TOTAL:			\$520,140.28

Basis for Award: Straight Low Bid

Purchase Requisition #: 39698

Fiscal Impact

Total Project/Account: \$871,000
Expended/Encumbered to Date: 39,000
Balance: \$832,000
This Item: 520,141

Proposed Balance: \$311,859
Account #: 215-3299-3163101-7111
Fund/Dept/Project – Description and Comments:
Electric CIP Fund - Distribution Lines - Underground

Attachments

Bid Recap

Fiscal Reference:

Budget Type: CIP

Fiscal Year: 2018

Document Location: Page E09

Budget Director Approval: Ron Young

Approval Date: 05/02/2018

Purchasing Director Approval: Gary L. Holcomb

Approval Date: 05/02/2018



**GARLAND
PURCHASING REPORT**

City Council Regular Session Agenda

2.g.

Meeting Date: May 15, 2018

Item Title: Transformers for Warehouse Inventory

Submitted By: Gary Holcomb, Purchasing Director

Bid Number: 0493-18

Purchase Justification:

This request is to purchase electric distribution transformers for Warehouse inventory. These are standard inventory items used to support GP&L's electric distribution operations, and the costs will be expensed to the appropriate Electric Capital or Operating Budget account(s) when issued from the Warehouse.

Evaluation:

A request for bids was issued in accordance with Purchasing procedures. Five bids were received and evaluated, and Stuart C. Irby was selected as the lowest responsible bidder based on GP&L's established Load Loss Evaluation analysis.

Award Recommendation:

	<u>Vendor</u>	<u>Item</u>	<u>Amount</u>
	Stuart C. Irby	All	\$103,542.00
		TOTAL:	\$103,542.00

Basis for Award: Lowest Responsible Bid

Purchase Requisition #: 39540

Fiscal Impact

Total Project/Account:	N/A
Expended/Encumbered to Date:	N/A
Balance:	N/A
This Item:	\$103,542
Proposed Balance:	N/A

Account #: 451-1300

Fund/Dept/Project – Description and Comments:

Transformer costs will be expensed to the appropriate Electric CIP and/or Operating Budget account(s) when issued from the Warehouse.

Attachments

Bid Recap

Fiscal Reference:

Budget Type: Operating Budget
CIP

Fiscal Year: 2017-18

Document Location: Page 218, E07

Budget Director Approval: Ron Young

Approval Date: 05/02/2018

Purchasing Director Approval: Gary L. Holcomb

Approval Date: 05/02/2018



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

3.a.

Meeting Date: May 15, 2018

Item Title: Z 18-16 IDI Logistics (District 5)

Submitted By: Kira Wauwie, Principal Development Planner

Summary of Request/Problem

Zoning Ordinance Z 18-16 IDI Logistics

Recommendation/Action Requested and Justification

Consider adoption of attached ordinance.

Attachments

Z 18-16 Ordinance

Z 18-16 Exhibit A

Z 18-16 Exhibit B

Z 18-16 Exhibits C-F

ORDINANCE NO.

AN ORDINANCE AMENDING THE GARLAND DEVELOPMENT CODE OF THE CITY OF GARLAND, TEXAS, BY APPROVING AMENDMENTS TO PLANNED DEVELOPMENT (PD) DISTRICT 16-07 FOR INDUSTRIAL USES ON A 29.053-ACRE TRACT OF LAND ZONED PD 16-07 FOR INDUSTRIAL USES AND LOCATED AT 3800 LEON ROAD; PROVIDING FOR CONDITIONS, RESTRICTIONS, AND REGULATIONS; PROVIDING A PENALTY UNDER THE PROVISIONS OF SEC. 10.05 OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; PROVIDING A SAVINGS CLAUSE AND A SEVERABILITY CLAUSE; AND PROVIDING FOR A PENALTY AND AN EFFECTIVE DATE.

WHEREAS, at its regular meeting held on the 9th day of April, 2018, the Plan Commission did consider and make recommendations on a certain request for approval of amendments to Planned Development (PD) District 16-07 for Industrial Uses made by **IDI Logistics**; and

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

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

Section 1.

The Garland Development Code is hereby amended by approving amendments to Planned Development (PD) District 16-07 on property zoned PD 16-07 for Industrial Uses on a 29.053-acre tract of land located at 3800 Leon Road and being more particularly described in Exhibit A, attached hereto and made part hereof.

Section 2.

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

Section 3

FILE NO. Z 18-16

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

Section 4

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

Section 5

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

Section 6

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

PASSED AND APPROVED this _____ day of _____, 2018.

THE CITY OF GARLAND, TEXAS

By:

Mayor

ATTEST:

City Secretary

Published:

EXHIBIT A

LEGAL DESCRIPTION

Zoning File Z 18-16

Lot 1 and Lot 2, Block 1, Garland Logistics Center Final Plat, a Replat of Lot 3A, Block 1 Garland Road Business Park Addition, an addition to the City of Garland, Dallas County, Texas, according to the map or plat thereof, recorded in the Clerk's File No. 201600351809, Plat Records, Dallas County, Texas

PLANNED DEVELOPMENT CONDITIONS

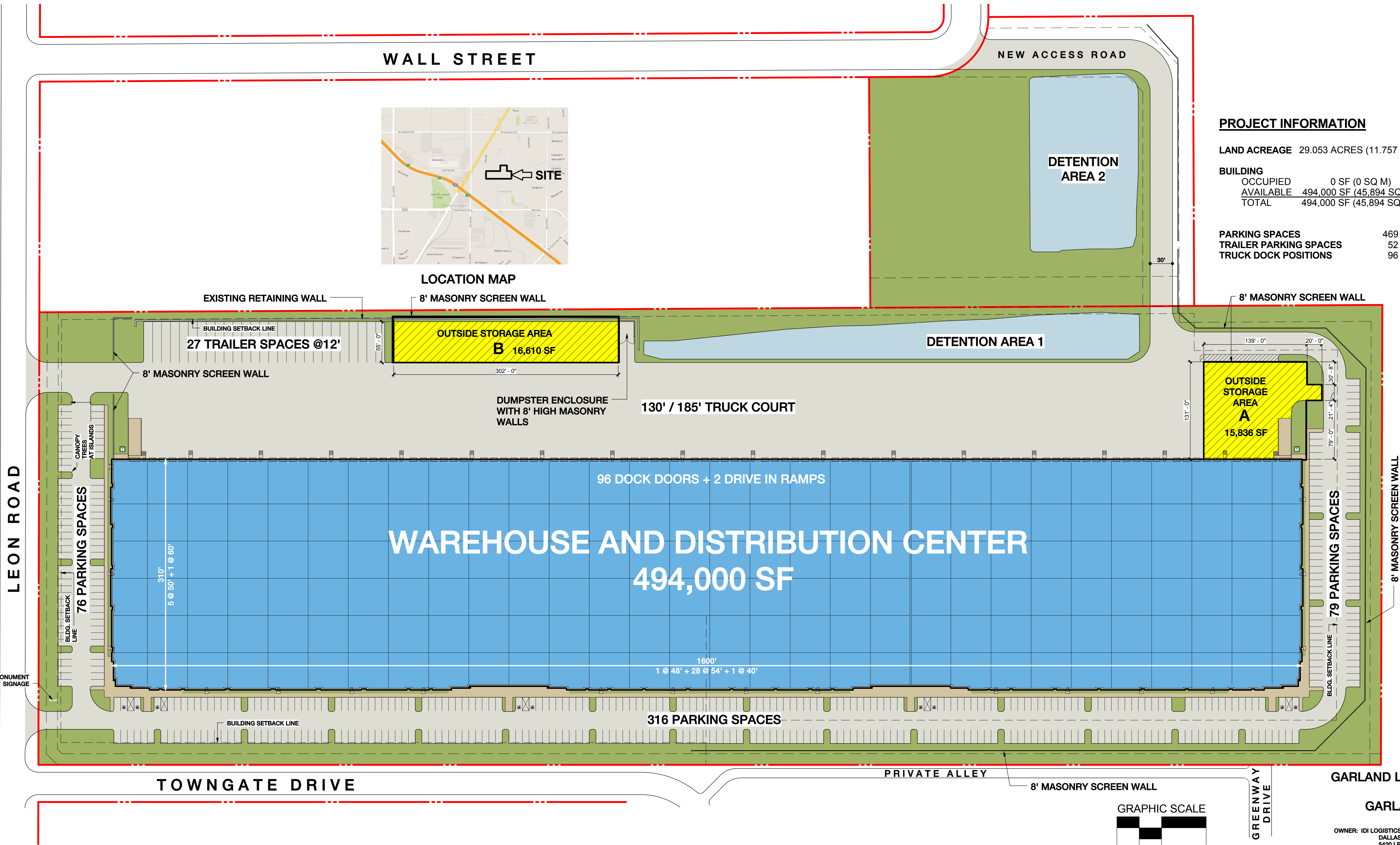
ZONING FILE Z 18-16

3800 Leon Road

- I. Statement of Purpose:** The purpose of this Planned Development is to permit the development of a Warehouse and Distribution Center (Large), add provisions to allow outdoor storage, and update the list of land uses in this Planned Development.
- II. Statement of Effect:** This Planned Development shall not affect any regulation found in the Garland Development Code, Ordinance No. 6773, as amended prior to adoption of this ordinance, except as specifically provided herein.
- III. General Regulations:** All regulations of the Industrial (IN) District as set forth in Chapter 2 of the Garland Development Code are included by reference and shall apply, except as otherwise specified by this ordinance.
- IV. Development Plans:**
- Concept Plan: Development shall be in general conformance with the Concept Plan set forth in Exhibit C. The Concept Plan shall be construed to be an illustration of the development concepts only and not an exact representation of the specific development proposed. However, failure of a subsequent development application to generally conform to the approved Concept Plan (as applicable) will result in denial of the application. In the event of conflict between the Concept Plan and the written conditions, the written conditions shall apply. No Detail Plan shall be required subsequent to the approval of the Concept Plan.
- V. Specific Regulations:**
- A. Permitted Uses:** All uses as reflected in Exhibit F.
- B. Screening and Landscaping:** Screening of non-residential uses from adjacent residential uses shall meet the requirements of Chapter 4, Article 3 of the Garland Development Code with the following additional requirements:

1. Non-residential yards adjacent to residential districts must provide a masonry wall eight (8) feet in height with tree plantings along the development side of the wall in accordance with Section 4.39. The site must also provide a row of tree planting along the residential side of the wall in accordance with the Landscape Plan labeled Exhibit D. Landscaping shall be in general conformance with the approved Landscape Plan labeled Exhibit D.
- C. Site Design: The building shall be located as generally shown on the Concept Plan labeled Exhibit C. The building shall be located so the loading docks are oriented to the north.
- D. Setbacks: Setbacks shall be as generally shown on the Concept Plan labeled Exhibit C.
- E. Parking: All parking shall be in general conformance with the approved Concept Plan labeled Exhibit C.
- F. Height: The maximum permitted height for any building or structure shall be forty-two (42) feet. The upper portions of the building, meaning those portions above thirty-five (35) feet in height, shall have no transparent glass.
- G. Maximum Lot Coverage: Buildings or structures or parts thereof shall not be erected, altered or placed so as to cover no more than sixty (60) percent of the lot.
- H. Exterior Elevations: The exterior elevations of the building shall be provided as generally shown on the exterior elevations plans labeled Exhibit E.
- I. Lighting: Light sources must be of a down-light, indirect, diffused or shielded type (minimum seventy-degree cut-off when measured from horizontal), or installed and maintained in a manner to reduce glare effect and consequent interference with use of adjacent properties and streets. All lighting shall be subject to the lighting standards in Chapter 4, Article 7.
- J. Outside Storage: The outside storage of materials and equipment shall be permitted and shall be screened with an eight (8) foot tall masonry wall as reflected on Exhibit E. Materials and equipment

shall not be stacked higher than the device that screens the stored materials or equipment used for business operations.



PROJECT INFORMATION

LAND ACREAGE 29.053 ACRES (11.757 ha)

BUILDING	
OCCUPIED	0 SF (0 SQ M)
AVAILABLE	494,000 SF (45,894 SQ M)
TOTAL	494,000 SF (45,894 SQ M)

PARKING SPACES	469
TRAILER PARKING SPACES	52
TRUCK DOCK POSITIONS	96

GARLAND LOGISTICS CENTER
3800 LEON ROAD
GARLAND, TEXAS 75041
ZONING: INDUSTRIAL-1

OWNER: IDI LOGISTICS
DALLAS REGION
5420 LBJ FREEWAY, SUITE 1275
DALLAS, TX 75240
TEL. 972.560.7000

APPLICANT: SAME AS OWNER

PLAN PREPARER:
MACGREGOR ASSOCIATES ARCHITECTS, INC.
2727 PACES FERRY ROAD, SE
BUILDING TWO, SUITE 1400
ATLANTA, GA 30339
TEL. 770.432.9934

CASE NUMBER:



Two Paces West
2727 Paces Ferry Road SE
Suite 1400
Atlanta, Georgia 30339
770-432-9400

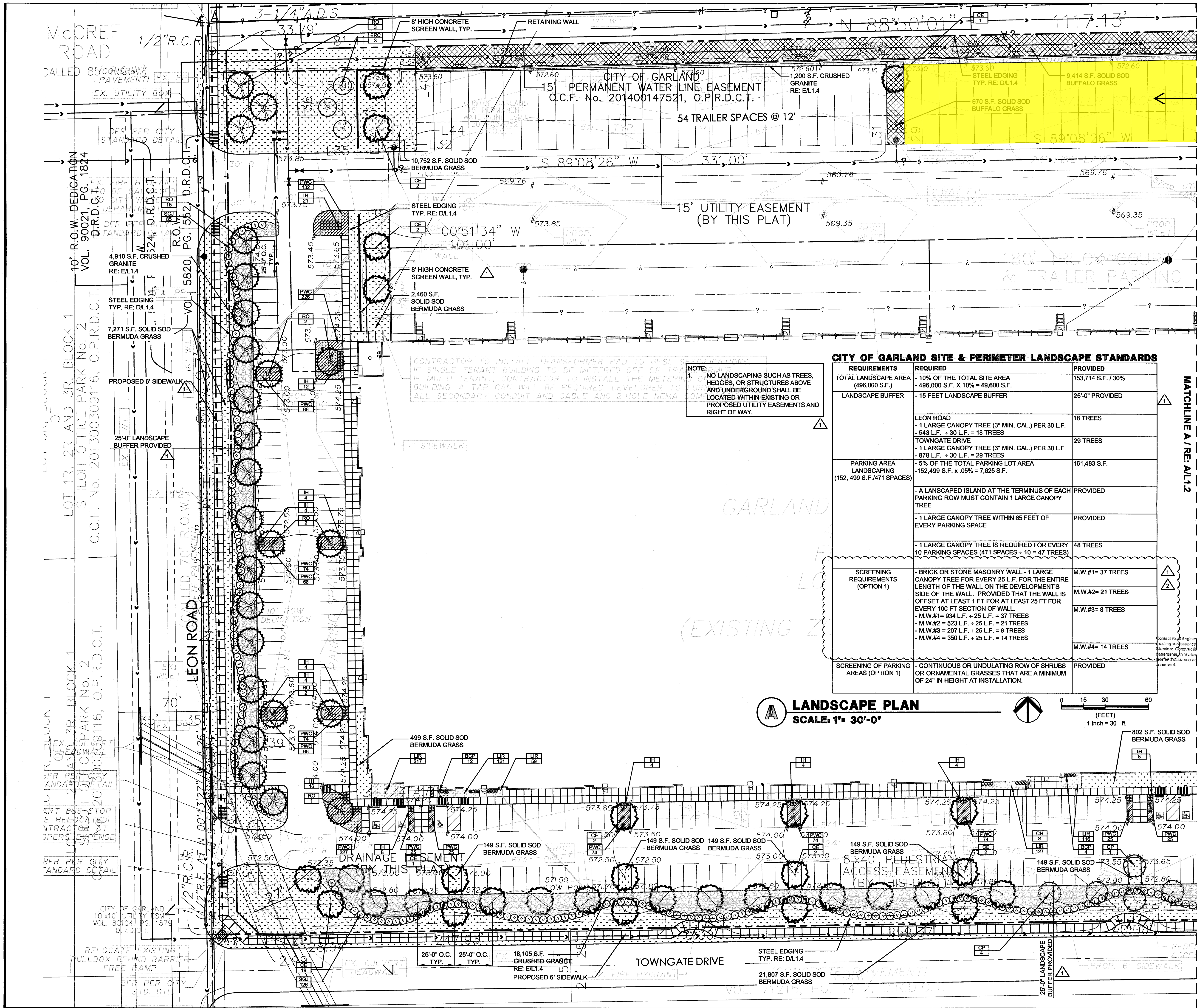
IDI Logistics

PROJECT NUMBER: 2015-184
SCALE: 1" = 60'-0"

GARLAND LOGISTICS CENTER
3800 LEON ROAD
GARLAND, TEXAS

SP 1
SITE PLAN

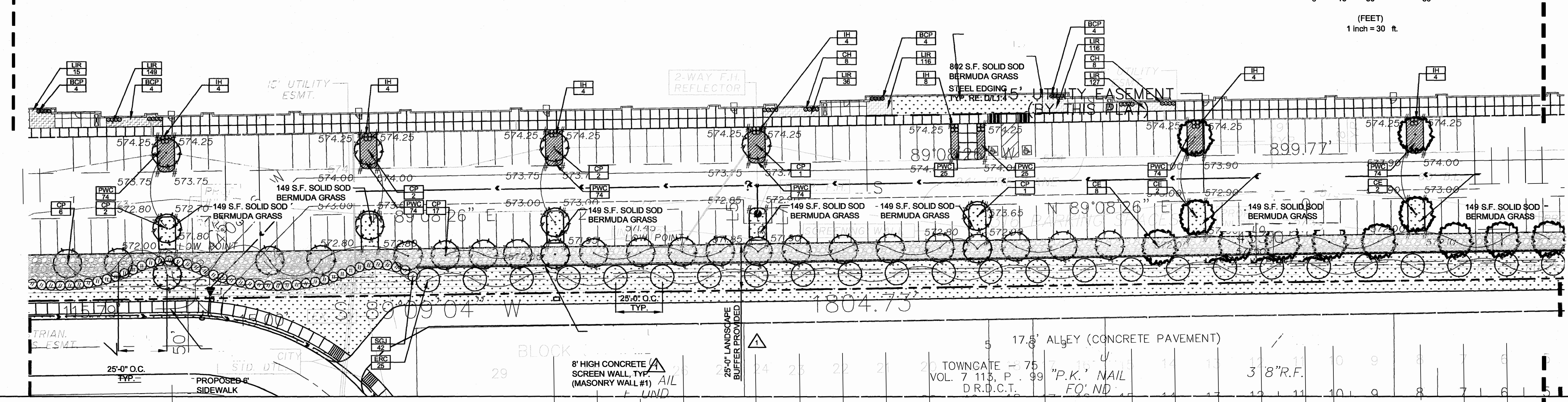
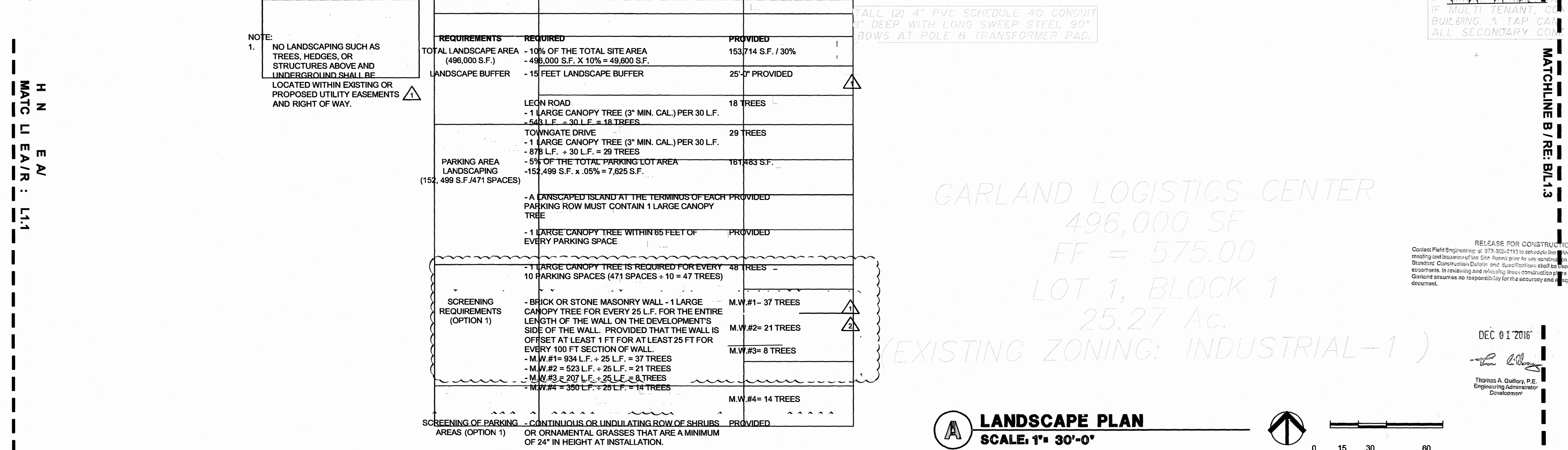
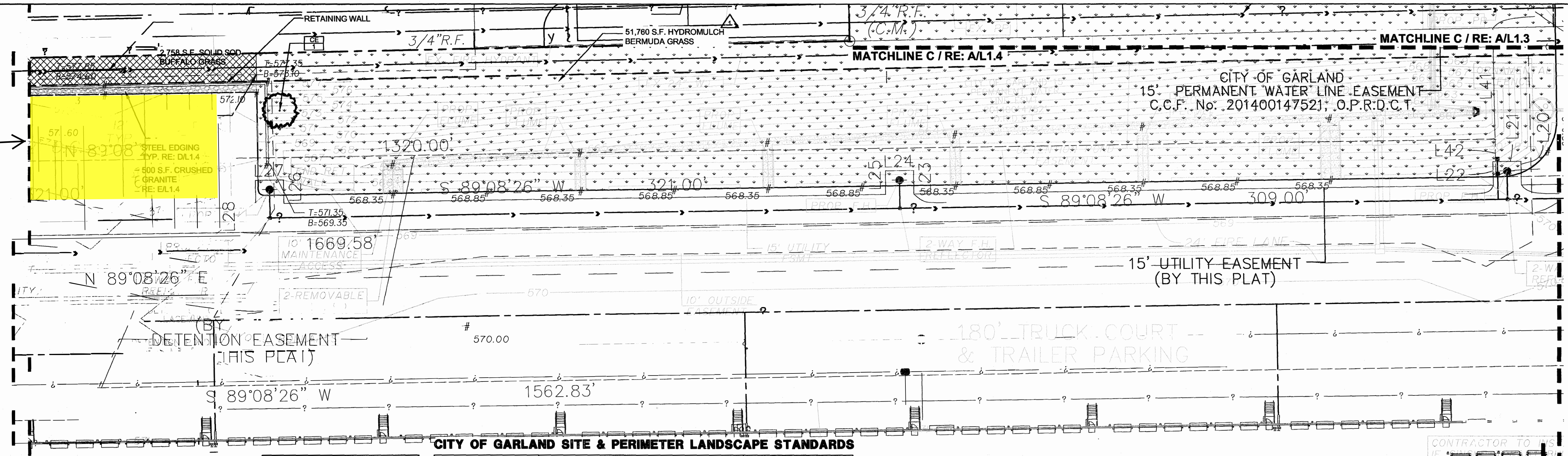
03/22/18



(PARTIAL)
OUTSIDE
STORAGE
AREA
B

Exhibit D

(PARTIAL)
OUTSIDE
STORAGE
AREA
B



LANDSCAPE ARCHITECT
DAVID C. BALESTIN
INCORPORATED
LANDSCAPE
ARCHITECTURE
PLANNING
730 EAST PARK BOULEVARD, SUITE 100
PLANO, TX 75074
PHONE: (972) 509-1266 / FAX: (972) 509-1268
IRRIGATION DESIGNER
SETH HEIDMAN
IRRIGATION DESIGN
AND CONSULTING
6009 W. PARKER ROAD #149-221
PLANO, TX 75093
PHONE: (972) 816-5141
OWNER

DI Gazeley
Brookfield Logistics Properties

DATE NO. REVISIONS
08/17/16 1 CITY COMMENTS
08/28/16 2 CITY COMMENTS

PROJECT
GARLAND LOGISTICS CENTER
CITY OF GARLAND, TEXAS
496,000 S.F. (25.27 AC)
F.F. 574.65
LOT 1, BLOCK 1
(EXISTING ZONING INDUSTRIAL-1) SEAL



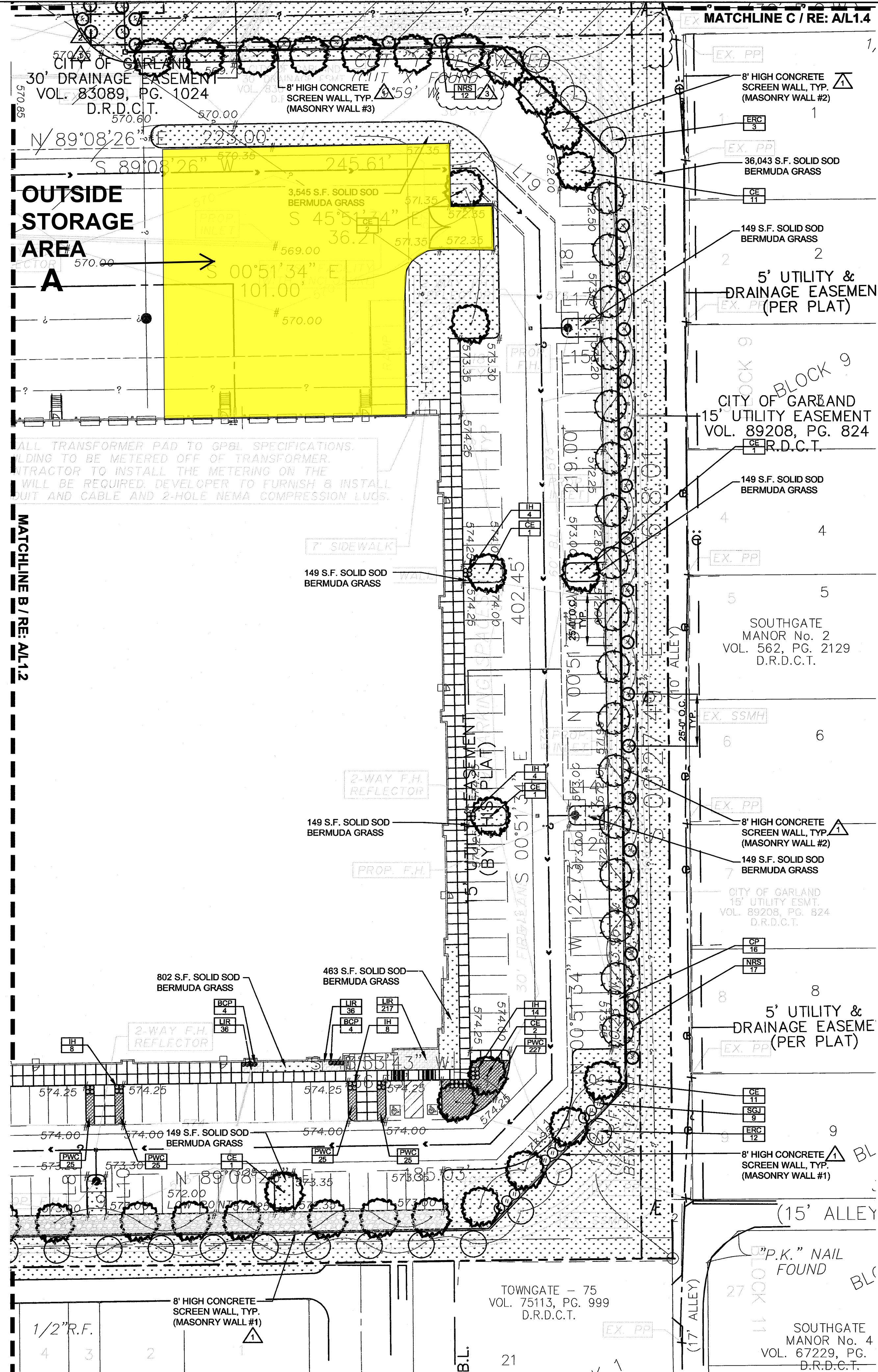
SHEET TITLE
LANDSCAPE PLAN
PROJECT MANAGER: RRM PROJECT DESIGNER: DCB
DRAWN BY: TDH CHECKED BY: DCB
ISSUE DATE: 06/16/16 SCALE: AS NOTED
SHEET No.

L1.2
CASE NUMBER: 160114-1

NOTE:
1. NO LANDSCAPING SUCH AS TREES, HEDGES, OR STRUCTURES ABOVE AND UNDERGROUND SHALL BE LOCATED WITHIN EXISTING OR PROPOSED UTILITY EASEMENTS AND RIGHT OF WAY.

CITY OF GARLAND SITE & PERIMETER LANDSCAPE STANDARDS

REQUIREMENTS	REQUIRED	PROVIDED
TOTAL LANDSCAPE AREA (496,000 S.F.)	- 10% OF THE TOTAL SITE AREA - 496,000 S.F. X 10% = 49,600 S.F.	153,714 S.F. / 30%
LANDSCAPE BUFFER	- 15 FEET LANDSCAPE BUFFER	25'-0" PROVIDED
	LEON ROAD - 1 LARGE CANOPY TREE (3" MIN. CAL.) PER 30 L.F. - 543 L.F. + 30 L.F. = 18 TREES	18 TREES
	TOWNGATE DRIVE - 1 LARGE CANOPY TREE (3" MIN. CAL.) PER 30 L.F. - 878 L.F. + 30 L.F. = 29 TREES	29 TREES
PARKING AREA LANDSCAPING (152,499 S.F. / 471 SPACES)	- 5% OF THE TOTAL PARKING LOT AREA - 152,499 S.F. X .05% = 7,625 S.F.	161,483 S.F.
	- A LANDSCAPED ISLAND AT THE TERMINUS OF EACH PARKING ROW MUST CONTAIN 1 LARGE CANOPY TREE	PROVIDED
	- 1 LARGE CANOPY TREE WITHIN 65 FEET OF EVERY PARKING SPACE	PROVIDED
	- 1 LARGE CANOPY TREE IS REQUIRED FOR EVERY 10 PARKING SPACES (471 SPACES + 10 = 47 TREES)	48 TREES
SCREENING REQUIREMENTS (OPTION 1)	- BRICK OR STONE MASONRY WALL - 1 LARGE CANOPY TREE FOR EVERY 25 L.F. FOR THE ENTIRE LENGTH OF THE WALL ON THE DEVELOPMENT'S SIDE OF THE WALL. PROVIDED THAT THE WALL IS OFFSET AT LEAST 1 FT FOR AT LEAST 25 FT FOR EVERY 100 FT SECTION OF WALL. - M.W.#1 = 934 L.F. + 25 L.F. = 37 TREES - M.W.#2 = 523 L.F. + 25 L.F. = 21 TREES - M.W.#3 = 207 L.F. + 25 L.F. = 8 TREES - M.W.#4 = 350 L.F. + 25 L.F. = 14 TREES	M.W.#1 = 37 TREES M.W.#2 = 21 TREES M.W.#3 = 8 TREES M.W.#4 = 14 TREES
SCREENING OF PARKING AREAS (OPTION 1)	- CONTINUOUS OR UNDULATING ROW OF SHRUBS OR ORNAMENTAL GRASSES THAT ARE A MINIMUM OF 24" IN HEIGHT AT INSTALLATION.	PROVIDED



LANDSCAPE ARCHITECT

DAVID C. BALDWIN
INCORPORATED

LANDSCAPE ARCHITECTURE
PLANNING

730 EAST PARK BOULEVARD, SUITE 100
PLANO, TX 75074
PHONE: (972) 509-1266 / FAX: (972) 509-1269

IRRIGATION DESIGNER

SETH HEIDMAN
IRRIGATION DESIGN
AND CONSULTING

6009 W. PARKER ROAD #149-221
PLANO, TX 75033
PHONE: (972) 816-5141

OWNER

IDI Gazeley
Brookfield Logistics Properties

RELEASE FOR CONSTRUCTION

Contract Field Engineer
The Site Permit given to any construction activity. The City of Garland
Standard Construction Specifications shall be used in City rights of way
and retaining these construction plans for construction. The City of
Garland assumes no responsibility for the accuracy and adequacy of this construction
document.

DEC 01 2016

DATES/NO. OF REVISIONS

08/17/16	1	CITY COMMENTS
09/28/16	2	CITY COMMENTS
11/17/16	3	CITY COMMENTS

PROJECT

GARLAND LOGISTICS CENTER

CITY OF GARLAND, TEXAS
496,000 S.F. (25.27 AC)
F.F. 574.65
LOT 1, BLOCK 1
(EXISTING ZONING-INDUSTRIAL-1)

SEAL

11/17/16

SHEET TITLE

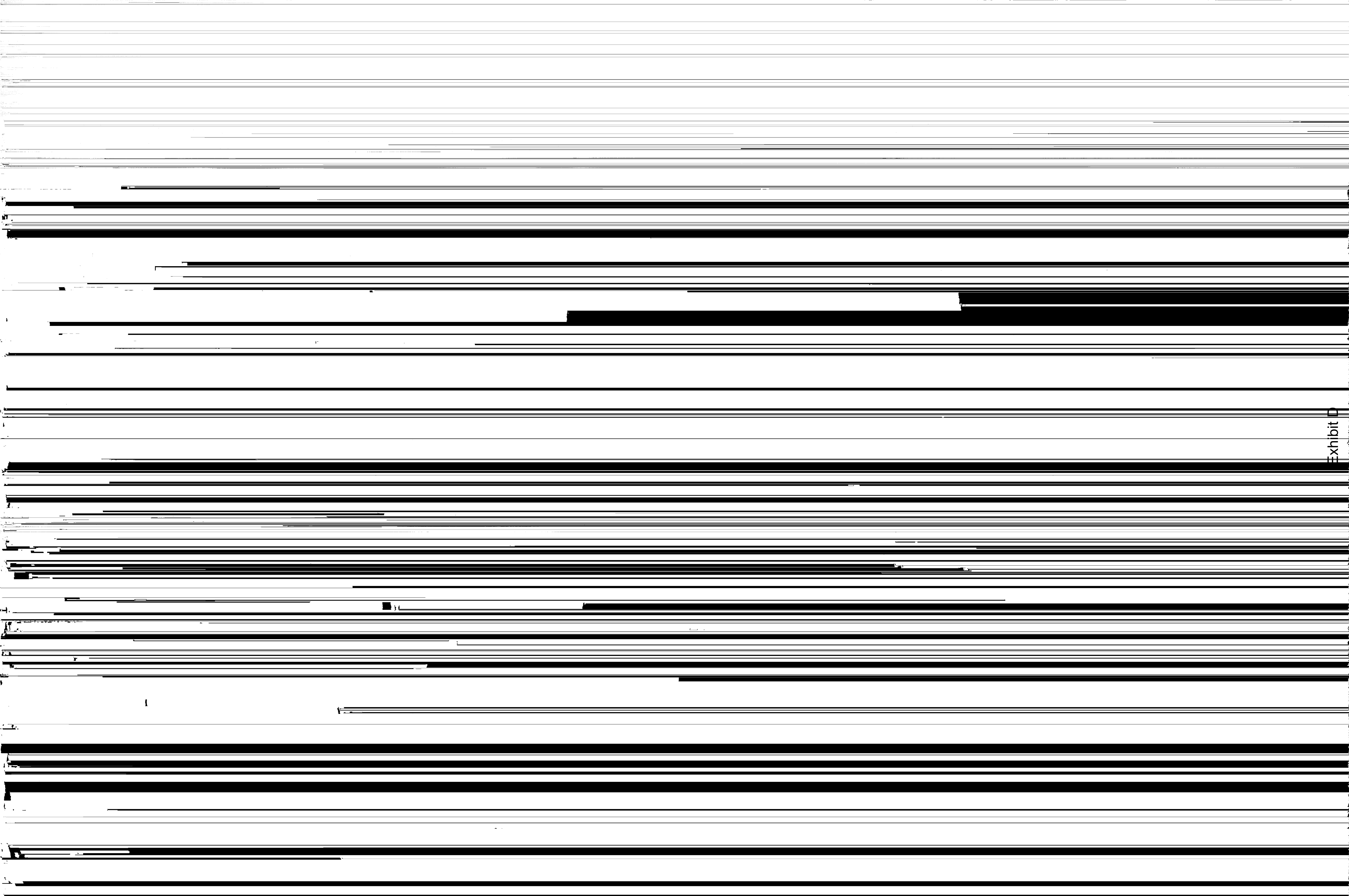
LANDSCAPE PLAN

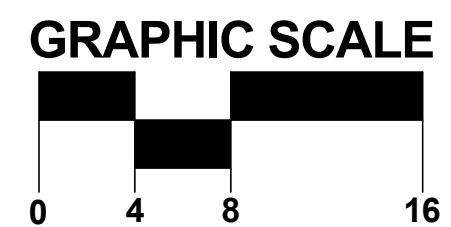
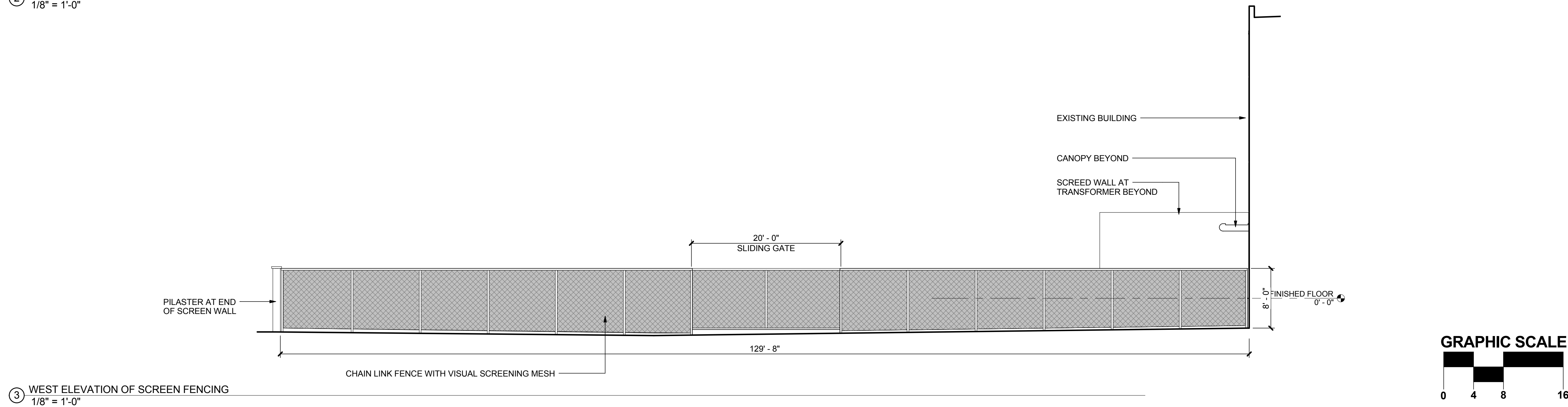
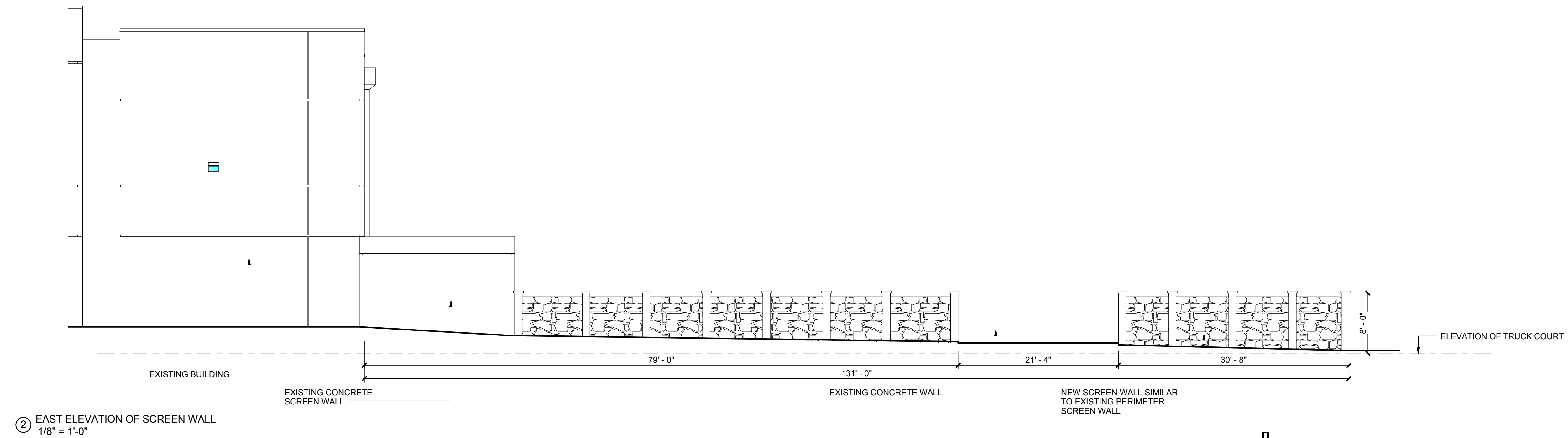
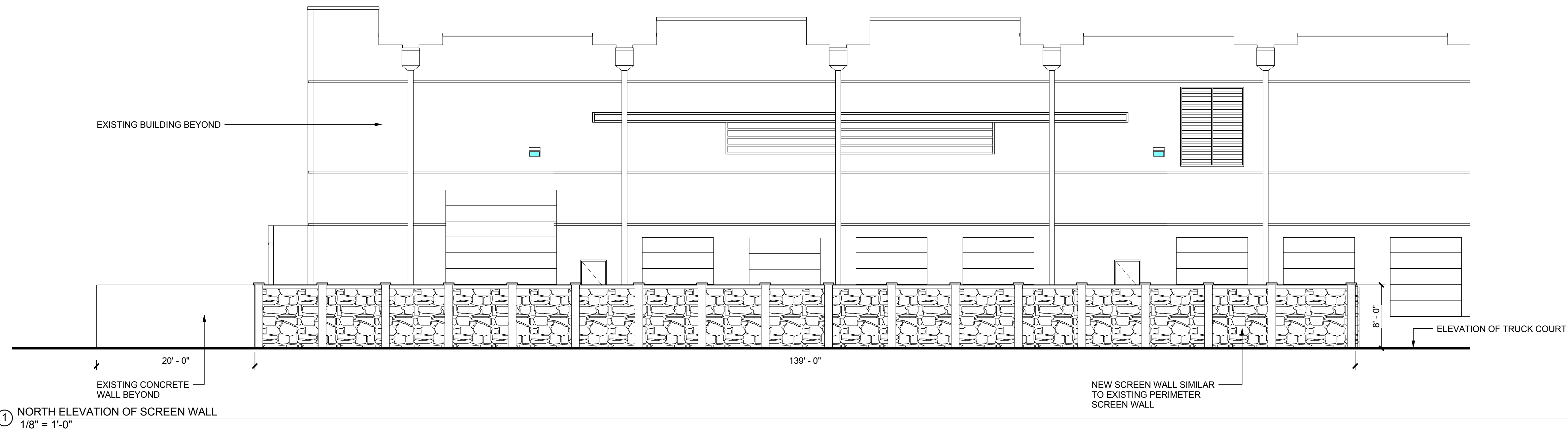
PROJECT MANAGER	RRM	PROJECT DESIGNER	DCB
DRAWN BY	TDH	CHECKED BY	DCB
ISSUE DATE:	06/16/16	SCALE:	AS NOTED
		SHEET NO.	

L1.3

CASE NUMBER: 160114-1

Exhibit D





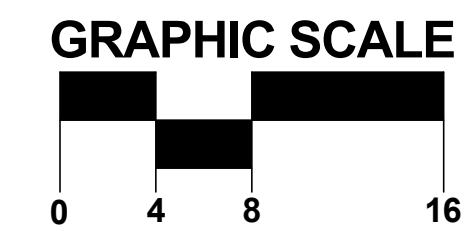
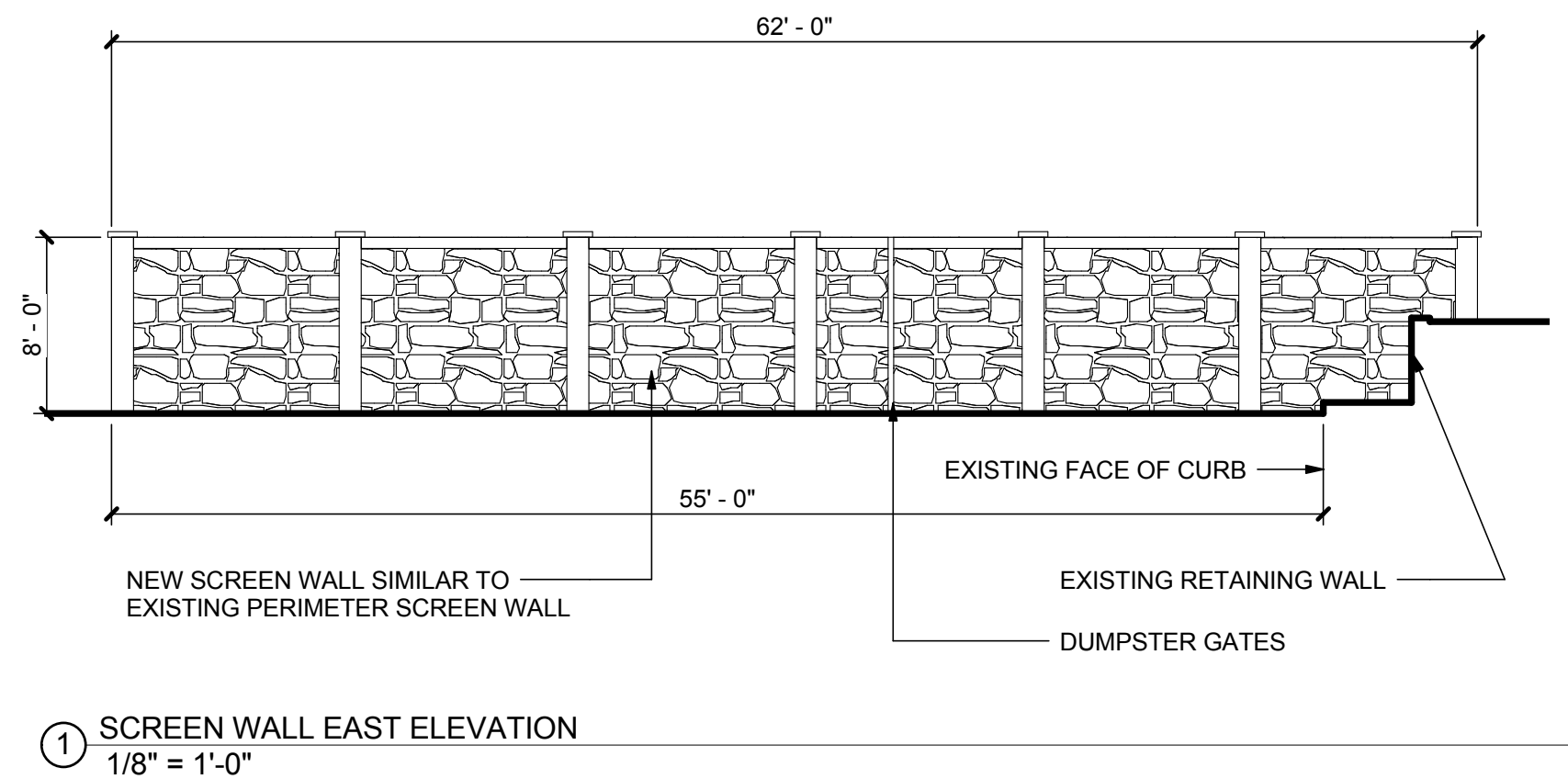
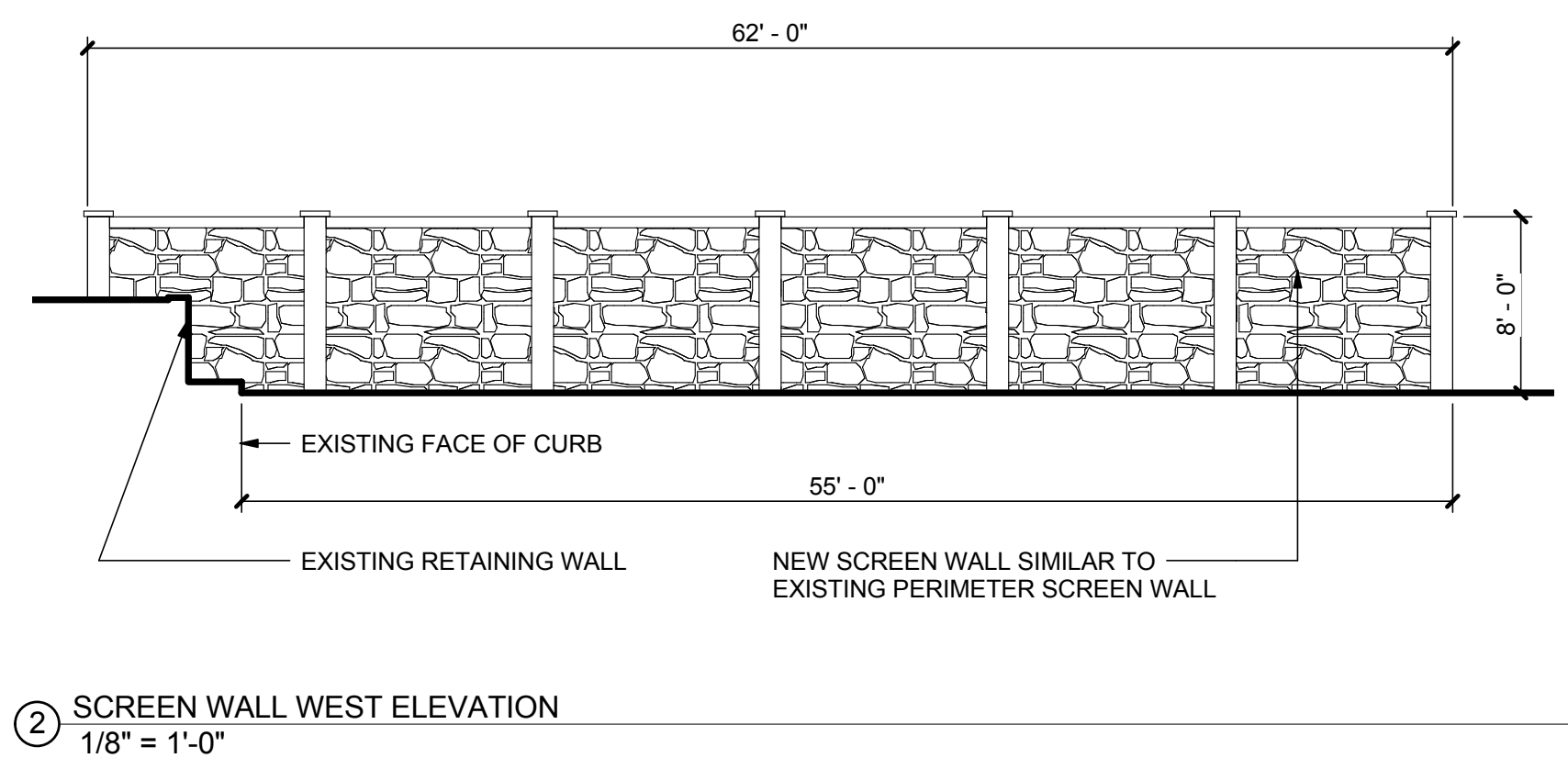
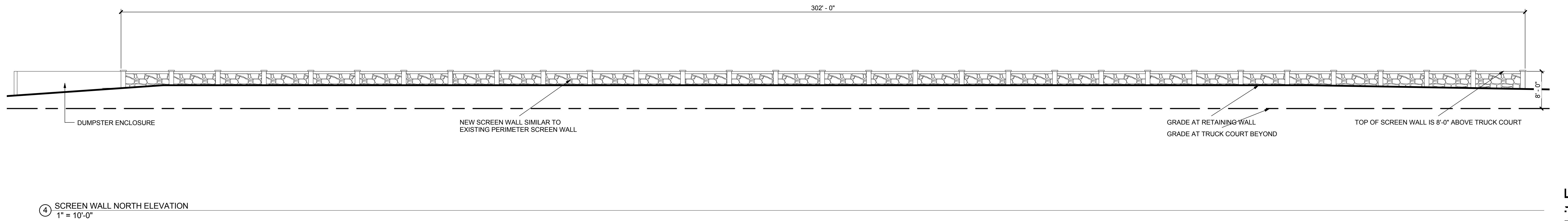
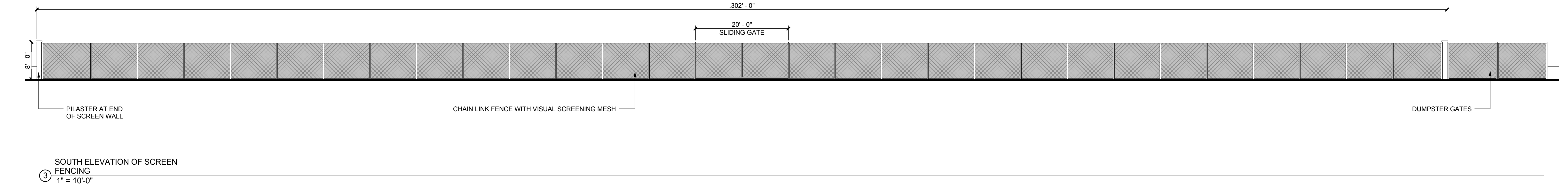
GARLAND LOGISTICS CENTER
3800 LEON ROAD
GARLAND, TEXAS 75041
ZONING: INDUSTRIAL-1

OWNER: IDI LOGISTICS
DALLAS REGION
5420 LBJ FREEWAY, SUITE 1275
DALLAS, TX 75240
TEL. 972 560 7000

APPLICANT: SAME AS OWNER

PLAN PREPARER:
MACGREGOR ASSOCIATES ARCHITECTS, INC.
2727 PACES FERRY ROAD, SE
BUILDING TWO, SUITE 1400
ATLANTA, GA 30339
TEL. 770 432 9834

CASE NUMBER:



GARLAND LOGISTICS CENTER
3800 LEON ROAD
GARLAND, TEXAS 75041
ZONING: INDUSTRIAL-1

OWNER: IDI LOGISTICS
DALLAS REGION
5420 LBJ FREEWAY, SUITE 1275
DALLAS, TX 75240
TEL. 972 560 7000

APPLICANT: SAME AS OWNER

PLAN PREPARER:
MACGREGOR ASSOCIATES ARCHITECTS, INC.
2727 PACES FERRY ROAD, SE
BUILDING TWO, SUITE 1400
ATLANTA, GA 30339
TEL. 770 432 9934

CASE NUMBER:

PROPOSED PERMITTED USES	PROPOSED PERMITTED USES SPECIFIC USE PERMIT
• Data Center • Distribution Center, Large (indoors only) • Distribution Center, Small (indoors only) • Industrial or Manufacturing, Light • Warehouse, Office/Showroom (indoors only) Uses permitted if ≥45,000 SF: • Bakery, Commercial • Batching Plant, Temporary • Contractor's Office/Warehouse (indoors only) • Custom Products Manufacturing • Equipment Leasing/Rental, Indoor • Furniture and Appliance Cleaning/Repair • Laundry Plant, Commercial • Printing/Publishing House • Recording Studio/Media Production • Small Engine/Lawn Equipment Rental & Repair	• Animal Feed Processing & Storage • Batching Plant • Building/Garden Materials Sales & Storage (wholesale) • Bulk Material Sales & Storage (retail or wholesale) • Equipment Leasing/Rental, Outdoor • Food Processing & Storage • Heavy Machinery Sales, Rental, Storage & Repair • Laboratory, Analytical or Research (indoor) • Leather & Allied Products Manufacturing (Note that this use will not include leather tanning any manufacturing process will be limited to using finished leather only.) • Motorcycle/ATV Sales, Leasing & Repair (new and used – indoors only) • Personal Watercraft Sales, Leasing & Repair (new and used) • Recreational Vehicle/Trailer Sales, Leasing & Repair • Recycling Collection Center (no outside storage) • Truck/Bus Storage



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

3.b.

Meeting Date: May 15, 2018

Item Title: Z 18-18 Kimley Horn & Associates (District 6)

Submitted By: Josue De La Vega, Development Planner

Summary of Request/Problem

Zoning Ordinance Z 18-18 Kimley-Horn & Associates

Recommendation/Action Requested and Justification

Consider adoption of attached ordinance.

Attachments

Z 18-18 Ordinance

Z 18-18 Exhibit A

Z 18-18 Exhibit B

Z 18-18 Exhibits C-D

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE GARLAND DEVELOPMENT CODE OF THE CITY OF GARLAND, TEXAS, BY APPROVING 1) AMENDMENTS TO PLANNED DEVELOPMENT (PD) 16-10 DISTRICT FOR INDUSTRIAL USES INCLUDING RETAIL STORE, 2) AMENDMENTS TO A DETAIL PLAN FOR CONVENIENCE STORE; FUEL PUMPS, RETAIL; RETAIL STORE; RESTAURANT, DRIVE-THROUGH AND CAR WASH, AUTOMATED/ROLLOVER, 3) AMENDMENTS TO A SPECIFIC USE PROVISION FOR RESTAURANT, DRIVE-THROUGH AND 4) A ZONING CHANGE FROM PLANNED DEVELOPMENT (PD) 16-10 DISTRICT TO INDUSTRIAL (IN) DISTRICT (ON A PORTION OF THE SUBJECT PROPERTY IDENTIFIED ON EXHIBITS C AND D AS TRACT 2) ON AN 8.232-ACRE TRACT OF LAND ZONED PLANNED DEVELOPMENT (PD) 16-10 DISTRICT FOR INDUSTRIAL USES INCLUDING RETAIL STORE AND LOCATED ON THE NORTHEAST CORNER OF WEST MILLER ROAD AND SOUTH JUPITER ROAD; PROVIDING FOR CONDITIONS, RESTRICTIONS, AND REGULATIONS; PROVIDING A PENALTY UNDER THE PROVISIONS OF SEC. 10.05 OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; PROVIDING A SAVINGS CLAUSE AND A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, at its regular meeting held on the 9th day of April, 2018, the Plan Commission did consider and make recommendations on a certain request for approval of 1) Amendments to Planned Development (PD) 16-10 District for Industrial Uses including Retail Store, 2) Amendments to a Detail Plan for Convenience Store; Fuel Pumps, Retail; Retail Store; Restaurant, Drive-Through and Car Wash, Automated/Rollover, 3) Amendments to a Specific Use Provision for Restaurant, Drive-Through and 4) a Zoning Change from Planned Development (PD) 16-10 District to Industrial (IN) District (on a portion of the subject property identified on Exhibits C and D as Tract 2) made by **Kimley-Horn & Associates**; and

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

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

Section 1

The Garland Development Code is hereby amended by approving 1) Amendments to Planned Development (PD) 16-10 District for Industrial Uses including Retail Store, 2) Amendments to a Detail Plan for Convenience Store; Fuel Pumps, Retail; Retail Store; Restaurant, Drive-Through and Car Wash, Automated/Rollover, 3) Amendments to a Specific Use Provision for Restaurant, Drive-Through and 4) a Zoning Change from Planned Development (PD) 16-10 District to Industrial (IN) District (on a portion of the subject property identified on Exhibits C and D as Tract 2) on an 8.232-acre tract of land zoned Planned Development (PD) 16-10 District for Industrial Uses including Retail Store and located on the northeast corner of West Miller Road and South Jupiter Road and being more particularly described in Exhibit A, attached hereto and made a part hereof.

Section 2

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

Section 3

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

Section 4

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

Section 5

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

ZONING FILE NO. Z 18-18

Section 6

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

PASSED AND APPROVED this _____ day of _____, 2018.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

Published:

EXHIBIT A

LEGAL DESCRIPTION

Zoning File Z 18-18

Being an 8.232-acre tract of land identified as Lot 1,
Block 1 of Bluestone Garland Addition, according to the
plat thereof recorded in Instrument No. 201600364479 of the
Plat Records of Dallas County, Texas.

PLANNED DEVELOPMENT CONDITIONS

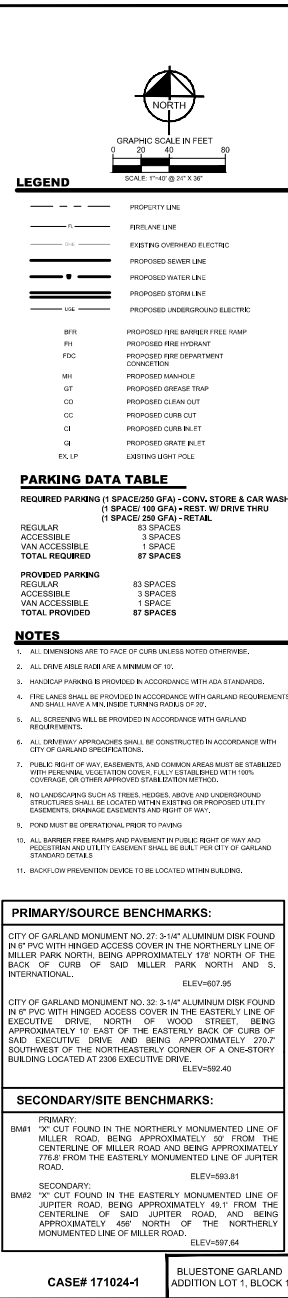
ZONING FILE Z 18-18

On the northeast corner of West Miller Road and South Jupiter Road

- I. Statement of Purpose:** The purpose of this Planned Development is to remove and change the zoning of a 0.930-acre tract of land (identified as Tract 2 on Exhibit C and Exhibit D) from a previously approved Detail Plan and Specific Use Provision under Planned Development (PD) 16-10 District.
- II. Statement of Effect:** This Planned Development shall not affect any regulation found in the Garland Development Code, Ordinance No. 6773, as amended prior to adoption of this ordinance and Planned Development (PD) 16-10 District, except as specifically provided herein.
- III. General Regulations:** All regulations of the Industrial (IN) District as set forth in Chapter 2 of the Garland Development Code and Planned Development (PD) 16-10 District are included by reference and shall apply, except as otherwise specified by this ordinance.
- IV. Development Plans:**
- Development On Tract 1: Development on Tract 1 shall conform to the Detail Plan and Landscape Plan set forth in Exhibit C and Exhibit D; however, in the event of conflict between the Detail Plan, Landscape Plan, the written conditions contained in this ordinance and the written conditions contained in Planned Development (PD) 16-10 District, the written conditions shall control.
- V. Specific Conditions:**
- A. Permitted Uses On Tract 1: Only those uses as permitted in the Industrial (IN) District. Additionally, Retail Store shall be permitted by right.
- B. Tract 1: This ordinance and all the regulations in Planned Development (PD) 16-10 District shall apply only to Tract 1 on Exhibit C and Exhibit D.
- C. Tract 2: Tract 2 on Exhibit C and Exhibit D shall be zoned Industrial (IN) District. All regulations of the Industrial (IN) District as set forth in Chapter 2 of

the Garland Development Code shall apply to Tract 2.

This document, together with the concepts and designs presented herein, is intended only for the specific purpose and client for which it was prepared. Reuse of and improper reliance on this document without written authorization and adaptation by Kinney-Horn and Associates, Inc. shall be without liability to Kinney-Horn and Associates, Inc.



[illegible]



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

3.c.

Meeting Date: May 15, 2018

Item Title: Z 18-20 City of Garland (Districts 3 and 4)

Submitted By: Nathaniel Barnett, Sr. Planner

Summary of Request/Problem

Zoning Ordinance Z 18-20 City of Garland

Recommendation/Action Requested and Justification

Consider adoption of attached ordinance.

Attachments

Z 18-20 Ordinance

Z 18-20 Exhibit A

Z 18-20 Exhibit B

Z 18-20 Exhibit C

Z 18-20 Exhibit D

Z 18-20 Exhibit E

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE GARLAND DEVELOPMENT CODE OF THE CITY OF GARLAND, TEXAS, BY APPROVING A CHANGE IN ZONING FROM URBAN BUSINESS (UB), COMMUNITY RETAIL (CR), AND COMMUNITY OFFICE (CO) TO A PLANNED DEVELOPMENT (PD) DISTRICT FOR MIXED USES, ON APPROXIMATELY 146.372 ACRES OF LAND GENERALLY BOUND BY BOBTOWN ROAD ON THE NORTH, OVERGLEN DRIVE ON THE SOUTH, AND EXTENDING APPROXIMATELY 1,500 FEET EAST AND 1,700 FEET WEST OF ROSEHILL ROAD; PROVIDING FOR CONDITIONS, RESTRICTIONS, AND REGULATIONS; PROVIDING FOR A PENALTY UNDER THE PROVISIONS OF SEC. 10.05 OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; PROVIDING A SAVINGS CLAUSE AND A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, at its regular meeting held on the 23rd day of April, 2018, the Plan Commission did consider and make recommendations on a certain request for approval of a zoning change made by **City of Garland**; and

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

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

Section 1

The Garland Development Code is hereby amended by approval of a change of zoning from Urban Business (UB), Community Retail (CR), and Community Office (CO) to a Planned Development (PD) for Mixed Uses, on approximately 146 acres of land generally bound by Bobtown Road on the north, Overglen Drive on the south, and extending approximately 1,500 feet east and 1,700 feet west of Rosehill Road, and being more particularly described in Exhibit A, attached hereto and made a part hereof.

Section 2

ZONING FILE NO. Z 18-20

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

Section 3

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

Section 4

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

Section 5

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

Section 6

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

PASSED AND APPROVED this _____ day of _____, 2018.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

Published:

EXHIBIT A

LEGAL DESCRIPTION

Zoning File Z 18-20

BEGINNING at point at the intersection of the centerline of Bobtown Road (called 60' right-of-way at this point) and the projection of the east line of that certain tract of land conveyed to Lavender Hill Properties, LLLP, by Bargain and Sale Deed recorded in County Clerk Instrument No. 201300387281, of the OPRDCT, being that same 0.504 acre tract of land described in Warranty Deed with Vendor's Lien from Bobby R. Roan to Nor-Tex Enterprises, Inc., recorded in Volume 84085, Page 537, of the Official Public Records of Dallas County, Texas ("OPRDCT"), said point being generally located N 89°02'19" E a distance of 917.4' from the northwest corner of the McKinney and Williams Survey, Abstract No. 1037;

THENCE with the centerline of Bobtown Road (called 60' right-of-way) the following courses and distances:

North 89 deg. 55 min. 34 sec. East a distance of 76.20 feet;

North 89 deg. 20 min. 41 sec. East a distance of 255.34 feet;

North 89 deg. 40 min. 21 sec. East at 9.35 feet pass the centerline of Rosehill Road and continuing for a total distance of 462.68 feet;

North 89 deg. 20 min. 32 sec. East a distance of 758.77 feet to the intersection of said centerline and a projection of the west line of Lot 1, Block 1, Storagehouse Texas Addition, an addition to the City of Garland, Texas, according to the plat thereof recorded in County Clerk Instrument No. 20080352776 of the OPRDCT;

THENCE South 01 deg. 07 min. 47 sec. East departing said centerline of Bobtown Road (variable right-of-way at this point) at 65.53 feet pass the northwest corner of Lot 1, Block 1 of Lighthouse Self Storage No. 1, an addition to the City of Garland, Texas, according to the plat thereof recorded in Volume 95042, Page 4222, of the OPRDCT, at 70.93 feet pass the

northwest corner of said Lot 1 of Storagehouse Texas Addition, and continuing with the west line of same for a total distance of 674.55 feet to the southwest corner of said Lot 1, Block 1 of Lighthouse Self Storage No. 1;

THENCE North 89 deg. 23 min. 45 sec. East with the south line of said Lot 1, Block 1 of Lighthouse Self Storage No. 1 a distance of 316.01 feet to the east line of Lot 2, Block 1 of said Storagehouse Texas Addition;

THENCE South 00 deg. 44 min. 29 sec. East with the east line of said Lot 2, at 725.58 feet pass the southeast corner of same in the northwesterly right-of-way line of Interstate Highway No. 30 (300' foot right-of-way at this point) and continuing across Interstate Highway No. 30 for a total distance of 797.52 feet to centerline of same;

THENCE South 63 deg. 27 min. 32 sec. West with said centerline of Interstate Highway No. 30 a distance of 1,305.33 feet;

THENCE South 26 deg. 32 min. 28 sec. East perpendicular to and departing said centerline, 174.78 feet to the southeasterly right-of-way line of Interstate Highway No. 30 (variable width right-of-way) and being the northerly terminus of a right-of-way corner clip and also being the most northerly northwest corner of Lot 1, Block 1, of Casa View Baptist Church Addition, an addition to the City of Garland, Texas according to the plat thereof recorded in County Clerk Instrument No. 201000034807 of the OPRDCT;

THENCE South 18 deg. 36 min. 15 sec. West with said corner clip and northwest line of Casa View Baptist Church Addition 24.94 feet;

THENCE South 26 deg. 30 min. 06 sec. East departing said southeasterly right-of-way and continuing with a northeasterly right-of-way line of Interstate Highway No. 30 (variable width right-of-way) and with a westerly line of said Casa View Baptist Church Addition, a distance of 318.98 feet;

THENCE South 18 deg. 16 min. 13 sec. West with a southeasterly right-of-way line of Interstate Highway No. 30 (variable width right-of-way) and with a westerly line of said Casa View Baptist Church Addition, a distance of 124.65 feet to the northwesterly right-of-way line of a 15' alley as shown and described in Oaks No. 3 addition, an addition to the City of Garland, Texas,

according to the plat thereof recorded in Volume 76069, Page 21, of the OPRDCT;

THENCE South 63 deg. 27 min. 32 sec. West with said northwesterly line of 15' alley, at 175.28 feet pass the northeasterly right-of-way line of Rosehill Road (80' right-of-way at this point), and continuing for a total distance of 255.28 feet to the southwesterly right-of-way line of same, being a P.C. of a curve to the left, said curve being concave to the southeast and having a central angle of 09 deg. 55 min. 09 sec., a radius of 733.69', and a chord which bears S 58 deg. 29 min. 58 sec. West a distance of 126.86';

THENCE southwesterly with said curve to the left and said northwesterly right-of-way line of 15' alley an arc distance of 127.02 feet to P.T. of curve;

THENCE South 53 deg. 32 min. 23 sec. West with said northwesterly line of 15' alley at 38.71 feet pass the most easterly corner of Lot 1, Block 1 of The Brook No. 2, an addition to the City of Garland, Texas, according to the plat thereof recorded in Volume 83149, Page 796, of the OPRDCT, and continuing for a total distance of 121.42 feet to P.C. of a curve to the left, said curve being concave to the southeast, having a central angle of 16 deg. 31 min. 20 sec., a radius of 846.24', and a chord which bears S 45 deg. 16 min. 43 sec. West a distance of 243.19';

THENCE southwesterly with said curve to the left and said northwesterly right-of-way line of 15' alley an arc distance of 244.03 feet to P.T. of curve;

THENCE South 37 deg. 01 min. 03 sec. West with said northwesterly line of 15' alley 45.00 feet to the most westerly northwest corner of said Oaks No. 3 addition, being the most northerly northeast corner of Lot 2, Block 1, of said The Brook No. 2;

THENCE South 31 deg. 50 min. 24 sec. West with the northwesterly line of said Lot 2, Block 1, of The Brook No. 2, 345.30 to the most westerly corner of same in a non-tangent curve concave to the southwest, in the northeasterly right-of-way line of Heatherbrook Drive (60 foot right-of-way), same being the northeasterly boundary of Oaks No. 1, an addition to the City of Garland, Texas, according to the plat thereof recorded in Volume 74020, Page 1885, of the OPRDCT, said curve having a central

angle of 10 deg. 32 min. 23 sec., a radius of 1030.00', and a chord which bears N 65 deg. 50 min. 47 sec. West a distance of 189.20' ;

THENCE northwesterly with said curve and northeasterly right-of-way line of Heatherbrook Drive (60 foot right-of-way) an arc distance of 189.47 feet to P.T. of said curve;

THENCE North 71 deg. 06 min. 09 sec. West with said northeasterly right-of-way line of Heatherbrook Drive (60 foot right-of-way) a distance of 170.58 feet to the north corner of said Oaks No. 1, and also being the most southerly southeast corner of The Brook No. 1, an addition to the City of Garland, Texas, according to the plat thereof recorded in Volume 83129, Page 2387, of the OPRDCT, and being the common corner of said The Brook No. 1, The Brook No. 2, and Oaks No. 1;

THENCE North 32 deg. 13 min. 09 sec. East with the common line of said The Brook No. 1 and The Brook No. 2 a distance of 45.98 feet;

THENCE with the westerly line of a variable width Floodway right-of-way as dedicated and shown in said The Brook No. 1 Addition plat, and the east line of a called 9.0012 acre tract of land conveyed to Lavender Hill Properties, LLLP, by Bargain and Sale Deed as recorded in County Clerk Instrument No. 201300387278, of the OPRDCT, the following courses and distances:

North 73 deg. 16 min. 15 sec. West 148.92 feet;

North 65 deg. 15 min. 44 sec. West 138.41 feet;

North 51 deg. 46 min. 34 sec. West 127.23 feet;

North 30 deg. 36 min. 24 sec. West at 117.37 feet pass the southeasterly right-of-way line of said Interstate Highway No. 30 (variable width right-of-way) and continuing for a total distance of 292.41 feet to the centerline of same;

THENCE South 63 deg. 27 min. 32 sec. West with said centerline of Interstate Highway No. 30 (variable width right-of-way) a distance of 158.31 feet;

THENCE North 26 deg. 32 min. 28 sec. West perpendicular to and departing said centerline, 175.00 feet to the northwesterly right-of-way line of Interstate Highway No. 30 (variable width right-of-way), and being in a southwesterly line of Lot 1, Block

EXHIBIT A

1, of Jordan Addition, an addition to the City of Garland, Texas according to the plat thereof recorded in Volume 89156, Page 1579, of the OPRDCT, and also being the most southerly corner of a 21.928 acre tract of land described in Special Warranty Deed to the City of Garland, Texas, as recorded in County Clerk Instrument No. 201800011453, OPRDCT;

THENCE North 16 deg. 48 min. 40 sec. West with said southwesterly line of said Jordan Addition and City of Garland tract 34.42 feet;

THENCE North 25 deg. 10 min. 42 sec. West with a southwesterly line of said Jordan Addition and City of Garland tract 693.56 feet to P.C. of a curve to the left and being concave to the southwest, said curve having a central angle of 40 deg. 15 min. 02 sec., a radius of 200.00', and a chord which bears N 45 deg. 18 min. 11 sec. West a distance of 137.63';

THENCE with a southwesterly line of said Jordan Addition, City of Garland tract, and curve to the left an arc distance of 140.50 feet to P.T. of said curve;

THENCE North 65 deg. 25 min. 42 sec. West 84.90 feet to the west line of said Jordan Addition and City of Garland tract;

THENCE North 02 deg. 50 min. 48 sec. East with said west line of Jordan Addition, at 153.37 feet pass the northwest corner of said City of Garland tract, and continuing with said Jordan Addition for a total distance of 556.69 feet to the northwest corner of same, and also being a southeast corner of Myers Meadow, an addition to the City of Garland, Texas, according to the plat thereof recorded in County Clerk Instrument No. 200600322074, of the OPRDCT;

THENCE North 89 deg. 52 min. 56 sec. East with the north line of said Jordan Addition and the south line of said Myers Meadow 517.95 feet to the northeast corner of Jordan Addition, same being the southeast corner of said Myer's Meadow;

THENCE North 00 deg. 46 min. 15 sec. West with the most easterly line of said Myers Meadow and the west line of two particular tracts of land comprising a portion of multiple tracts of land conveyed to Lavender Hill Properties, LLLP, a Nevada limited liability limited partnership, by Bargain and Sale Deed (no acreage recited therein) recorded in County Clerk Instrument No. 201300387279, of the OPRDCT, and also being the west line of that same 32.132 acre tract of land described Warranty Deed to

EXHIBIT A

Warner C. Lusardi recorded in Volume 94138, Page 4417 of the OPRDCT, a distance of 370.52 feet to the northwest corner of same;

THENCE North 89 deg. 11 min. 33 sec. East with the north line of said Lavender Hill Properties, LLLP tracts and Lusardi tract, at 324.23' pass the southwest corner of Bobtown Subdivision, an addition to the City of Garland, Texas, according to the plat thereof recorded in Volume 88142, Page 2226, of the OPRDCT, at 598.94' pass the southwest corner of G.P.&L./Bobtown Addition, an addition to the City of Garland, Texas, according to the plat thereof recorded in Volume 2003094, Page 55, of the OPRDCT, and continuing for a total distance of 930.22 feet to the southeast corner of said G.P.&L./Bobtown Addition;

THENCE North 00 deg. 26 min. 34 sec. East with the east line of said G.P.&L./Bobtown Addition 354.30 feet;

THENCE South 89 deg. 35 min. 46 sec. West with a northerly line of said G.P.&L./Bobtown Addition 123.23 feet;

THENCE North 00 deg. 24 min. 14 sec. West with an easterly line of said G.P.&L./Bobtown Addition 288.15 feet to the southwest corner of said tract of land conveyed to Lavender Hill Properties, LLLP by Bargain and Sale Deed (no acreage recited therein) as recorded in County Clerk Instrument No. 201300387281, of the OPRDCT, a predecessor in title being that same certain 0.504 acre tract of land conveyed from Bobby R. Roan to Nor-Tex Enterprises, Inc. by Warranty Deed with Vendor's Lien recorded in Volume 84085, Page 537 of the OPRDCT;

THENCE North 89 deg. 39 min. 08 sec. East with the south line of said Lavender Hill Properties, LLLP tract 105.00 feet to the southeast corner of same;

THENCE North 00 deg. 24 min. 14 sec. West with the east line of said Lavender Hill Properties, LLLP tract, at 209.30 feet pass the northeast corner of same in the south right-of-way line of Bobtown Road (60' right-of-way at this point) and continuing for a total distance of 237.66 feet to the **PLACE OF BEGINNING** and contained a computed area of **146.372** acres, more or less.

PLANNED DEVELOPMENT CONDITIONS

ZONING FILE 18-20

North of Overglen Drive, extending approximately 1,500 feet east and 1,700 feet west of Rosehill Road, and south of Bobtown Road

- I. **Statement of Purpose:** The purpose of this Planned Development District is to allow for a mix of uses subject to conditions.
- II. **Statement of Effect:** This Planned Development District shall not affect any regulation found in the Garland Development Code (GDC), Ordinance No. 6773, as amended prior to adoption of this ordinance, except as specifically provided herein.
- III. **General Regulations:** All regulations in Ordinance 6773 Garland Development Code (GDC), are included by reference and shall apply, except as otherwise specified by this ordinance.
- V. **Specific Regulations:**
 - A. Regulating Plan: All uses, conditions, processes and standards shall be as provided within Exhibit C.
 - B. Concept Plan: Development shall generally conform to the Concept Plan layout as shown in Exhibit D.

Vistas of Rosehill Planned Development Regulating Plan

Purpose:

The purpose of this Planned Development District is to permit the development of a mix of Single-Family and Urban-style Multi-Family residential uses along with supportive commercial developments of office, restaurant, and retail land uses in the defined area of the Interstate 30 Catalyst Area Plan – Rosehill Road/Interstate 30 Targeted Investment Area.

Residential development is intended to focus on small lots with attached and detached dwellings, forming a compact walkable community framed with non-programmed open spaces, trails and sidewalks. Small, neighborhood-scaled commercial businesses will form the essence of the commercial areas north of Interstate 30 adjacent to the residences. The open spaces will provide attractive community linear and pocket parks with restful seating, natural and man-made shade along a broad promenade meandering in the midst of trees, shrubs, and plantings providing areas for relaxation and contemplation. These spaces will serve as buffers and amenities to connect and join commercial areas with residential areas to create a unified, enhanced, and peaceful neighborhood. All sub-districts created shall focus on pedestrian connections throughout the area and to one another. The incorporation of wide sidewalks and pedestrian amenities such as street furniture, pedestrian-scaled lighting, signage, and trees and shrubs will be highly encouraged in all sub-districts.

Development Procedures:

All proposed plans will be subject to administrative approval of a Preliminary Development Plan (PDP) and conditions consistent with this ordinance. Any minor deviations from this Planned Development District shall be required to gain approval through the Alternative Compliance process which shall be approved by the Planning Director or his/her appointee. Major deviations from this Planned Development District must submit an application for a zoning change and follow the public hearing process. Descriptions of a major and minor deviation can be found in the definition section of this Regulating Plan. An approved Preliminary Development Plan may be modified in conformance with the Minor and Major PDP revision process established in the Garland Development Code (GDC) except a Major revision to a PDP previously approved by the City Council shall be subject to a public hearing process considered by the City Council with a recommendation from the Plan Commission.

When required, Specific Use Provisions (SUP) shall follow the Specific Use Provision procedures outlined in the Garland Development Code (GDC).

Boundaries:

This ordinance shall apply within the area as described in the metes and bounds in Exhibit A. The total acreage of this district is approximately 146.3.

Permitted Land Uses:

The Vistas of Rosehill Planned Development District is divided into four sub-districts, as depicted on Exhibit E. The intent of each sub-district and a table of uses is shown below. Each sub-district focuses on land uses and their layout that will provide compatibility, walkable pathways, pedestrian-scaled amenities, and connectivity to each other to help improve the quality of life for residents within this neighborhood. Linkages to adjacent neighborhoods via hike/bike trail connections, wider sidewalks along existing streets, and planned crosswalks and streetscape improvements will help broaden the impact of planned amenities such as linear parks and creek improvements for the general area.

Sub-district descriptions

Sub-district 1 – Single-Family residential uses

Sub-district 2 – Residential and neighborhood office uses

Sub-district 3 – Community core with a mix of uses

Sub-district 4 – Commercial & Retail uses

Sub-district 1 – Single-Family Residential Uses

The permitted land uses in this sub-district are intended to focus on small-lot Single-Family detached residential dwellings as well as Single-Family attached residential dwellings. Along with residential uses, land uses supportive of a residential community shall also be allowed. The following uses shall be permitted accordingly:

Land Use	Permission*
Dwelling, Single-Family Detached	P
Dwelling, Single-Family Attached (Townhouse)	P
Church	P
Garden, Civic or Charitable	P
Accessory structure	P

* P = permitted, S = Specific Use Provision

Sub-district 2 – Residential and Neighborhood Office Uses

The permitted land uses in this sub-district are intended to focus on a mixture of higher density residential uses and small offices to serve the adjacent communities. This sub-district shall serve as a transitional area into the lower density Single-Family areas and provide a buffer from higher density areas, municipal utility facilities, as well as freeway frontage. The following uses shall be permitted accordingly:

Land Use	Permission*
Dwelling, Single-Family Detached	P

Dwelling, Single-Family Attached (Townhouse)	P
Garden, Civic or Charitable	P
Business & Media Service	P
Church	P
Financial Institution (max. 5,000 sf)	P
Medical and Dental Office/Clinic (max. 5,000 sf)	P
Office, General (max. 5,000 sf)	P
Veterinary Clinic, Small Animal (indoors only)	P
Accessory structure	P

* P = permitted, S = Specific Use Provision

Sub-district 3 – Community Core with a Mix of Uses

The permitted land uses in this sub-district are intended to focus on a mixture of residential and nonresidential uses in a pedestrian-friendly environment. This sub-district shall incorporate high-density residential and mixed-use projects along with office, retail and other uses. The core area of this district shall serve those living in the community as well as for the convenience of those traveling along the freeway. The following uses shall be permitted accordingly:

Land Use	Permission*
Dwelling, Single-Family Attached (Townhouse)	P
Dwelling, Urban-style Multi-Family	P
Dwelling, Live/Work	P
Mixed-Use commercial/residential	P
Bakery, Retail	P
Breweries, Wineries, Distilleries	S
Business & Media Service	P
Church	P
Commercial Amusement, Indoor	P
Convenience Store (1,000 – 5,000 sf)	P
Financial Institution (<5,000sf)	P
Fuel Pumps, Retail	S
Grocery/Supermarket (5,001 – 46,000 sf)	P

Health & Fitness Gym (indoor)	P
Hotel/Motel, Boutique	P
Hotel/Motel, Limited Service	P
Laundry, Drop-off (without drive-through or window)	P
Medical and Dental Office/Clinic (max. 5,000 sf)	P
Office, General (max. 5,000 sf)	P
Personal Services	P
Pharmacy (without drive-through or window)	P
Reception Facility	S
Restaurant (without drive-through or window)(<5,000sf)	P
Retail Store	P
Theater, Small Scale	P
Veterinary Clinic, Small Animal (indoors only)	P
Accessory structure	P

* P = permitted, S = Specific Use Provision

Sub-district 4 – Commercial & Retail Uses

The permitted land uses in this sub-district are intended to focus on limited commercial, office, and retail uses. This sub-district shall provide uses that will be beneficial to the surrounding communities and for the convenience of those traveling along the freeway. The following uses shall be permitted accordingly:

Land Use	Permission*
Bakery, Retail	P
Business & Media Service	P
Church	P
Commercial Amusement, Indoor	P
Convenience Store (1,000 – 5,000 sf)	P
Financial Institution	P
Fuel Pumps, Retail	S
Grocery/Supermarket (>5,000 sf)	P
Health & Fitness Gym (indoor)	P

Hotel/Motel, Full Service	P
Hotel/Motel, Limited Service	P
Laundry, Drop-off (without drive-through or window)	P
Medical and Dental Office/Clinic	P
Office, General	P
Personal Services	P
Pharmacy (without drive-through or window)	P
Restaurant (without drive-through or window)	P
Retail Store	P
Theater, Large Scale	S
Theater, Small Scale	P
Veterinary Clinic, Small Animal (indoors only)	P

* P = permitted, S = Specific Use Provision

Urban-style Multi-Family Development:

To encourage greater densities within sub-district 3, the following deviations from the Garland Development Code shall be allowed:

The maximum number of units per acre shall be 30 units. If the Urban-style Multi-Family development is part of a mixed-use building with ground floor retail/office, the maximum number of urban-style Multi-Family units per acre shall be 80. The first floor of a mixed-use building shall be constructed to a minimum floor to ceiling height of 15 feet. Density is based on gross lot area, including abutting rights-of-way.

The minimum unit size for efficiency dwelling units shall be 450 square feet, 1-bedroom units shall be 550 square feet, 2-bedroom shall be 700 square feet, and additional bedrooms shall be 150 square feet.

The building placement visible from the street shall be parallel to the street and not placed at an angle. Articulation standards and maximum building lengths shall apply as regulated within the Garland Development Code.

Nonresidential and Urban-style Multi-Family Development:

Building Design

Building elevations shall be approved at the time of PDP approval. All building materials and site materials (such as lighting, furnishings and landscaping) shall be compatible with one another.

Each exterior wall of all buildings shall be composed of a minimum of ninety (90) percent masonry applied to all sides of the building, excluding doors, windows and window walls. For purposes of this ordinance, masonry shall be defined as it is defined in the Garland Development Code (GDC). The percentage of masonry is measured for each expanse of exterior wall between corners having an angle of fifteen degrees or more.

At least two different masonry materials must be used on each façade of the building. Each of the two chosen materials must comprise at least 20 percent of each façade.

Building articulation shall be such that any building that faces a street, parking lot, or drive and has linear frontage in excess of 100 feet shall have no less than 25 percent of the total area of their front facades offset a minimum of 7 feet, either recessed back from or protruding forward of the remainder of the façade. Buildings with 100 feet or less frontage shall have no less than 25 percent of the total area of their facades offset a minimum of 5 feet.

All screening walls (including dumpster enclosures) shall be constructed of materials to match the type and colors of the materials used on the site's buildings. Refuse design shall comply with the GDC.

Carports must generally match the roof of the main structure in architectural style, building materials, color, roof pitch, and roofing material.

Carports must be supported with decorative columns or columns encased in a masonry material at the base, to at least three feet above grade. Any portion of the column above the masonry base must be coated with a durable material to match the color of the main structure.

All nonresidential and Urban-style Multi-Family buildings must incorporate at least six design elements listed below:

- a) Alcoves/porticos;
- b) Arched doorways or arches over windows;
- c) Awnings or canopies;
- d) Bay windows;
- e) Display windows;
- f) Distinctive lighting features;
- g) Dormers;
- h) Gable windows;
- i) Ornamental façade trims;
- j) Ornamental window headers/lintels;
- k) Quoins;
- l) Recessed entries;
- m) Sconces;
- n) Shutters;
- o) Transoms;
- p) Varied roof heights

- q) Comparable elements not listed, subject to the Planning Director or appointee approval.

All nonresidential and Urban-style Multi-Family buildings must contain at least two site features listed below:

- a) Arbor;
- b) Benches for outdoor seating;
- c) Fountain or water feature;
- d) Planters;
- e) Stained/stamped concrete or decorative paver walkway
- f) Comparable elements not listed, subject to the Planning Director or appointee approval

Highly reflective mirror glass shall not be used as an exterior building material on any building or structure. However, in order to encourage energy efficiency, the use of tinted or inward facing mirrored glass is allowed.

Single-Family Attached and Detached Residential Development:

Building Design

There is no maximum lot coverage within this PD area.

Minimum dwelling size shall be 1,500 square feet of living area.

Exterior walls of all buildings and accessory structures shall be composed of a minimum of eighty (80) percent masonry materials, excluding doors and windows. For purposes of this ordinance, masonry shall be defined as it is defined in the Garland Development Code (GDC).

Accent materials must be compatible with the main materials used for the building.

Roof pitch shall be that proposed in the development application.

Front doors shall be obvious to the street and public sidewalk.

Light fixtures shall be provided at the front door and both sides of any garage.

Interior of garages shall be no less than twenty feet in total depth.

Carports are not allowed.

All residential buildings must incorporate at least five design elements listed below:

- a) Arches (windows or doors);
- b) Bay windows;
- c) Carriage-style garage doors with decorative hardware (when front or side entry);
- d) Combination of brick and stone on the front elevation;
- e) Covered front porch at least 50% of front façade and columns with a masonry base;
- f) Distinctive lighting such as sconce lighting;
- g) Divided light windows;

- h) Dormers;
- i) Faux wood garage doors (when front or side entry);
- j) Gabled roofs;
- k) Porch columns;
- l) Porch railings;
- m) Shutters;
- n) Comparable elements not listed, subject to approval.

The above elements may encroach into the required setbacks; however, if an encroachment interferes with fire or building safety provisions, it shall not be allowed unless authorized by the Building or Fire Department officials.

Building Placement and Setbacks

Sub-district 1

Buildings shall be setback a minimum of twenty feet from the front property line.

Buildings shall be setback a minimum of ten feet from the rear property line.

Buildings shall be setback a minimum of five feet from the side property line.

Sub-district 2

All buildings shall be setback a minimum of twenty feet from the front property line.

Residential buildings shall be setback a minimum of five feet from the side and rear property line.

Nonresidential buildings do not have a minimum side and rear setback from nonresidential uses and twenty feet from residential uses.

Sub-district 3

Buildings shall be constructed so that parking areas are screened from adjacent streets or public open spaces by being placed to the rear or side of the structure, where feasible. This is not required when facing the I-30 freeway.

All buildings and structures shall be setback a minimum of fifteen feet from the front property lines.

Nonresidential uses shall have a minimum side setback of twenty feet and rear setback of twenty-five feet. When not adjacent to the street, nonresidential uses do not have a minimum side and rear setback from other nonresidential uses, but shall have a minimum of twenty feet from residential uses.

Nonresidential uses adjacent to residential uses in other sub-districts shall have a thirty foot setback.

Residential buildings shall be setback a minimum of five feet from the side and rear property line.

Architectural features such as cornices, roof overhangs, unsupported canopies, porticos and balconies may project not more than five feet into the required setbacks.

Sub-district 4

Buildings and structures shall be setback a minimum of fifteen feet from the front property lines.

Buildings shall have a minimum side setback of twenty feet and rear setback of twenty-five feet. When not adjacent to the street, buildings do not have a minimum side and rear setback from the property lines.

When adjacent to residential properties, a minimum setback of 40 feet from the property line must be provided. The setback shall serve as a buffer between the residential and nonresidential uses. Within the setback (buffer), the nonresidential development must provide one large canopy tree for every twenty-five linear feet, or portion thereof, and must be equally spaced for the entire length of the setback.

Architectural features such as cornices, roof overhangs, unsupported canopies, porticos and balconies may project not more than five feet into the required setbacks.

DEFINITIONS:

The following definitions are intended to provide descriptions for words and terms used in this ordinance. Unless defined herein, all words and terms used shall have the same meaning as allotted in the Garland Development Code.

Boutique Hotel – a building providing transient lodging accommodations for compensation, usually containing fewer than 100 rooms, and that is not classified as a full service hotel or limited service hotel. Boutique hotels typically have distinctive and contemporary design and décor; promote a luxurious or avant-garde atmosphere.

Major Deviation of this Ordinance – a request not allowed by this Ordinance and/or that would significantly change the intent or characteristics of the Planned Development District as determined by staff. Such request would include increases in height greater than 10%, building materials not allowed by this ordinance that are not similar to other allowed materials, uses not allowed, etc.

Minor Deviation of this Ordinance – a request not allowed by this Ordinance that slightly modifies a development. Such request would include minor landscaping changes, building materials not allowed but are similar to materials that are allowed, small adjustments to setbacks, etc.

Dwelling, Urban-style Multi-Family – this dwelling type shall consist of elements that lend themselves to a building within a densely populated area. Such elements include flat roofs, interior corridors, first floor entries that face the street with front door pads or steps leading to the front door, buildings located close to the street, and structured parking or surface parking located interior to the complex.

Other elements may be suggested that would constitute an urban-style development through the use of pictures or drawings that reflect similar images as those in the I-30 Catalyst Area Plan.

DEVELOPMENT STANDARDS:

The following section contains development standards and provisions that shall regulate new construction within the affected area of this Planned Development District. Deviations must be approved as outlined in this ordinance for major and minor deviations.

Alleys

Alleys shall not be required.

Amenities

Street furnishings shall be provided and maintained at a rate of one seating area and amenity per 300 linear feet of trail or sidewalk segments. Sidewalks and trails with frontage along Single-Family residential uses shall be exempt from this provision. Seating areas and amenities shall include items such as benches, bicycle parking racks, bus shelters, public art and trash receptacles. Other amenities may be provided, subject to approval of the Planning Director or appointee.

Bicycle Parking

Bicycle parking shall be provided at a rate of at least one space for every ten automobile parking spaces required (or portion thereof) as part of the base parking requirement.

Building Height

Structures shall not exceed the stated heights below:

Sub-district 1	35 feet
Sub-district 2	60 feet
Sub-district 3	75 feet
Sub-district 4	75 feet

A minimum setback of one foot for every one foot in height must be maintained for any nonresidential structure adjacent to Sub-districts 1 and 2 Single-Family uses (i.e. a forty foot tall building must be setback a minimum of forty feet from Single-Family residential). This is also applicable to the Single-Family uses that are adjacent to the south side of sub-district 4.

In Sub-districts 1 and 2, the maximum height does not include items such as chimneys, spires, steeples, or other roof top accessories.

Carports

Carports are not allowed for Single-Family residential.

Carports shall generally match the architectural style of the main structure in nonresidential and Urban-style Multi-Family developments.

Roofs shall match the roofing material of the main building.

Carports shall not be located closer than eighteen feet, measured post-to-post on the same parking row, to another parking structure without a landscaped island and at least one large canopy tree between structures.

Reductions in the amount of covered parking may be requested through the Alternative Compliance process approved by the Planning Director.

Fencing

Unless otherwise specified herein, the fencing provisions of the Garland Development Code (Article 8) shall be required. Alternatives may be proposed through the Alternative Compliance process approved by the Planning Director.

Lot sizes

Lot sizes for Single-Family residential uses shall be a maximum of 7,000 square feet. An exception may be granted for lots along corners and curves. Maximum lot widths shall be 70 feet and maximum lot lengths shall be 120 feet.

There are no minimum lot sizes.

Parking and Loading

Unless otherwise specified herein, the parking provisions of the Garland Development Code (Section 2.51) shall be required.

Parking reductions may be granted if the applicant submits a parking study showing the required amount of parking is in excess of the amount needed for the intended use. The parking study must include an analysis of parking at peak hours for the use, parking for comparable uses in the area, and an aerial photograph of parking lots for the use at peak hours.

Loading areas shall be located on the opposite side of commercial buildings, away from Single-Family residential uses, and within service courts or similarly constructed areas that provide screening of the loading areas from the street. Screening may be provided with a solid masonry wall or high level screening hedge. Alternatives may be proposed through the Alternative Compliance process approved by the Planning Director.

Screening and Landscaping

Unless otherwise specified herein, the screening and landscaping provisions of the Garland Development Code (Article 3, Section 4.33 - 4.47) shall be required.

Trees are allowed to be planted in the parkway in sub-districts 1 and 2. Where trees are planted in the parkway, root barriers or equivalent may be required. Large Canopy Trees may be substituted with Small Ornamental Trees within the parkway.

Sidewalks and trails

Trail or Hike/Bike path widths shall be 12 feet wide.

Minimum sidewalk widths shall be 6 feet wide.

Connections shall be made from nonresidential lots adjacent to hike/bike trails to incorporate pedestrian connections throughout the area.

Single-Family residential subdivisions shall have a sidewalk or trail system that connects to the larger trails in the area.

Signage

Pole signs are not allowed.

Unless otherwise specified herein, the sign provisions of the Garland Development Code (Article 5) shall be required.

The criteria for signs in residentially-zoned areas of Article 5, Division 5 in the Garland Development Code shall be applicable to residential properties in sub-districts 1, 2, and 3.

Conceptual Plan



Exhibit D

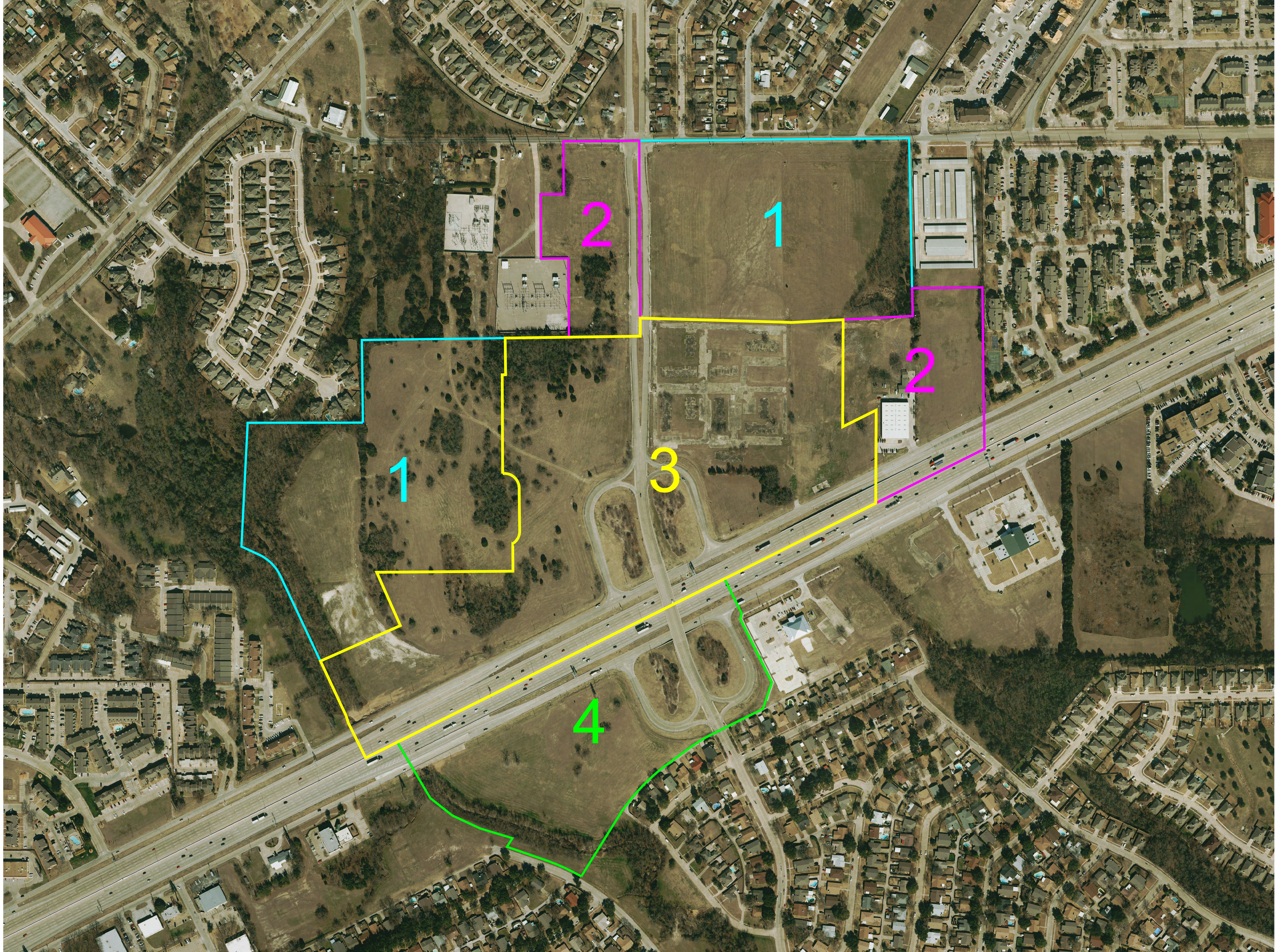


Exhibit E
Subdistricts Map



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

4.

Meeting Date: May 15, 2018

Item Title: Sale of Property - 802 E. Walnut Street

Submitted By: Corey Worsham, Tax Administrator

Summary of Request/Problem

At the March 20, 2018 City Council Work Session, Council was briefed on the potential sale of property at 802 E Walnut Street. The City of Garland has received an unsolicited offer from Luz Leija related to the purchase of City owned property obtained through a 2017 Sheriff's Sale. Mr. Leija has presented an offer of \$300,000 for the property. The purchaser has also agreed to pay the post-judgment taxes at closing. The post-judgment taxes will be approximately \$279,337 bringing the total amount paid at closing cost to approximately \$579,337. The City of Garland will receive sale proceeds of \$1,500 for maintenance and \$98,033 in taxes totaling \$99,533.

Recommendation/Action Requested and Justification

Staff recommends that the City Council accept the offer and sell the property to Mr. Leija. Pursuant to Section 34.05 of the Texas Property Tax Code, consent of sale has been provided by Dallas County and the Garland Independent School District. The sale of this property further supports a stable tax base and future development opportunities.

Attachments

802 E Walnut - Resolution

802 E Walnut - Deed

802 E Walnut - Offer

802 E Walnut - Map and Picture

802 E Walnut - GISD Consent of Sale

802 E Walnut - County Consent of Sale

RESOLUTION NO. _____

A RESOLUTION AGREEING TO THE SALE OF CERTAIN PROPERTY LOCATED WITHIN THE CITY OF GARLAND AND OWNED BY TAXING AUTHORITIES INCLUDING THE CITY OF GARLAND AS THE RESULT OF A TAX SALE; AUTHORIZING THE MAYOR TO EXECUTE A DEED WITHOUT WARRANTY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, taxing entities including the City of Garland, Texas, have become owners of certain real property by virtue of a foreclosure sale conducted pursuant to an order of the 193rd Judicial District Court of Dallas County, Texas in cause number TX09-40819, and

WHEREAS, it is to the benefit of all taxing entities that the property ultimately be returned to the tax rolls

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

Section 1

The City does hereby consent to the sale by public sale 802 E Walnut Street, Garland, Texas more fully described as follows:

BEING PART OF LOTS 3 & 4, BLOCK H, GARVON 10 ADDITION, aka 802 E. WALNUT ST., CITY OF GARLAND, DALLAS COUNTY, TEXAS, AS RECORDED IN INSTRUMENT 201000207109, OF THE DALLAS COUNTY DEED RECORDS.

Section 2

That the Mayor is hereby authorized to execute a deed without warranty in the form and substance of that attached hereto as Exhibit "A".

Section 3

This Resolution shall take effect immediately from and after its passage in accordance with the provisions of the law.

PASSED AND APPROVED this the _____ day of _____, 2018.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

DEED WITHOUT WARRANTY

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF DALLAS §

That the **City of Garland**, a Texas home-rule municipality ("Grantor"), for and in consideration of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration to Grantor, the receipt and sufficiency of which is hereby acknowledged, paid in hand by **Luz Leija, 401 S. Second Street, Garland, Tx 75040** ("Grantee"), has GRANTED, SOLD and CONVEYED, and by these presents does GRANT, SELL and CONVEY unto Grantee that certain lot, tract, or parcel of land, commonly known as **802 E. Walnut Street**, situated in the City of Garland, County of Dallas, State of Texas, to wit:

BEING PART OF LOTS 3 & 4, BLOCK H, GARVON 10 ADDITION, aka 802 E. WALNUT ST., CITY OF GARLAND, DALLAS COUNTY, TEXAS, AS RECORDED IN INSTRUMENT 201000207109, OF THE DALLAS COUNTY DEED RECORDS. (the "Property").

This Deed Without Warranty is subject to:

- (i) any and all visible and apparent easements and encroachments, whether of record or not;
- (ii) any and all covenants, conditions, reservations, restrictions, exceptions, easements, rights-of-way, mineral interests, mineral leases, or other instruments of record applicable to the land or any part thereof;
- (iii) rights of the public to any portion of the above described property lying within the boundaries of dedicated or existing roadways or which may be used for road or street purposes;
- (iv) rights of parties in possession; and
- (v) any right of redemption as specified in Chapter 34, Subchapter B, Texas Property Tax Code.

It is understood and agreed that Grantor is not making any warranties or representations of any kind or character, express, implied or statutory, with respect to the Property, its physical condition or any other matter or thing relating to or affecting the Property and that the Property is being conveyed and transferred to Grantee "AS IS, WHERE IS, AND WITH ALL FAULTS." Grantor does not warrant or make any representations, express or implied, as to fitness for a particular purpose, merchantability, design, quantity, physical condition, operation compliance with specifications, absence of latent defects or compliance with laws and regulations (including, without limitation, those relating to zoning, health, safety and the environment) or any other matter affecting the Property.

THIS DEED IS MADE WITHOUT WARRANTY, EXPRESS OR IMPLIED, AND GRANTOR EXPRESSLY DISCLAIMS, EXCEPTS AND EXCLUDES ANY AND ALL WARRANTIES OF TITLE OR OTHERWISE FROM THIS CONVEYANCE, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES ARISING UNDER COMMON LAW OR STATUTE.

The intent of this Deed Without Warranty is to transfer the Property foreclosed on by the Grantor taxing jurisdictions in Cause TX09-40819 in the 193rd Judicial District Court, Dallas County, Texas, and no more.

When the context requires, singular nouns and pronouns include the plural.

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto and in anywise belonging unto Grantee, his heirs, successors and assigns forever; **WITHOUT WARRANTY AND SUBJECT IN ALL RESPECTS TO THE DISCLAIMERS SET FORTH ABOVE.**

EXECUTED on the dates set forth in the acknowledgements below, to be EFFECTIVE on the _____ day of _____ 201_.

GRANTOR:

CITY OF GARLAND, a Texas home-rule
municipality

By: _____

Title: _____

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

The foregoing instrument was acknowledged before me on the _____ day of _____, 201_, by _____, in his capacity as Mayor of the City of Garland.

NOTARY PUBLIC, STATE OF TEXAS

PRINTED NAME OF NOTARY

MY COMMISSION EXPIRES:

PerdueBrandonFielderCollins&Mott LLP
ATTORNEYS AT LAW

1919 S. SHILOH RD.
GARLAND, TEXAS 75042
TELEPHONE 972-278-8282
FAX 972-278-8222
www.pbfcml.com

J. Douglas Burnside
ATTORNEY AT LAW
dburnside@pbfcml.com

February 23, 2018

Mr. Corey Worsham
Tax Assessor/Collector
City of Garland
217 N. 5th Street
Garland, Texas 75040

Via electronic-mail

Re: Offer from Luz Leija to purchase
802 E. Walnut, Garland, Texas

Dear Mr. Worsham:

Luz Leija has offered to purchase 802 E. Walnut, Garland, Texas (BEING PART OF LOTS 3 & 4, BLOCK H, GARVON 10 ADDITION, aka 802 E. WALNUT ST., CITY OF GARLAND, DALLAS COUNTY, TEXAS, AS RECORDED IN INSTRUMENT 201000207109, OF THE DALLAS COUNTY DEED RECORDS.) for \$300,000.00. Please note that as a part of this transaction, all post-judgment taxes for the years 2011-2017 will be paid at closing exclusive of the above amounts. The total amount of post-judgment taxes will be approximately \$279,336.72 of which the City of Garland will receive approximately \$74,810.01.

This property was sold at a Sheriff's Sale on October 3, 2017 pursuant to delinquent tax collection suit number TX09-40819. There were no bidders and the property was struck off to the City of Garland for itself and on behalf of the other taxing jurisdictions. Also included in the judgment was a transfer of tax lien company, Tax Ease Funding, LP. The taxing entities had transferred their 2002-2007 tax liens pursuant to Texas Property Tax Code Section 32.06 to Tax Ease Funding, LP. Their liens have an equal priority to the liens of the taxing entities. Tax Ease Funding, LP subsequently transferred its interest in the property to FGMS Holdings, LLC.

The property's most recent value according to the Appraisal District is \$891,210.00. The property was struck off for the total judgment amount, \$597,269.83, which includes taxes, penalties and interest, utility lien, costs of court, and costs of sale.

Pursuant to the Texas Property Tax Code, City reimbursement for post-sale maintenance, court costs and costs of sale must be paid first out of the proceeds of a resale. Those costs total \$12,932.76. The

remainder would be distributed to the taxing jurisdictions and FGMS Holdings, LLC pro-rata. A breakdown of amounts each taxing entity will receive is enclosed.

Because the purchase price is less than either the Judgment amount of taxes and court costs, \$597,269.83, or the market value as stated in the judgment, \$891,210.00, all jurisdictions included in the judgment must consent to the sale. Our office will obtain the necessary consent for the sale to proceed.

If the City decides to accept this offer, enclosed for execution is a Special Warranty Deed our office prepared for this resale. When the Deed is executed, please return it to me so that I may finalize the transaction.

If you have any questions or need additional information, please do not hesitate to call me.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Douglas Burnside", is written over a light gray rectangular background.

J. Douglas Burnside

Enclosure

Re-sale Disbursement Worksheet

CAD Acct #:	26222500080030000
Property address:	802 E. Walnut
Cause No.:	TX09-40819
Judgment Date:	April 14, 2011
Sheriff's Sale Date:	October 3, 2017
Judgment amount:	GISD 2008-2010 taxes \$38,247.94 (56.6%)
	City 2008-2010 taxes \$22,198.66 (32.9%)
	County 2010 taxes \$7,091.19 (10.5%)
	Tax Ease, LP 2002-2007 taxes \$206,867.48 (75.4%)
Total Judgment for Taxes:	\$274,405.27
City Utility Lien:	\$3,600.48
Court costs:	\$7,052.30
Sheriff's fees for sale:	\$4,010.71
Publication fees for sheriff's sale, paid by Perdue Brandon:	\$369.75
Total Costs:	\$11,432.76

Funds to be disbursed as follows:

1.	Dallas County District Clerk	\$7,052.30
2.	Dallas County Sheriff	\$4,010.71
3.	Perdue Brandon Fielder Collins & Mott, LLP	\$369.75
4.	City of Garland (administrative fee)	\$1,500.00
5.	City of Garland (Pro-rata Judgment tax year distribution)	\$23,222.98
6.	Garland ISD (Pro-rata Judgment tax year distribution)	\$40,012.83
7.	John Ames, Dallas County Tax Assessor (Pro-rata Judgment tax year distribution)	\$7,418.40
8.	FGMS Holdings, LLC	\$216,413.03
	TOTAL Judgment Distribution	\$300,000.00

Post Judgment Distribution:

9.	City of Garland (Post Judgment tax year distribution)	\$74,810.01
10.	Garland ISD (Post Judgment tax year distribution)	\$135,573.25
11.	John Ames, Dallas County Tax Assessor (Post Judgment tax year distribution)	\$68,953.46
	TOTAL Post Judgment Distribution	\$279,336.72

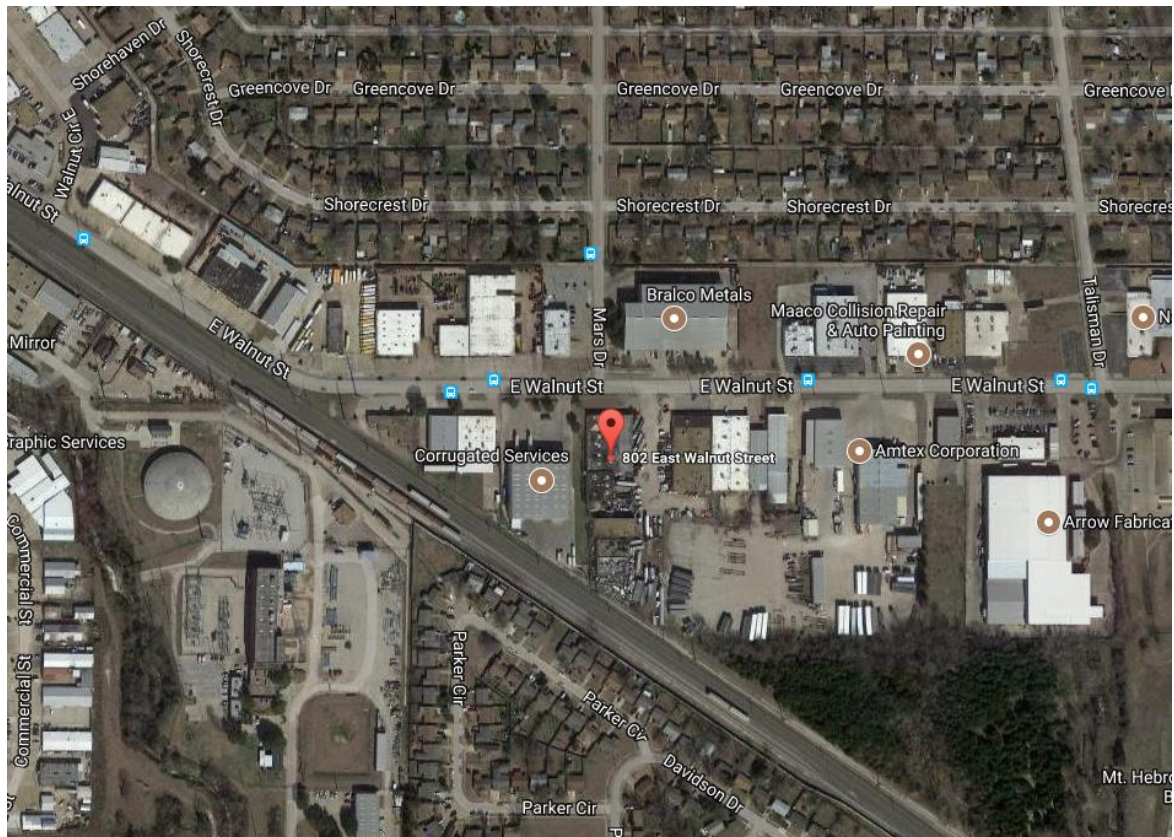
	TOTAL Distribution	\$579,336.72
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802 E. Walnut Picture and Maps



26222500080030000

802 E. Walnut Picture and Maps



RESOLUTION

A RESOLUTION AUTHORIZING THE CITY OF GARLAND TO RE-SELL TAX FORECLOSED PROPERTY LOCATED AT 802 E. WALNUT, GARLAND, TEXAS, BY PUBLIC OR PRIVATE SALE, AS PROVIDED BY SECTION 34.05 OF THE TEXAS PROPERTY TAX CODE

WHEREAS, pursuant to a delinquent tax collection lawsuit and tax foreclosure sale, the property located at 802 E. Walnut, Garland, Texas, ("The Property") was struck off to the City of Garland on its own behalf and as Trustee for the Garland Independent School District and Dallas County, pursuant to Section 34.01(j) of the Property Tax Code, and

WHEREAS, Garland Independent School District desires to resell The Property pursuant to Section 34.05 of the Property Tax Code for an amount not less than \$300,000.00, and

WHEREAS, Garland Independent School District desires to authorize the City of Garland to act as Trustee to offer The Property for sale pursuant to Section 34.05 of the Texas Property Tax Code,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE GARLAND INDEPENDENT SCHOOL DISTRICT, GARLAND, TEXAS THAT:

Section 1. The Garland Independent School District does hereby provide specific authorization to the City of Garland to act as Trustee to offer for sale by public or private sale 802 E. Walnut, Garland, Texas, more fully described in Exhibit "A," attached hereto and made a part hereof, and the Board of Trustees for Garland Independent School District does hereby consent to the sale of 802 E. Walnut, Garland, Texas for an amount not less than \$300,000.00 in compliance with Section 34.05 of the Texas Property Tax Code, and each taxing unit entitled to receive proceeds of the sale consents to the sale for that amount.

Section 2. This Resolution shall take effect immediately from and after its passage in accordance with the provisions of the law.

PASSED AND APPROVED this 24th day of April, 2018, by the Board of Trustees for the Garland Independent School District.

GARLAND INDEPENDENT SCHOOL DISTRICT

By: 

Larry Glick
President, Board of Trustees

ATTEST:


Johnny Beach
Secretary, Board of Trustees
Garland Independent School District

EXHIBIT A

BEING PART OF LOTS 3 & 4, BLOCK H, GARVON 10 ADDITION, aka 802 E. WALNUT ST.,
CITY OF GARLAND, DALLAS COUNTY, TEXAS, AS RECORDED IN INSTRUMENT
201000207109, OF THE DALLAS COUNTY DEED RECORDS.

**COURT ORDER
2018-0497**



Resale of Tax Foreclosed Property at 802 E. Walnut Street, Garland, Texas - Consent to City of Garland

On a motion made by Commissioner John Wiley Price, District 3, and seconded by Commissioner Dr. Theresa M. Daniel, District 1, the following order was passed and adopted by the Commissioners Court of Dallas County, State of Texas:

BRIEFING DATE: 4/17/2018
FUNDING SOURCE: N/A

Be it resolved and ordered that the Dallas County Commissioners Court does hereby consent on its own behalf, and on behalf of the Dallas County Community College District, the Parkland Hospital District, and the Dallas County School Equalization Fund to the sale of the tax foreclosure property located at 802 E. Walnut Street, City of Garland, Dallas County, Texas, DCAD Account No. 26222500080030000, to Luz Leija for \$300,000.00, subject to the prior owner's remaining right of redemption, if any, in compliance with Section 34.05(i) of the Texas Tax Code, and authorize the City of Garland, as trustee, to act and sign on behalf of Dallas County, the Dallas County Community College District, the Parkland Hospital District and the Dallas County School Equalization Fund in the sale, use, and disposition of the Property, acquired by tax foreclosure, which has been jointly vested in the name of the Taxing Jurisdictions.

Done in open court April 17, 2018, by the following vote:

IN FAVOR: Honorable Clay Lewis Jenkins, County Judge
Commissioner Dr. Theresa M. Daniel, District 1
Commissioner John Wiley Price, District 3
Commissioner Dr. Elba Garcia, District 4
OPPOSED: None
ABSTAINED: None
ABSENT: Commissioner Mike Cantrell, District 2

Recommended by: Alberta Blair
Originating Department: Public Works

Recommended by: Alberta Blair
Originating Department: Public Works



GARLAND
CITY COUNCIL ITEM SUMMARY SHEET

City Council Regular Session Agenda

5.

Meeting Date: May 15, 2018

Item Title: Correction of Resolution No. 10337

Submitted By: Brad Neighbor, City Attorney

Summary of Request/Problem

The City is participating in a project being undertaken by the Texas Department of Transportation (TXDoT) whereby TXDoT will install some right lane turn facilities on the Garland Road portion of SH 78. One of those locations is at the intersection of Garland Road and Miller Road. The City Council previously approved an agreement between the City and TXDoT under which the City agreed to convey certain necessary right of way to TXDoT for use in the project. That agreement did not expressly include the Garland Road/Miller Road intersection, apparently because - by policy - TXDoT must obtain that segment of right of way by a different method, which includes paying Garland for the fair market value of the right of way. Thus, a subsequent request was made to the City Council for approval of the transfer of the Garland Road/Miller Road segment.

At its April 17, 2018 meeting, the City Council approved a resolution authorizing the Mayor to execute a "deed without warranty" (the standard City form used in this sort of case). The attachments submitted with that agenda item do not match what TXDoT needs for the transfer of the Garland Road/Miller Road segment to TXDoT. In particular, TXDoT requires the use of a special warranty deed rather than a deed without warranty because TXDoT is buying the right of way rather than receiving it without compensation. As such, the approved resolution needs to be amended to provide authority to the Mayor to execute a special warranty deed rather than a deed without warranty.

Recommendation/Action Requested and Justification

Approve an amended resolution authorizing the Mayor to execute a special warranty deed to the State of Texas. A copy of the requested resolution is attached in black-line format to illustrate the minor change being requested. A copy of the proposed form of the special warranty deed is also attached.

Attachments

resolution 10337 amended

TXDoT special warranty deed

RESOLUTION NO. 10337

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A DEED WITHOUT WARRANTY TO THE STATE OF TEXAS, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1

That the Mayor is hereby authorized to execute a ~~deed without warranty~~ special warranty deed in substantially the form and substance of that attached hereto conveying a tract or tracts of land to the State of Texas for use in connection with the improvement of SH 78.

Section 2

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

PASSED AND APPROVED this the ____ day of _____, 2018.

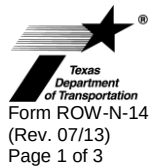
CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

Notice of Confidentiality Rights: If you are a natural person, you may remove or strike any of the following information from this instrument before it is filed for record in the public records: your Social Security Number or your Driver's License Number.



DEED

TxDOT ROW CSJ: 0009-02-064

TxDOT Parcel No.: 014

Grantor(s), whether one or more:

CITY OF GARLAND, TEXAS, a Texas home-rule municipality

Grantor's Mailing Address (including county):

200 N. Fifth Street
Garland, Texas 75040
(Dallas County)

Grantee:

The State of Texas, acting by and through the Texas Transportation Commission

Grantee's Authority:

The Texas Transportation Commission is authorized under the Texas Transportation Code to purchase land and such other property rights (including requesting that counties and municipalities acquire highway right of way) deemed necessary or convenient to a state highway or turnpike project to be constructed, reconstructed, maintained, widened, straightened, or extended, or to accomplish any purpose related to the location, construction, improvement, maintenance, beautification, preservation, or operation of a state highway or turnpike project.

The Texas Transportation Commission is also authorized under the Texas Transportation Code, Chapter 203 to acquire or request to be acquired such other property rights deemed necessary or convenient for the purposes of operating a state highway or turnpike project, with control of access as necessary to facilitate the flow of traffic and promote the public safety and welfare on both non-controlled facilities and designated controlled access highways and turnpike projects.

Grantee's Mailing Address (including county):

125 E. 11th Street
Austin, Texas 78701
(Travis County)

Consideration:

The sum of TWO HUNDRED THIRTY-SIX THOUSAND ONE HUNDRED FORTY-TWO AND NO/100 DOLLARS (\$236,142.00) to Grantor in hand paid by Grantee, receipt of which is hereby acknowledged, and for which no lien is retained, either expressed or implied.



Property:

All of that certain tract or parcel of land in Dallas County, Texas, being more particularly described in the attached Exhibit A (the “**Property**”).

Reservations from and Exceptions to Conveyance and Warranty:

This conveyance is made by Grantor and accepted by Grantee subject to the following:

1. Visible and apparent easements not appearing of record.
2. Any discrepancies, conflicts, or shortages in area or boundary lines or any encroachments or any overlapping of improvements which a current survey would show.
3. Easements, restrictions, reservations, covenants, conditions, oil and gas leases, mineral severances, and encumbrances for taxes and assessments (other than liens and conveyances) presently of record in the Official Public Records of Dallas County, Texas, that affect the property, but only to the extent that said items are still valid and in force and effect at this time.

Grantor reserves all of the oil, gas, sulfur in and under the Property but waives all rights of ingress and egress to the surface thereof for the purpose of exploring, developing, mining or drilling for same; however, nothing in this reservation shall affect the title and rights of the Grantee, its successors and assigns, to take and use all other minerals and materials thereon, therein and thereunder.

Grantor is retaining title to the following improvements (“**Retained Improvements**”) located on the Property, to wit: NONE

Grantor covenants and agrees to remove the Retained Improvements from the Property by N/A day of N/A, 20N/A, subject to such extensions of time as may be granted by Grantee in writing. In the event Grantor fails, for any reason, to remove the Retained Improvements within the time prescribed, then, without further consideration, title to all or part of such Retained Improvements not so removed shall pass to and vest in Grantee, its successors and assigns, forever.

Access on and off Grantor’s remaining property to and from the State highway facility shall be permitted except to the extent that such access is expressly prohibited by the provisions set out in Exhibit “A”. Grantor acknowledges that such access on and off the State highway facility is subject to regulation as may be determined by the Texas Department of Transportation to be necessary in the interest of public safety or by applicable local municipal or county zoning, platting or permitting requirements.

GRANTOR, for the Consideration and subject to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty, grants, sells and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in anywise belonging, to have and to hold it to Grantee and Grantee’s successors and assigns forever. Grantor binds Grantor and Grantor’s heirs, successors and assigns to Warrant and Forever Defend all and singular the Property to Grantee and Grantee’s successors and assigns against every person whomsoever lawfully claiming or to the claim the same or any part thereof, by, through, or under Grantor, but not otherwise, except as to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty.

EXECUTED on the date(s) of acknowledgement indicated below.

GRANTOR:

CITY OF GARLAND, TEXAS, a
Texas home-rule municipality

By: _____

Name: _____

Title: _____

Acknowledgement

State of Texas
County of Dallas

This instrument was acknowledged before me on _____ by
_____, _____ of the City of Garland, Texas, a Texas home-
rule municipality, on behalf of the municipality.

Notary Public's Signature

After recording please return to:

Property Acquisition Services, Inc.
12801 North Central Expressway, Suite 555
Dallas, Texas 75243

EXHIBIT "A"

County: Dallas
Highway: State Highway 78
STA. 153+91.72 to STA. 159+75.96
R.O.W. CSJ: 0009-02-064

Page 1 of 6
December 16, 2016
Revised April 10, 2017

Description for Parcel 14

BEING 8,519 square feet of land, more or less, in the Albert Chandler Survey, Abstract Number 269, City of Garland, Dallas County, Texas, and being all of that certain called 0.196 acre tract of land described as "Parcel 26" in a deed to the City of Garland, Dallas County, Texas, as recorded in Instrument Number 201100126979 of the Official Public Records of Dallas County, Texas (O.P.R.D.C.T.), said 8,519 square feet of land being more particularly described by metes and bounds as follows:

COMMENCING at a found "X" cut (controlling monument) for the northwest corner of Lot 3, Block 1 of Williams Retail Estates, an addition to the City of Garland, Dallas County, Texas, according to the plat recorded in Instrument Number 201300199683 of said Official Public Records, conveyed to The Pederson Triplet Trust 2007, by deed recorded in Instrument Number 201400164544 of said Official Public Records and the southwest corner of Lot 2, Block 1 of said Williams Retail Estates addition, conveyed to Craig N. Pedersen & Kris B. Pedersen, as recorded in Instrument Number 201500181631 of said Official Public Records, said commencing point also being in an easterly line of Lot 1, Block 1 of said Williams Retail Estates addition, conveyed to Walmart Real Estate Business Trust, as recorded in Instrument Number 201300029898 of said Official Public Records;

THENCE South 01 degrees 11 minutes 47 seconds East, along the westerly line of said Lot 3 and the easterly line of said Lot 1, a distance of 234.21 feet to a found "X" cut (controlling monument) in the existing northerly right of way line of W. Miller Road (variable width right of way), also being the southeast corner of said Lot 1 and the southwest corner of said Lot 3;

THENCE North 88 degrees 48 minutes 13 seconds East, departing the westerly line of said Lot 3 and said Lot 1, along the existing northerly right of way line of said W. Miller Road and the southerly line of said Lot 3, a distance of 28.92 feet to a found 5/8 inch steel rod with a red plastic cap stamped "KHA" (controlling monument) for the **POINT OF BEGINNING** at Station 153+91.72, 190.15 feet Left and having a Texas State Plane Coordinate System, N.A.D.83 (1993 ADJ.), North Central Zone (4202), surface coordinate of Northing 7,014,336.04 and Easting 2,536,734.57;

- 1) THENCE North 01 degrees 22 minutes 58 seconds East, departing the existing northerly right of way line of said W. Miller Road, along the southerly line of said Lot 3, a distance of 7.68 feet to a found 5/8 inch steel rod with red plastic cap stamped "KHA" (controlling monument) at Station 154+00.53, 193.57 feet Left;

EXHIBIT "A"

County: Dallas
Highway: State Highway 78
STA. 153+91.72 to STA. 159+75.96
R.O.W. CSJ: 0009-02-064

Page 2 of 6
December 16, 2016
Revised April 10, 2017

Description for Parcel 14

- 2) THENCE South 88 degrees 38 minutes 33 seconds East, continuing along the southerly line of said Lot 3, a distance of 104.74 feet to a found "X" cut (controlling monument) at Station 154+52.57, 98.18 feet Left and being the southerly end of a corner clip;
- 3) THENCE North 57 degrees 42 minutes 47 seconds East, along said corner clip, a distance of 43.20 feet to a found 5/8 inch steel rod with a red plastic cap stamped "KHA" (controlling monument) at Station 154+91.87, 73.47 feet Left, being in the easterly line of said Lot 3, also being the northerly end of said corner clip and the beginning of a non-tangent curve to the left;
- 4) THENCE Northwardly, along the easterly line of said Lot 3, and along said non-tangent curve to the left with a central angle of 02 degrees 12 minutes 58 seconds, a radius of 879.41 feet and an arc length of 34.01 feet, the chord bears North 17 degrees 18 minutes 54 seconds East, a distance of 34.01 feet to a found 5/8 inch steel rod with a red plastic cap stamped "KHA" (controlling monument) at Station 155+28.99, 75.25 feet Left;
- 5) THENCE North 16 degrees 12 minutes 25 seconds East, continuing along the easterly line of said Lot 3, a distance of 155.03 feet to a found 5/8 inch steel rod with a red plastic cap stamped "KHA" (controlling monument) at Station 156+97.93, 68.10 feet Left, being the beginning of a curve to the left;**
- 6) THENCE Northwardly, along said curve to the left with a central angle of 17 degrees 02 minutes 47 seconds, a radius of 911.24 feet, passing at an arc length of 222.07 feet to a point in the existing westerly right of way line of State Highway 78, better known as S. Garland Avenue (variable width right of way), at Station 159+26.94, 39.48' Left, being an easterly corner of said Lot 1 and the southeasterly corner of a right of way dedication to the City of Garland as described by plat of said Williams Retail Estates addition, continuing along the existing westerly right of way line of said S. Garland Avenue and said curve to the left a total arc length of 271.11 feet, the chord bears North 07 degrees 41 minutes 02 seconds East, a distance of 270.11 feet to a point at Station 159+75.95, 38.38 feet Left;
- 7) THENCE North 89 degrees 08 minutes 38 seconds East, continuing along the existing westerly right of way line of said S. Garland Avenue, a distance of 1.12 feet to a point at Station 159+75.96, 37.26 feet Left;

EXHIBIT "A"

County: Dallas
Highway: State Highway 78
STA. 153+91.72 to STA. 159+75.96
R.O.W. CSJ: 0009-02-064

Page 3 of 6
December 16, 2016
Revised April 10, 2017

Description for Parcel 14

- 8) THENCE South 00 degrees 51 minutes 22 seconds East, continuing along the existing westerly right of way line of said S. Garland Avenue, a distance of 63.74 feet to a point at the beginning of a curve to the right;
- 9) THENCE Southwardly, continuing along the existing westerly right of way line of said S. Garland Avenue and along said curve to the right with a central angle of 23 degrees 25 minutes 30 seconds, a radius of 1,029.13 feet and an arc length of 420.75 feet, the chord bears South 10 degrees 51 minutes 23 seconds West, a distance of 417.83 feet to a point in the existing northerly right of way line of said W. Miller Road;
- 10) THENCE South 88 degrees 31 minutes 42 seconds West, departing the existing westerly right of way line of said S. Garland Avenue, along the existing northerly right of way line of said W. Miller Road, a distance of 154.37 feet to a point;
- 11) THENCE North 01 degrees 22 minutes 58 seconds East, continuing along the existing northerly right of way line of said W. Miller Road, a distance of 0.74 feet to the **POINT OF BEGINNING** and containing 8,519 square feet [0.196 Acres] of land, more or less.

****** The monument described in this call, if destroyed or damaged during construction, may be replaced with a TxDOT Type II Right of Way Marker upon the completion of the highway construction project under the supervision of a Registered Professional Land Surveyor, either employed or retained by TxDOT.

Basis of Bearings is the Texas State Plane Coordinate System, Texas North Central Zone 4202, North American Datum 1983 (N.A.D. 83) as determined by GPS observations using the TxDOT VRS network. All coordinates listed are adjusted to surface, with a grid to surface adjustment factor of 1.000136506 (Dallas County).

A survey plat of even survey date herewith accompanies this field note description.

The Station and Offset Information refers to the baseline described in the Control Sheet created 02-22-16 for the TxDOT Right of Way Mapping Project Control-Section-Job: 0009-02-064.

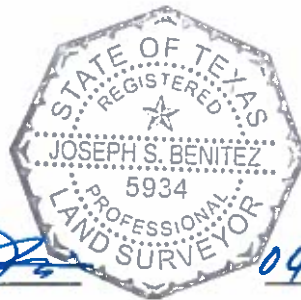
EXHIBIT "A"

County: Dallas
Highway: State Highway 78
STA. 153+91.72 to STA. 159+75.96
R.O.W. CSJ: 0009-02-064

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December 16, 2016
Revised April 10, 2017

Description for Parcel 14

I, Joseph S. Benitez, a Registered Professional Land Surveyor in the State of Texas, hereby certify that this land description and attached plat accurately depict an actual survey made on the ground under my supervision.





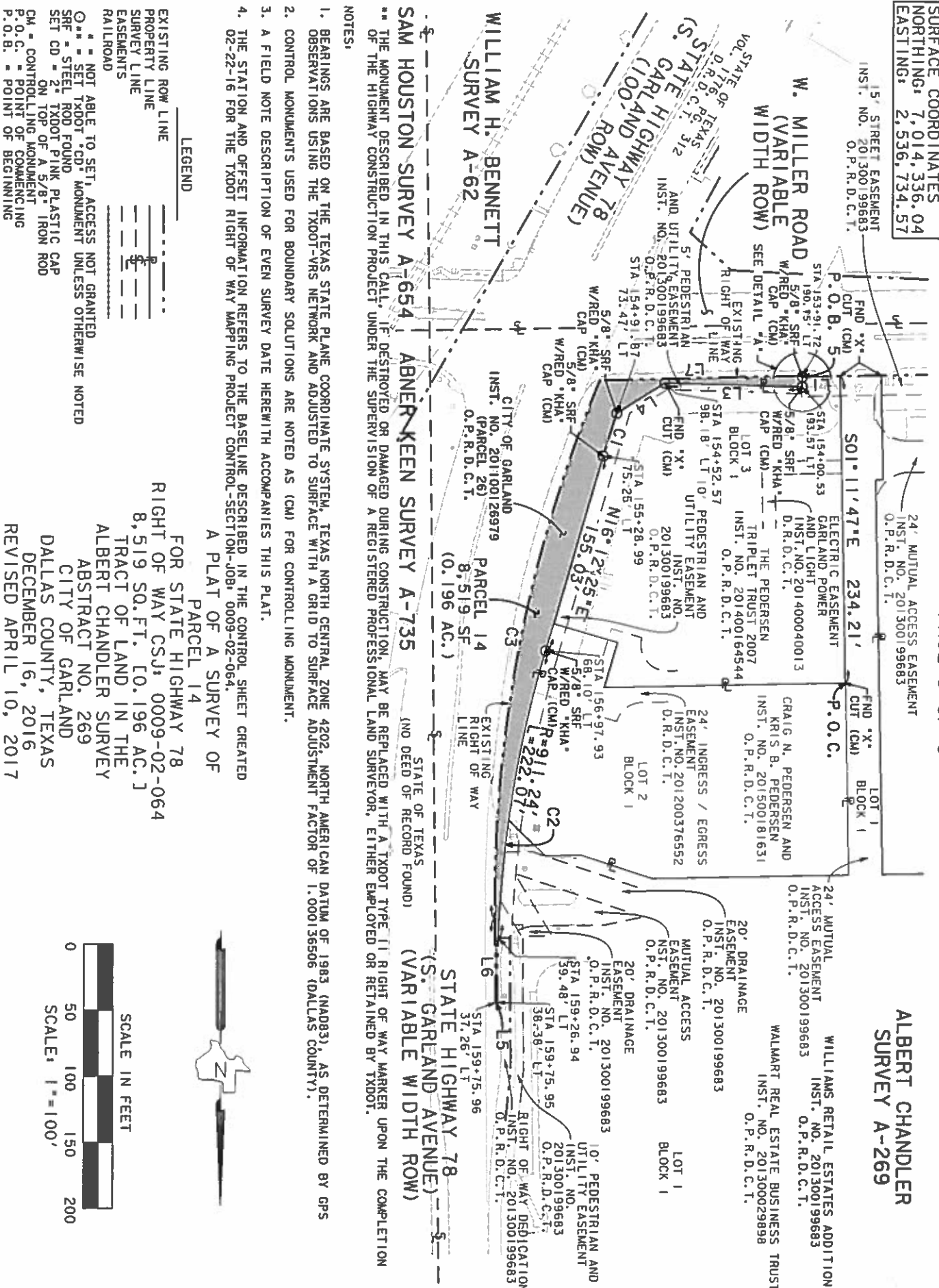
Joseph S. Benitez
Registered Professional Land Surveyor
Texas No. 5934

04-10-2017

Date

EXHIBIT "A"
PAGE 5 OF 6

ALBERT CHANDLER
SURVEY A-269



1. BEARINGS ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, TEXAS NORTH CENTRAL ZONE 4202, NORTH AMERICAN DATUM OF 1983 (NAD83), AS DETERMINED BY GPS OBSERVATIONS USING THE TXDOT-VRS NETWORK AND ADJUSTED TO SURFACE WITH A GRID TO SURFACE ADJUSTMENT FACTOR OF 1.000136506 (DALLAS COUNTY).

2. CONTROL MONUMENTS USED FOR BOUNDARY SOLUTIONS ARE NOTED AS (CM) FOR CONTROLLING MONUMENT.

3. A FIELD NOTE DESCRIPTION OF EVEN SURVEY DATE HERewith ACCOMPANIES THIS PLAT.

4. THE STATION AND OFFSET INFORMATION REFERS TO THE BASELINE DESCRIBED IN THE CONTROL SHEET CREATED 02-22-16 FOR THE TXDOT RIGHT OF WAY MAPPING PROJECT CONTROL-SECTION-J08, 0009-02-064.

A PLAT OF A SURVEY OF
PARCEL 14
FOR STATE HIGHWAY 78
RIGHT OF WAY CSJ, 0009-02-064
8,519 SQ.FT. [0.196 AC.]
TRACT OF LAND IN THE
ALBERT CHANDLER SURVEY
ABSTRACT NO. 269
CITY OF GARLAND,
DALLAS COUNTY, TEXAS
DECEMBER 16, 2016
REVISED APRIL 10, 2017

LEGEND

EXISTING ROW LINE	----
PROPERTY LINE	-----P-----
SURVEY LINE	-----S-----
EASEMENTS	-----E-----
RAILROAD	=====

*** NOT ABLE TO SET, ACCESS NOT GRANTED
O** = SET TXDOT**CD** MONUMENT UNLESS OTHERWISE NOTED
SRF = STEEL ROD FOUND
SET CD = 2. TXDOT PINK PLASTIC CAP
ON TOP OF A 5/8" IRON ROD
CM = CONTROLLING MONUMENT
P.O.C. = POINT OF COMMENCING
P.O.B. = POINT OF BEGINNING



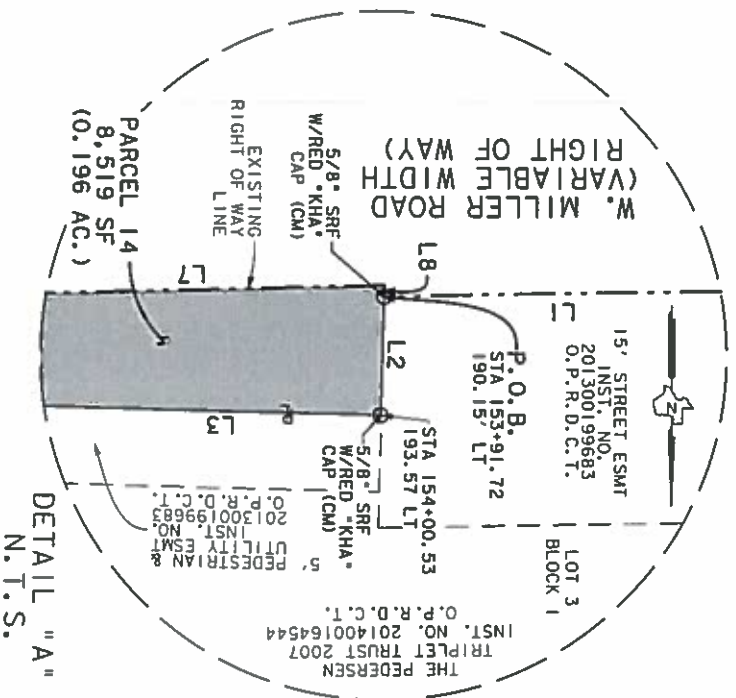
SCALE IN FEET

0	50	100	150	200
---	----	-----	-----	-----

SCALE: 1"=100'

EXHIBIT "A"

PAGE 6 OF 6



LINE	BEARING	DISTANCE
L1	N88°48'13"E	28.92'
L2	N01°22'58"E	7.68'
L3	S88°38'33"E	104.74'
L4	N57°42'47"E	43.20'
L5	N89°08'38"E	1.12'
L6	S00°51'22"E	63.74'
L7	S88°31'42"W	154.37'
L8	N01°22'58"E	0.74'

CURVE	DELTA	RADIUS	ARC LENGTH	CHORD BRG.	CHORD DIST.
C1	02°12'58" (LT)	879.41'	34.01'	N17°18'54"E	34.01'
C2	17°02'47" (LT)	911.24'	271.11'	N07°41'02"E	270.11'
C3	23°25'30" (RT)	1,029.13'	420.75'	S10°51'23"W	417.83'

THE MONUMENT DESCRIBED IN THIS CALL, IF DESTROYED OR DAMAGED DURING CONSTRUCTION, MAY BE REPLACED WITH A TXDOT TYPE 11 RIGHT OF WAY MARKER UPON THE COMPLETION OF THE HIGHWAY CONSTRUCTION PROJECT UNDER THE SUPERVISION OF A REGISTERED PROFESSIONAL LAND SURVEYOR, EITHER EMPLOYED OR RETAINED BY TXDOT.

NOTES:

1. BEARINGS ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, TEXAS NORTH CENTRAL ZONE 4202, NORTH AMERICAN DATUM OF 1983 (NAD83), AS DETERMINED BY GPS OBSERVATIONS USING THE TXDOT-VRS NETWORK AND ADJUSTED TO SURFACE WITH A GRID TO SURFACE ADJUSTMENT FACTOR OF 1.000136506 (DALLAS COUNTY).
2. CONTROL MONUMENTS USED FOR BOUNDARY SOLUTIONS ARE NOTED AS (CM) FOR CONTROLLING MONUMENT.
3. A FIELD NOTE DESCRIPTION OF EVEN SURVEY DATE HEREWITH ACCOMPANIES THIS PLAT.
4. THE STATION AND OFFSET INFORMATION REFERS TO THE BASELINE DESCRIBED IN THE CONTROL SHEET CREATED 02-22-16 FOR THE TXDOT RIGHT OF WAY MAPPING PROJECT CONTROL-SECTION-JOB# 0009-02-064.

LEGEND

EXISTING ROW LINE
PROPERTY LINE
SURVEY LINE
EASEMENTS
RAILROAD

NOT ABLE TO SET, ACCESS NOT GRANTED
SET TXDOT "CD" MONUMENT UNLESS OTHERWISE NOTED
SRF = STEEL ROD FOUND
SET CD = 2" TXDOT PINK PLASTIC CAP
CM = CONTROLLING MONUMENT
P.O.C. = POINT OF COMMENCING
P.O.B. = POINT OF BEGINNING

A PLAT OF A SURVEY OF
PARCEL 14
FOR STATE HIGHWAY 78
RIGHT OF WAY CSJ# 0009-02-064
8,519 SQ.FT. (0.196 AC.)
TRACT OF LAND IN THE
ALBERT CHANDLER SURVEY
ABSTRACT NO. 269
CITY OF GARLAND
DALLAS COUNTY, TEXAS
DECEMBER 16, 2016
REVISED APRIL 10, 2017



JOSEPH BENITEZ
R.P.L.S. No. 5934
DATE



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

6.

Meeting Date: May 15, 2018

Item Title: Approval of the 2018-2019 CDBG, HOME and ESG Grant Funding Amendment

Submitted By: Mona Woodard, Neighborhood Services Administrator

Summary of Request/Problem

Attached is the Resolution approving the amendment to the One Year Plan of Action for 2018-2019 Community Development Block Grant, HOME Infill Partnership Grant and Emergency Solutions Grant programs and funding.

Recommendation/Action Requested and Justification

Adopt the attached resolution.

Attachments

Resolution and Proposed Use of Grant Funds

RESOLUTION NO. _____

A RESOLUTION ADOPTING AND APPROVING THE AMENDMENT TO THE ONE YEAR PLAN OF ACTION FOR THE 2018/2019 COMMUNITY DEVELOPMENT BLOCK GRANT, HOME INVESTMENT PARTNERSHIP AND, EMERGENCY SOLUTIONS GRANT PROGRAMS; AND APPROVING AN EFFECTIVE DATE.

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

Section 1

That the amendment to the One Year Action Plan, which includes the Statement of Community Development Objectives and Projected Use of Funds for the 2018-2019 Community Development Block Grant, HOME Investment Partnership Program and Emergency Solutions Grant programs, is hereby adopted and approved.

Section 2

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

PASSED AND APPROVED this the 15th day of May, 2018.

THE CITY OF GARLAND, TEXAS

BY: _____
Mayor

ATTEST:

City Secretary

**ALLOCATION OF COMMUNITY DEVELOPMENT GRANT FUNDING
FY 2018/2019**

The City will receive \$2,127,843 from the Department of Housing and Urban Development for the Community Development Block Grant. There is \$7,159 available in reprogrammed funds for a total of \$2,135,002. The HOME Investment Partnership Program allocation is \$748,755. Emergency Solutions Grant funding of \$168,535 is available. Specific grant funded activities are as follows:

**COMMUNITY DEVELOPMENT BLOCK GRANT
2018 – 2019**

PUBLIC SERVICES Allocation	IDIS	Activity
Achievement Center of Texas		\$46,377
Counseling Institute of Texas		\$14,189
Galaxy Counseling		\$17,358
Garland Elderly Yard Care Program		\$20,509
Garland Parks S.T.A.R.S Program		\$27,941
Garland Police – Youth Boxing Program		\$23,850
Hope Clinic		\$50,046
Matthew 25:40 Project – Motel Vouchers		\$6,619
New Beginning Center		\$31,419
Salvation Army After School Program		\$10,927
Salvation Army Rental Assistance Program		\$12,336
Senior Source – Garland Ombudsman Program		\$12,894
Visiting Nurses Association		\$6,357
TOTAL		\$280,822

PROJECTS Allocation	IDIS	Activity
Code Compliance		\$182,000
Minor Home Repair		\$192,857
Single Family Rehabilitation		\$292,857
Blighted Structure Removal Program		\$97,143
Sidewalk/Alley Program		\$136,279
Vietnamese Community Center Phase II		\$166,730
Carver Senior Center Redevelopment Project – Phase II		\$200,000
Street Repair/Replacements		\$160,745
<i>Navasota from Blanco to Castle</i>		
TOTAL		\$1,428,612

ADMINISTRATION Allocation	IDIS	Activity
Grant Administration		\$405,568
Fair Housing		\$20,000
TOTAL		\$425,568

TOTAL CDBG FUNDING

\$2,135,002

**HOME INFILL PARTNERSHIP
2018 - 2019**

**ADMINISTRATION
Allocation**

IDIS Activity

HOME Administration		\$74,876
TOTAL		\$74,876

**CHDO ACTIVITIES
Allocation**

IDIS Activity

Housing and Community Services		
CHDO Infill Housing – Habitat for Humanity		\$112,313
TOTAL		\$112,313

**HOME PROJECTS
Allocation**

IDIS Activity

Housing and Community Services		
Infill Housing		\$561,566
TOTAL		\$561,566

TOTAL HOME FUNDING

\$748,755

**EMERGENCY SOLUTIONS GRANT FUNDS
2018- 2019**

**SHELTER SERVICES
Allocation**

IDIS Activity

New Beginning Center		\$54,009
TOTAL		\$54,009

ESG PREVENTION

Allocation

IDIS Activity

City of Garland Fair Housing		\$50,633
TOTAL		\$50,633

**ESG RAPID RE-HOUSING
Allocation**

IDIS Activity

New Beginning Center		\$22,194
Matthew 25:40 Project		\$19,776
TOTAL		\$41,970

**DATA COLLECTION
Allocation**

IDIS Activity

Metro Dallas Homeless Alliance		\$9,283
TOTAL		\$9,283

**ESG ADMINISTRATION
Allocation**

IDIS Activity

Grants Management		12,640
TOTAL		\$12,640

TOTAL ESG FUNDING

\$168,535



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

7.

Meeting Date: May 15, 2018

Item Title: 2018 Capital Improvement Program Budget Amendment No. 1

Submitted By: Ron Young, Budget Director

Summary of Request/Problem

At the May 14th Work Session, the City Council reviewed a Policy Report recommending the amendment of the 2018 Adopted Capital Improvement Program (CIP). For Council's consideration is an ordinance amending the 2018 Adopted CIP to appropriate funds for the purchase of 16 mechanical chest compression devices included in the Emergency Response Safety Equipment capital project in the amount of \$322,000.

Recommendation/Action Requested and Justification

Approval of CIP Budget Amendment No. 1 to increase the appropriation for Emergency Response Safety Equipment in the 2018 Capital Improvement Program.

Attachments

CIP Ordinance

Policy Report

ORDINANCE NO. 6982

AN ORDINANCE AUTHORIZING AN AMENDMENT TO THE 2018 CAPITAL IMPROVEMENT PROGRAM (2018 CIP AMENDMENT NO. 1), PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE EMERGENCY RESPONSE SAFETY EQUIPMENT PROJECT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council approved the 2018 Capital Improvement Program and appropriated the necessary funds for the improvements of the City; and

WHEREAS, the City Charter provides that the City Council may approve any amendments and supplements to the CIP Budget as deemed necessary; and

WHEREAS, Council has reviewed and concurred with a Policy Report that establishes the need for changes to appropriations in the Emergency Response Safety Equipment Project;

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

Section 1

The City Council of the City of Garland, Texas, hereby authorizes and approves an amendment to the 2018 Capital Improvement Program in the amount of \$322,000 as shown in Exhibit "A" (Policy Report), attached hereto and incorporated herein by reference.

Section 2

The City Council of the City of Garland, Texas, hereby amends Ordinance No. 6958, Section 1 (E), adjusting appropriations of \$322,000 for the purposes specified in Exhibit "A" (Policy Report), attached hereto.

Section 3

This ordinance shall be and become effective immediately upon and after its adoption and approval.

PASSED AND APPROVED this the 15th day of May, 2018.

THE CITY OF GARLAND, TEXAS

By: _____
Mayor

ATTEST:

City Secretary



GARLAND POLICY REPORT

City Council Work Session Agenda

Meeting Date: May 14, 2018

Item Title: 2018 Capital Improvement Program Budget Amendment No. 1

Submitted By: Ron Young, Budget Director

Council Goal: Financially Stable Government with Tax Base that Supports Community Needs

ISSUE

Amend the 2018 Capital Improvement Program to appropriate \$322,000 for the purchase of 16 mechanical chest compression devices included in the Emergency Response Safety Equipment capital project.

OPTIONS

- (A) Approve Capital Improvement Program Budget Amendment No. 1 as proposed.
- (B) Do not approve Capital Improvement Program Budget Amendment No. 1.

RECOMMENDATION

Option (A) – Approve Capital Improvement Program Budget Amendment No. 1 as proposed. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the May 15, 2018, Regular Meeting.

BACKGROUND

With no hospital located within Garland city limits, extended transport times to the nearest appropriate facility increases the complexity and duration of chest compressions necessary for some critically ill or injured patients. This request for an additional \$322,000 to the 2018 Capital Improvement Program (CIP) will allow the Garland Fire Department to fund 16 mechanical chest compression devices and immediately outfit 14 currently deployed ambulances. Two more devices will be purchased later with delivery of new ambulances approved in the 2018 CIP Fire Ambulance Project.

These devices are proven to perform effective and efficient chest compressions without interruption and without direct contact by attending personnel. Emergency Medical Services (EMS) personnel are able to perform other duties related to patient care and are not required to stand in the patient compartment while leaning over patients to provide manual chest compressions. Manual chest compressions performed while in route to a hospital may not be as effective as those performed by a mechanical device and put EMS personnel at risk for injury due to being in an unsecured position subject to movements of the ambulance during transport.

Research confirmed the efficacy of mechanical chest compression devices, and personnel assigned to the City's two busiest ambulances evaluated the performance of such devices from two industry-leading manufacturers during cardiopulmonary resuscitation incidents. Following the completion of a six-week trial period for each device, a survey was used to determine the best device for the Garland Fire Department and its operational practices.

CONSIDERATION

Staff seeks Council approval to appropriate an additional \$322,000 to the Emergency Response Safety Equipment project in the 2018 Capital Improvement Program (CIP). The City's cash reserves will be used to fund this capital request, and a reimbursement certificate will be issued allowing the reserve to be replenished in May 2019 when Certificates of Obligation are issued to fund this request and the remainder of the 2019 CIP.



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

8.

Meeting Date: May 15, 2018

Item Title: Electric Utility System Commercial Paper Program

Submitted By: Matt Watson, Finance Director

Summary of Request/Problem

At the April 2, 2018 Work Session, Council considered termination of the Electric Utility System Commercial Paper Program, Series 2014 and establishing the Electric Utility System Commercial Paper Program, Series 2018.

Recommendation/Action Requested and Justification

Approve termination of the Electric Utility System Commercial Paper Program, Series 2014 and establish Electric Utility System Commercial Paper Program, Series 2018.

Attachments

Garland Electric CP Ordinance

ORDINANCE _____

AN ORDINANCE OF THE CITY OF GARLAND, TEXAS APPROVING AND AUTHORIZING THE ISSUANCE OF ELECTRIC UTILITY SYSTEM COMMERCIAL PAPER NOTES, SERIES 2018, IN AN AGGREGATE PRINCIPAL AMOUNT AT ANY ONE TIME OUTSTANDING NOT TO EXCEED \$80,000,000 TO PROVIDE INTERIM FINANCING TO PAY PROJECT COSTS FOR ELIGIBLE PROJECTS AND TO REFUND OBLIGATIONS ISSUED IN CONNECTION WITH ELIGIBLE PROJECTS; AUTHORIZING SUCH SHORT TERM OBLIGATIONS TO BE ISSUED, SOLD AND DELIVERED IN VARIOUS FORMS, INCLUDING COMMERCIAL PAPER NOTES AND BANK NOTES, AND PRESCRIBING THE TERMS, FEATURES AND CHARACTERISTICS OF SUCH INSTRUMENTS; APPROVING AND AUTHORIZING CERTAIN AUTHORIZED OFFICERS AND EMPLOYEES OF THE CITY TO ACT ON BEHALF OF THE CITY IN THE SELLING AND DELIVERY OF SUCH SHORT TERM OBLIGATIONS, WITHIN THE LIMITATIONS AND PROCEDURES SPECIFIED HEREIN; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; PROVIDING FOR THE PAYMENT OF THE COMMERCIAL PAPER NOTES AND BANK NOTES; RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, SECURITY AND DELIVERY OF COMMERCIAL PAPER NOTES, INCLUDING THE APPROVAL OF AN ISSUING AND PAYING AGENT AGREEMENT, A REIMBURSEMENT AGREEMENT AND A DEALER AGREEMENT; APPROVING THE USE OF AN OFFERING MEMORANDUM IN CONNECTION WITH THE SALE FROM TIME TO TIME OF SUCH SHORT TERM OBLIGATIONS; AND PROVIDING AN EFFECTIVE DATE.

APPROVAL DATE: MAY 15, 2018

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Signature Page

Exhibit A MASTER NOTE

Exhibit B	REIMBURSEMENT AGREEMENT
Exhibit C	FEE AGREEMENT
Exhibit D	ISSUING AND PAYING AGENT AGREEMENT
Exhibit E	DEALER AGREEMENT

ORDINANCE ____

AN ORDINANCE of the City of Garland, Texas, approving and authorizing the issuance of electric utility system commercial paper notes in an aggregate principal amount at any one time outstanding not to exceed \$80,000,000 to provide interim financing to pay Project Costs for Eligible Projects and to refund obligations issued in connection with Eligible Projects; authorizing such short term obligations to be issued, sold and delivered in various forms, including commercial paper notes and bank notes, and prescribing the terms, features and characteristics of such instruments; approving and authorizing certain authorized officers and employees of the City to act on behalf of the City in the selling and delivery of such short term obligations, within the limitations and procedures specified herein; making certain covenants and agreements in connection therewith; providing for the payment of the commercial paper notes and bank notes; resolving other matters incident and related to the issuance, sale, security and delivery of commercial paper notes, including the approval of an Issuing and Paying Agent Agreement, a Reimbursement Agreement and a Dealer Agreement; approving the use of an Offering Memorandum in connection with the sale from time to time of such short term obligations; and providing an effective date.

WHEREAS, the City of Garland, Texas (the "City" or the "Issuer") is a "home-rule municipality", acting as such under the Constitution and laws of the State of Texas, that adopted its charter under Section 5, Article XI of the Texas Constitution, that has a population in excess of 50,000, and that 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 Council of the City hereby determines to issue its short term obligations pursuant to the provisions of Texas Government Code, Chapter 1371, as amended (the "Act"), to provide interim financing for additions, improvements and extensions to the City's Electric Utility System (the "System") and to refund obligations issued in connection with such projects; and

WHEREAS, such short term obligations proposed to be issued pursuant to this Ordinance constitute obligations which the City intends to fund or refund through the issuance of obligations of the City payable from net revenues of the System, as permitted by Texas Government Code, Chapter 1502, as amended, including refunding bonds issued pursuant to and in accordance with the provisions of Texas Government Code, Chapter 1207, as amended; and

WHEREAS, arrangements relating to such interim financing have been settled and the City Council hereby finds and determines that the issuance of short term obligations, including commercial paper notes and a bank note, subject to the terms, conditions and limitations hereinafter prescribed, should be approved and authorized at this time; and

WHEREAS, it is hereby officially found and determined that the meeting at which this ordinance was passed was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Texas Government Code, Chapter 551, as amended;

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

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless otherwise defined in this Ordinance and unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this ordinance or any ordinance amendatory or supplemental hereto, shall be construed, are used and are intended to have the following meanings, to-wit:

“Advance” shall mean an Advance, as defined and described in the Reimbursement Agreement and subject to the conditions set forth in the Reimbursement Agreement.

“Authorized but Unissued Amount of Commercial Paper Notes” shall mean \$80,000,000 in principal amount of Commercial Paper Notes; provided, that such amount shall be reduced by the principal amount of any outstanding Bank Note.

“Authorized Representative” shall mean one or more of the following officers or employees of the City, acting in concert or individually, to-wit: the Mayor, the City Manager, any Assistant City Manager, the Director of Financial Services, or such other officer or employee of the City designated in writing by the City Manager, as approved by the City Council, to act as an Authorized Representative.

“Bank” shall mean initially Bank of America, N.A. or any subsequent or succeeding or replacement entity specified in the Reimbursement Agreement.

“Bank Loan” shall have the meaning set forth in the Reimbursement Agreement.

“Bank Note” shall mean the Bank Note, as defined in the Reimbursement Agreement which is issued and delivered pursuant to the provisions of this Ordinance and the Reimbursement Agreement in evidence of the Advances, made by the Bank under the Reimbursement Agreement, having the terms and characteristics contained therein and issued in accordance with the terms thereof.

“BOA” shall mean Bank of America, N.A. and its successors and assigns.

“Bond Counsel” shall mean Norton Rose Fulbright US LLP or such other an attorney or firm of attorneys which are nationally recognized as having expertise in the practice of tax-exempt municipal finance law, as approved by the City.

“Bonds” shall mean a series or issue of bonds, notes or similar obligations (other than the Notes or the Reimbursement Agreement (including the Bank Note)) issued by the City subsequent to the date of passage of this Ordinance, which bonds, notes or similar obligations are payable from revenues of the System; and which may be refunding bonds issued pursuant to and in accordance with the provisions of Texas Government Code, Chapter 1207, as amended.

“Business Day” means any day of the year on which banks in New York, New York or the presentation office of the Bank at which Drawings are presented are not required or authorized to remain closed and on which the Issuing and Paying Agent and the New York Stock Exchange, Inc. and the Federal Reserve Bank are open.

“Calculation Date” shall mean (i) each date on which principal of and interest on the Notes is due and payable under this Ordinance, (ii) each date on which any other amounts are due and payable to the Bank under the Reimbursement Agreement, and (iii) the date of delivery of any Bonds issued for the purpose of refunding outstanding Commercial Paper Notes.

“City” or “Issuer” shall mean the City of Garland, Texas.

“City Council” shall mean the governing body of the City.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Commercial Paper Note” shall mean a note or notes issued pursuant to the provisions of this Ordinance, having the terms and characteristics specified in **Section 2.03** hereof and in the form described in **Section 2.05** hereof.

“Dealer” shall mean the entity or entities so designated in a Dealer Agreement, or any successor to such Dealer.

“Dealer Agreement” shall mean the Dealer Agreement approved and authorized to be entered into by **Section 3.04** hereof, as from time to time amended or supplemented, or any subsequent Dealer Agreement approved by the City Council.

“Designated Office” shall mean the designated office of the Issuing and Paying Agent where Commercial Paper Notes must be presented and delivered for receipt of payment of the principal amount thereof.

“Drawing” shall mean a drawing under the Letter of Credit in accordance with its terms to pay the principal of and interest on the Commercial Paper Notes.

“DTC” shall mean The Depository Trust Company or any substitute securities depository appointed pursuant to this Ordinance, or any nominee thereof.

“DTC Participant” shall mean a member of, or participant in, DTC that will act on behalf of a Holder.

“Eligible Investments” shall mean any or all of the authorized investments described in the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, in which the City may purchase, sell and invest its funds and funds under its control; and provided further that Eligible Investments shall specifically include, with respect to the investment of proceeds of any Commercial Paper Notes, guaranteed investment contracts fully collateralized by direct 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.

“Eligible Project” shall mean the acquisition or construction of improvements, additions or extensions to the System, including capital assets and facilities incident and related to the operation, maintenance and administration thereof, all as provided in the Act.

“Fiscal Year” shall mean any consecutive twelve-month period declared by the City as its fiscal year, which currently runs from October 1 through September 30.

“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 maintained by the City in connection with the System, and money transferred to the City’s Electric Utility 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 V.T.C.A., Utilities Code, Subchapter G of Chapter 39 or similar law imposed for the payment of “transition bonds”.

“Holder” or “Noteholder” shall mean any person, firm, association or corporation who is in possession of any Note drawn, issued or endorsed to such person, firm, association or corporation or to the order of such person, firm, association or corporation or to bearer or in blank.

“Issuing and Paying Agent”, “Paying Agent/Registrar” or “Registrar” shall mean the agent appointed pursuant to **Section 2.02** hereof, or any successor to such agent.

“Issuing and Paying Agent Agreement” shall mean the agreement approved and authorized to be entered into by **Section 3.03** hereof, as from time to time amended or supplemented, and any subsequent Issuing and Paying Agent Agreement approved by the City Council.

“Letter of Credit” shall mean one or more irrevocable, direct-pay, transferable letters of credit, initially consisting of a letter of credit issued by BOA substantially in the form of **Exhibit A** attached to the Reimbursement Agreement as the same may be amended, supplemented or extended pursuant to the terms of the Reimbursement Agreement.

“Master Note” shall mean the Master Note as defined in **Section 2.02** hereof.

“Maximum Interest Payable” shall mean, as of any Calculation Date, the amount of interest to be payable in the Fiscal Year in which the Calculation Date occurs, calculated at the Maximum Interest Rate, on the principal amount of Commercial Paper Notes outstanding as of the Calculation Date. In making this calculation, the principal amount of Commercial Paper Notes outstanding as of the Calculation Date shall be presumed to remain outstanding throughout the Fiscal Year.

“Maximum Interest Rate” shall mean the maximum interest rate allowed by Texas Government Code, Chapter 1204, as amended, but in no event shall exceed 15%.

“Maximum Maturity Date” shall mean June 30, 2048.

“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.

“Note” or “Notes” shall mean the evidences of indebtedness authorized to be issued and at any time outstanding pursuant to this Ordinance and shall include Commercial Paper Notes (including the Master Note), notes in such form or forms as shall be approved by the City Council in an ordinance amending this Ordinance, and the Bank Note, as appropriate.

“Note Clearance Account” shall mean the account so designated in **Section 2.09** hereof.

“Note Construction Account” shall mean the account so designated in **Section 2.12** hereof.

“Note Payment Fund” shall mean the fund so designated in **Section 2.10** hereof.

“Offering Memorandum” shall mean the Offering Memorandum relating to the Notes.

“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 Prior Lien Bonds. Operation and Maintenance Expenses shall include the purchase of power. Depreciation shall not be considered as an expense of operation and maintenance.

“Outstanding” shall mean all Notes or Bonds theretofore issued and delivered, except:

- (1) those Notes or Bonds theretofore cancelled by the Issuing and Paying Agent or delivered to the Issuing and Paying Agent for cancellation;
- (2) those Notes or Bonds for which payment has been duly provided by the City in accordance with the provisions of this Ordinance or the ordinance authorizing such Bonds by the irrevocable deposit with the Issuing and Paying Agent or the paying agent for the Bonds, as applicable, 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 Notes or Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to this Ordinance or the ordinance authorizing the issuance of such Bonds or irrevocably provided to be given to the satisfaction of the Issuing and Paying Agent or the paying agent for the Bonds, or waived; and
- (3) those Notes or Bonds that have been mutilated, destroyed, lost or stolen and for which replacement notes or bonds have been registered and delivered in lieu thereof.

“Prior Lien Bonds” shall mean the outstanding revenue bonds of those issues or series identified as follows: (i) “City of Garland, Texas, Electric Utility System Revenue Bonds, Series 2008,” dated June 15, 2008, (ii) “City of Garland, Texas, Electric Utility System Revenue Bonds, Series 2009,” dated May 15, 2009, (iii) “City of Garland, Texas, Electric Utility System Revenue Bonds, Series 2011,” dated June 15, 2011, (iv) “City of Garland, Texas Electric Utility System Revenue Refunding Bonds, Series 2011A,” dated November 1, 2011, (v) “City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, Series 2013,” dated May 1, 2013, (vi) “City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2014,” dated June 1, 2014, (vii) “City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2015,” dated as of February 1, 2015, (viii) “City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2016A,” dated November 15, 2016 and (ix) “City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2016B,” dated

November 15, 2016, and other bonds secured by a lien on and pledge of the Net Revenues on a parity with the City's Electric Utility System Revenue Refunding Bonds, New Series 2016B.

"Project Costs" shall mean all costs and expenses incurred in relation to Eligible Projects, including without limitation design, planning, engineering and legal costs, acquisition costs of land, interests in land, rights-of-way and easements, construction costs, costs of machinery, equipment, and other capital assets incident and related to the operation, maintenance, and administration of an Eligible Project, financing costs (including interest on obligations during the constitutionally permitted time period, and payments on credit agreements during and after construction, underwriter's discount and/or fees for legal, financial, and other professional services). A Project Cost incurred before the issuance of Commercial Paper Notes issued to finance the related Eligible Project may be reimbursed from proceeds from the sale of Commercial Paper Notes, and such reimbursement shall be a "Project Cost."

"Reimbursement Agreement" shall mean the Reimbursement Agreement approved and authorized to be entered into by **Section 2.15** hereof, as from time to time amended or supplemented, or other credit facility or liquidity facility (whether one or more) provided in lieu thereof in accordance with the provisions of **Section 4.03** hereof.

Section 1.02 Construction of Terms Utilized in This Ordinance. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders. Certain terms not defined herein shall have the meaning given said terms in the Reimbursement Agreement.

ARTICLE II

AUTHORIZATION OF NOTES

Section 2.01 General Authorization. Pursuant to authority conferred by and in accordance with the provisions of the Constitution and laws of the State of Texas, particularly the Act, Commercial Paper Notes shall be and are hereby authorized to be issued in an aggregate principal amount not to exceed EIGHTY MILLION DOLLARS (\$80,000,000) at any one time outstanding for the purpose of financing Project Costs of Eligible Projects and to refinance, renew or refund Notes, including interest thereon, all in accordance with and subject to the terms, conditions, and limitations contained herein; and a Bank Note shall be and is hereby authorized to be issued in the initial aggregate principal amount of Eighty-Eight Million Eight Hundred Seventy-Six Thousand Seven Hundred Thirteen Dollars (\$88,876,713) at any one time outstanding related to any Bank Loan and/or any Advance under the Reimbursement Agreement, for the purpose of evidencing Advances to retire Commercial Paper Notes; all in accordance with and subject to the terms, conditions and limitations contained herein and, the Reimbursement Agreement. For purposes of this **Section 2.01**, any portion of outstanding Notes to be paid from money on deposit in the Note Payment Fund and from the available proceeds of Notes or Bonds on the applicable Calculation Date shall not be considered outstanding. The authority to issue Commercial Paper Notes from time to time under the provisions of this Ordinance shall exist until the Maximum Maturity Date, regardless of whether prior to the Maximum Maturity Date there are at any time no Commercial Paper Notes outstanding.

Anything in this Ordinance to the contrary notwithstanding, in connection with the refinancing or refunding of Notes, such Notes shall qualify as "obligations", as such term is defined

in the Act at the time any such refinancing or refunding occurs. Further, any such refunding or refinancing, other than a simultaneous refunding, of Notes, to the extent then required by applicable law, shall be by means of a gross defeasance established at the time of the issuance of the refunding Commercial Paper Notes or refunding Bonds, as the case may be, and the Notes to be so refunded or refinanced shall be selected by the City Council. If a Bank Note has been issued to evidence the repayment of an Advance, the obligation evidenced by the Bank Note shall be refinanced or refunded, on a pro rata basis, prior to the refinancing or refunding of Commercial Paper Notes or Bonds.

Section 2.02 Terms Applicable to Notes - General. Subject to the limitations contained herein, Commercial Paper Notes herein authorized shall be dated as of their date of issuance (the "Note Date"); shall bear interest from and including such Note Date at such fixed rate or rates per annum computed on the basis of actual days elapsed and on a 365- or 366-day year, as applicable (but in no event in any case to exceed the Maximum Interest Rate), as may be determined by an Authorized Representative, and all Commercial Paper Notes authorized herein shall mature on or prior to the Maximum Maturity Date.

Subject to applicable terms, limitations and procedures contained herein, Commercial Paper Notes may be sold in such manner at public or private sale and at par or at such discount (within the interest rate and yield restrictions provided herein) as an Authorized Representative shall approve at the time of the sale thereof.

The Commercial Paper Notes shall be issued in registered form, without coupons. The principal of and interest on the Commercial Paper Notes shall be payable in lawful money of the United States of America, without exchange or collection charges to the Holder of the Commercial Paper Note; the principal thereof to be payable upon presentation and surrender of the Commercial Paper Note at the Designated Office of the Issuing and Paying Agent and interest thereon to be payable to the registered owner thereof either (i) by check sent by United States Mail, first class postage prepaid, to the address of the registered owner appearing on the Registration Books of the City maintained by the Registrar or (ii) by such other method, acceptable to the Issuing and Paying Agent, requested by the Holder.

The selection and appointment of U.S. Bank National Association to serve as Issuing and Paying Agent, Paying Agent/Registrar and Registrar for the Commercial Paper Notes is hereby confirmed, and the City covenants and agrees to keep and maintain with the Registrar at its Designated Office and at a place within the State of Texas books and records (the "Registration Books") for the registration, payment, transfer and exchange of the Commercial Paper Notes, all as provided herein and such reasonable rules and regulations as the Registrar may prescribe. The City covenants to maintain and provide a Registrar at all times while the Commercial Paper Notes are outstanding, which shall be a national or state banking association or corporation or trust company organized and doing business under the laws of the United States of America or of any state and authorized under such laws to exercise trust powers. Should a change in the Paying Agent/Registrar for the Commercial Paper Notes occur, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Commercial Paper Notes then outstanding by United States Mail, first class postage prepaid. Such notice shall give the address of the successor Paying Agent/Registrar. A successor Paying Agent/Registrar may be appointed by the City without the consent of the Holders. Prior to the successor Paying Agent/Registrar assuming its duties hereunder, (i) the City shall cause all moneys held by the then Paying Agent/Registrar to be transferred to the successor thereto and (ii) the successor Paying Agent/Registrar shall deliver to the City an instrument accepting the duties and responsibilities as Paying Agent/Registrar.

A copy of the Registration Books and any change thereto shall be provided to the City by the Paying Agent/Registrar, by means of telecommunications equipment or such other means as may be mutually agreeable thereto, within two Business Days of the opening of such Registration Books or any change therein, as the case may be.

The City and the Paying Agent/Registrar may treat the registered payee thereof as the absolute owner of any Commercial Paper Note for the purpose of receiving payment thereof and for all purposes, and the City and the Paying Agent/Registrar shall not be affected by any notice or knowledge to the contrary.

If an Authorized Representative determines that it is possible and desirable to provide for a book-entry-only system of Commercial Paper Note registration with DTC, such Authorized Representative, acting for and on behalf of the City, is hereby authorized to approve, execute, and deliver a Letter of Representations to DTC and to enter into such other agreements and execute such instruments as are necessary to implement such book-entry-only system, such approval to be conclusively evidenced by the execution thereof by said Authorized Representative. Under the initial book-entry-only system with DTC, (i) no physical Commercial Paper Note certificates will be delivered to DTC and (ii) the City will execute and deliver to the Issuing and Paying Agent, as custodian for DTC, a master note relating to the Commercial Paper Notes (the "Master Note") in substantially the form set forth in **Exhibit A**. Except as provided herein, the ownership of the Commercial Paper Notes shall be registered in the name of Cede & Co., as nominee of DTC, which will serve as the initial securities depository for the Commercial Paper Notes. Ownership of beneficial interests in the Commercial Paper Notes shall be shown by book-entry on the system maintained and operated by DTC and DTC Participants, and transfers of ownership of beneficial interests shall be made only by DTC and the DTC Participants by book-entry, and the City and the Issuing and Paying Agent shall have no responsibility therefor. DTC will be required to maintain records of the positions of the DTC Participants in the Commercial Paper Notes, and the DTC Participants and persons acting through the DTC Participants will be required to maintain records of the purchasers of beneficial interests in the Commercial Paper Notes. During any period when a book-entry-only system is in effect, except as provided above in this paragraph, the Commercial Paper Notes shall not be transferable or exchangeable, except for transfer to another securities depository or to another nominee of a securities depository.

With respect to Commercial Paper Notes registered in the name of DTC or its nominee, neither the City nor the Issuing and Paying Agent shall have any responsibility or obligation to any DTC Participant or to any person on whose behalf a DTC Participant holds an interest in the Commercial Paper Notes. Without limiting the immediately preceding sentence, neither the City nor the Issuing and Paying Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC or any DTC Participant with respect to any ownership interest in the Commercial Paper Notes, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Commercial Paper Notes, as shown on the Registration Books, of any notice with respect to the Commercial Paper Notes, including any notice of redemption, and (iii) the payment to any DTC Participant or any other person, other than a registered owner of the Commercial Paper Notes, as shown in the Registration Books, of any amount with respect to principal of and interest on the Commercial Paper Notes.

Whenever, during the term of the Commercial Paper Notes, the beneficial ownership thereof is determined by a book entry at DTC, the requirements in this Ordinance of holding, registering, delivering, exchanging, or transferring the Commercial Paper Notes shall be deemed

modified to require the appropriate person or entity to meet the requirements of DTC as to holding, registering, delivering, exchanging, or transferring the book-entry to produce the same effect.

Either the City or DTC may determine to discontinue the book-entry-only system and in such case, unless a new book-entry-only system is put in place, physical certificates in the form set forth in **Section 2.05** shall be provided to the beneficial owners thereof.

If at any time, DTC ceases to hold the Commercial Paper Notes, all references herein to DTC shall be of no further force or effect.

Whenever the beneficial ownership of the Commercial Paper Notes is determined by a book-entry at DTC, delivery of Commercial Paper Notes for payment at maturity shall be made pursuant to DTC's payment procedures as are in effect from time to time and the DTC Participants shall transmit payment to those beneficial owners whose Commercial Paper Notes have matured. The City and each Issuing and Paying Agent, the Bank, and the Dealer are not responsible for the transfer of payment to the DTC Participants or beneficial owners.

Section 2.03 Commercial Paper Notes. Under and pursuant to the authority granted hereby and subject to the limitations contained herein, Commercial Paper Notes to be designated "City of Garland, Texas, Electric Utility System Commercial Paper Notes, Series 2018," related to the Bank Note and the Reimbursement Agreement are hereby authorized to be issued and sold and delivered from time to time in such principal amounts as determined by an Authorized Representative in denominations of \$100,000 or in integral multiples of \$1,000 in excess thereof, numbered in ascending consecutive numerical order in the order of their issuance and to mature and become due and payable on such dates as an Authorized Representative shall determine at the time of sale; provided, however, that no Commercial Paper Note shall (i) mature after the Maximum Maturity Date or (ii) have a term in excess of two hundred seventy (270) calendar days. Interest, if any, on Commercial Paper Notes shall be payable at maturity with principal.

Section 2.04 Bank Note. Under and pursuant to authority granted hereby and subject to the limitations contained herein and in the Reimbursement Agreement, a promissory note to be designated as the "Bank Note" is hereby authorized and approved in accordance with the terms of this Ordinance, the Reimbursement Agreement and the form thereof set forth in the Reimbursement Agreement.

Section 2.05 Form of Commercial Paper Notes. The Commercial Paper Notes and the Certificate of Authentication to appear on each of the Commercial Paper Notes shall be substantially in the forms set forth in this section with such appropriate insertions, omissions, substitutions and other variations as are permitted or required by this Ordinance and may have such letters, numbers or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements thereon as may, consistently herewith, be approved by an Authorized Representative. Any portion of the text of any Commercial Paper Notes may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Commercial Paper Notes.

The Commercial Paper Notes shall be printed, lithographed, engraved or produced in any other similar manner, or typewritten, all as determined and approved by an Authorized Representative.

Form of Commercial Paper Note:

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF GARLAND, TEXAS
ELECTRIC UTILITY SYSTEM COMMERCIAL PAPER NOTE
SERIES 2018

No.: _____ Note Date: _____
Principal Amount: _____ Maturity Date: _____
Interest to Maturity: _____ Number of Days: _____
Due at Maturity: _____ Interest Rate (%): _____
Owner: _____

The CITY OF GARLAND (the "City"), in the Counties of Dallas, Collin and Rockwall, State of Texas, FOR VALUE RECEIVED, hereby promises to pay to the order of the owner specified above on the maturity date specified above, the principal sum specified above and to pay interest, if any, on said principal amount at said maturity date, from the above specified note date to said maturity date at the per annum interest rate shown above (computed on the basis of actual days elapsed and a 365- or 366-day year, as applicable); both principal of and interest on this Note being payable in lawful money of the United States of America at the designated office of the Issuing and Paying Agent executing the "Certificate of Authentication" endorsed hereon and appearing below, or its successor. No interest will accrue on the principal amount hereof after said maturity date.

This Commercial Paper Note is one of an issue of commercial paper notes (the "Commercial Paper Notes") which, together with other forms of short term obligations, including the below referenced Bank Note, has been duly authorized and issued in accordance with the provisions of an ordinance passed by the City Council of the City, as such ordinance may be amended from time to time as set forth therein (the "Ordinance"), for the purpose of financing Project Costs of Eligible Projects and to refinance, renew or refund Commercial Paper Notes, including interest thereon, in accordance with the provisions of the Ordinance; all in accordance and in strict conformity with the provisions of Texas Government Code, Chapter 1371, as amended (the "Act").

This Commercial Paper Note, together with other Commercial Paper Notes, is payable from and equally secured by a lien on and pledge of (i) the proceeds from (a) the sale of other Commercial Paper Notes issued for such purpose and (b) the sale of a series or issue of Bonds to be issued by the City for such purpose, (ii) Drawings under and pursuant to the Letter of Credit pursuant to which the Bank has agreed to provide credit to the City under the terms and conditions set forth therein (iii) amounts in certain funds established pursuant to the Ordinance and (iv) the Net Revenues of the System, such lien and pledge of the Net Revenues, however, being subordinate to the lien and pledge of the Net Revenues securing the payment of the outstanding Prior Lien Bonds.

This Commercial Paper Note is payable solely from the sources hereinabove identified securing the payment thereof and the Commercial Paper Notes do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of the City or the System.

The holder of this Commercial Paper Note shall never have the right to demand payment hereof from any sources or properties of the City except as identified above.

The holder of this Commercial Paper Note shall never have the right to demand payment hereof from any funds raised or to be raised from taxation.

It is hereby certified and recited that all acts, conditions and things required by law and the Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of this Commercial Paper Note, do exist, have happened and have been performed in regular and in due time, form and manner as required by law and that the issuance of this Commercial Paper Note, together with all other Commercial Paper Notes, is not in excess of the principal amount of Commercial Paper Notes permitted to be issued under the Ordinance.

This Commercial Paper Note has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

This Commercial Paper Note shall not be entitled to any benefit under the Ordinance or be valid or become obligatory for any purpose until this Commercial Paper Note shall have been authenticated by the execution by the Issuing and Paying Agent of the Certificate of Authentication hereon. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Ordinance.

IN TESTIMONY WHEREOF, the City Council has caused this Commercial Paper Note to be signed with the imprinted facsimile signature of the Mayor, attested by the facsimile signature of the City Secretary.

CITY SECRETARY,
CITY OF GARLAND

MAYOR,
CITY OF GARLAND

ISSUING AND PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This Commercial Paper Note is one of the Commercial Paper Notes delivered pursuant to the within-mentioned Ordinance.

U.S. BANK NATIONAL ASSOCIATION,
AS ISSUING AND PAYING AGENT

By: _____
Authorized Signatory

If Commercial Paper Notes are issued in book-entry-only form pursuant to **Section 2.02**, they shall be issued in the form of a Master Note in substantially the form attached hereto as **Exhibit A**, to which there shall be attached the form of Commercial Paper Note as prescribed

above, and it is hereby declared that the provisions of the Commercial Paper Note as prescribed above are incorporated into and shall be a part of the Master Note. It is further provided that this Ordinance and the form of Commercial Paper Note prescribed above shall constitute the "underlying records" referred to in the Master Note. Notwithstanding the provisions of **Section 2.06**, the Master Note shall be executed on behalf of the City by the manual signature of the Mayor or the Mayor Pro-Tem.

Section 2.06 Execution - Authentication. The Commercial Paper Notes (other than the Master Note) shall be executed on behalf of the City by the Mayor and attested by the City Secretary, as provided in **Section 2.05** hereof. The signature of said officers on the Commercial Paper Notes may be manual or facsimile. Commercial Paper Notes bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the date of passage of this Ordinance shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of the initial sale and delivery of Commercial Paper Notes authorized to be issued hereunder and with respect to Commercial Paper Notes delivered in subsequent sales, exchanges and transfers, all as authorized and provided in the Public Security Procedures Act (Texas Government Code, Chapter 1201, as amended).

No Commercial Paper Note shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Commercial Paper Note a certificate of authentication executed by the Paying Agent/Registrar in the customary manner then prevailing for short term obligations such as the Commercial Paper Notes, or, in the case of the Master Note, the Paying Agent/Registrar has executed the Master Note, and the execution of any Commercial Paper Note (including the Master Note) by the Paying Agent/Registrar shall be conclusive evidence, and the only evidence, that such Commercial Paper Note has been duly certified or registered and delivered.

Section 2.07 Notes Mutilated, Lost, Destroyed or Stolen. If any Note shall become mutilated, the City, at the expense of the Holder of said Note, shall execute and deliver a new Note of like tenor and number in exchange and substitution for the Note so mutilated, but only upon surrender to the City of the Note so mutilated. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the City and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the City, at the expense of the owner, shall execute and deliver a new Note of like tenor in lieu of and in substitution for the Note so lost, destroyed or stolen. Neither the City nor the Paying Agent/Registrar shall be required to treat both the original Note and any duplicate Note as being outstanding for the purpose of determining the principal amount of Notes which may be issued hereunder, but both the original and the duplicate Note shall be treated as one and the same.

Section 2.08 Negotiability, Registration and Exchangeability. The obligations issued hereunder shall be, and shall have all of the qualities and incidents of, a negotiable instrument under the laws of the State of Texas, and each successive holder, in accepting any of the obligations, shall be conclusively deemed to have agreed that such obligations shall be and have all of the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

The Registration Books relating to the registration, payment and transfer or exchange of the Commercial Paper Notes shall at all times be kept and maintained by the City at the Designated Office of the Registrar, and the Registrar shall obtain, record and maintain in the Registration Books the name and address of each registered owner of the Commercial Paper Notes, except for Commercial Paper Notes registered to bearer, issued under and pursuant to

the provisions of this Ordinance, and the Registrar further shall provide such information to the City as described in **Section 2.02** hereof. Any Commercial Paper Note may, in accordance with its terms and the terms hereof, be transferred or exchanged for Commercial Paper Notes of like tenor and character and of other authorized denominations upon the Registration Books by the Holder in person or by his duly authorized agent, upon surrender of such Commercial Paper Note to the Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Registrar.

Upon surrender for transfer of any Commercial Paper Note at the Designated Office of the Registrar, the Registrar shall register and deliver, in the name of the designated transferee or transferees (or to bearer, as appropriate), one or more new Commercial Paper Notes executed on behalf of, and furnished by, the City of like tenor and character and of authorized denominations and having the same maturity, bearing interest at the same rate and being of a like aggregate principal amount as the Commercial Paper Note or Commercial Paper Notes surrendered for transfer.

Furthermore, Commercial Paper Notes may be exchanged for other Commercial Paper Notes of like tenor and character and of authorized denominations and having the same maturity, bearing the same rate of interest and of like aggregate principal amount as the Commercial Paper Notes surrendered for exchange, upon surrender of the Commercial Paper Notes to be exchanged at the Designated Office of the Registrar. Whenever any Commercial Paper Notes are so surrendered for exchange, the Registrar shall register and deliver new Commercial Paper Notes of like tenor and character as the Commercial Paper Notes exchanged, executed on behalf of, and furnished by, the City to the Holder requesting the exchange.

The City and the Registrar may charge the Noteholder a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer. The Registrar or the City may also require payment from the Holder of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Commercial Paper Note shall be delivered.

New Commercial Paper Notes delivered upon any transfer or exchange shall be valid obligations of the City, evidencing the same debt as the Commercial Paper Notes surrendered, shall be secured by this Ordinance and shall be entitled to all of the security and benefits hereof to the same extent as the Commercial Paper Notes surrendered.

The City reserves the right to change the above registration and transferability provisions of the Commercial Paper Notes at any time on or prior to the delivery thereof in order to comply with applicable laws and regulations of the United States in effect at the time of issuance thereof.

Section 2.09 Note Clearance Account. There is hereby created and established on the books of the City a separate account hereby designated as the "City of Garland, Texas Electric Utility Note Clearance Account" (the "Note Clearance Account"). By 2:00 p.m. (New York City time) on each Calculation Date, the City shall cause to be credited to the Note Clearance Account from proceeds received from the sale of Commercial Paper Notes or Bonds and, to the extent needed, Net Revenues an amount necessary to (i) first, reimburse the Bank for Drawings under the Letter of Credit to pay the principal of and interest on the Commercial Paper Notes on such date, (ii) second, pay the principal of and interest on any Commercial Paper Notes due on such date to the extent such payments have not been made from the proceeds received from the sale

of Commercial Paper Notes or Bonds or from a Drawing on the Letter of Credit, (iii) third, pay any amount due on the Bank Note in respect of any Advance, and (iv) fourth, pay any other amounts due the Bank.

Section 2.10 Note Payment Fund. There is hereby created and established with the Issuing and Paying Agent a separate and special fund to be designated as the “City of Garland, Texas Electric Utility Note Payment Interest and Sinking Fund” (the “Note Payment Fund”). Moneys in the Note Payment Fund, shall be used to pay principal of and interest on Commercial Paper Notes at the respective interest payment, maturity or redemption dates (if any) of each issue thereof as provided herein. All proceeds of Drawings shall be deposited into the Note Payment Fund and shall be used to pay the principal of and interest on the Commercial Paper Notes then due and payable. Pending the expenditure of moneys in the Note Payment Fund for authorized purposes, such moneys shall be held uninvested, and any moneys deposited in the Note Payment Fund and not used for such purposes shall be returned to the Bank in accordance with the Reimbursement Agreement.

Section 2.11 Pledge; Payments. The Notes are obligations of the City payable from and secured solely by the funds pledged therefor pursuant to this Ordinance. The City agrees to make payments into the Note Payment Fund at such times and in such amounts as are necessary to provide for the full payment of the principal of and the interest on the Notes when due.

To provide security for the payment of the principal of and interest on the Notes and any other amounts due under the Reimbursement Agreement as the same become due and payable, there is hereby granted a lien on and pledge of, subject only to the provisions of this Ordinance permitting the application thereof for purposes and on the terms and conditions set forth herein, (i) the proceeds from (a) the sale of Bonds issued for such purpose and (b) the sale of other Notes issued pursuant to this Ordinance for such purpose, (ii) Advances under and pursuant to the Reimbursement Agreement between the City and the Bank pursuant to which the Bank has agreed to provide credit to the City under the terms and conditions set forth therein, which Advances shall be evidenced by a Bank Note, (iii) the amounts held in the Note Payment Fund and the Note Clearance Account until the amounts deposited therein are used for authorized purposes, and the amounts remaining on deposit in the Note Construction Account after the payment of all Project Costs, provided, however, amounts in the Note Payment Fund shall be used only to pay the principal of and interest then due on any Commercial Paper Notes, and amounts in the Note Clearance Account shall be used only to pay first any amounts due to reimburse the Bank for a Drawing, second the principal of and interest then due on any Commercial Paper Notes, if any, not paid with the proceeds of a Drawing, third any amounts due on any Bank Note that has been issued to evidence the repayment of an Advance, and fourth any other amounts due the Bank, and (iv) the Net Revenues of the System, such lien and pledge of the Net Revenues, however, being subordinate to the lien and pledge of the Net Revenues securing the payment of the outstanding Prior Lien Bonds and it is hereby resolved and declared that the principal of and interest on the Notes and any other amounts due under the Reimbursement Agreement shall be and are hereby equally and ratably secured by and payable from a lien on and pledge of the sources hereinabove identified in clauses (i), (ii), (iii) and (iv) subject and subordinate only to the exceptions noted therein.

Additionally, to provide security for the payment of the principal of and interest on Advances and other amounts due under the Reimbursement Agreement as the same shall become due and payable, there is hereby granted a lien on and pledge of, subject only to the provisions of this Ordinance permitting the application thereof for purposes and on the terms and conditions set forth herein, the Net Revenues; such lien on and pledge of the Net Revenues to

the payment of Advances and other amounts due under the Reimbursement Agreement, however, being subordinate to the lien and pledge securing the payment of Prior Lien Bonds. Unless Advances are paid from the proceeds of Commercial Paper Notes or Bonds issued for such purposes, or amounts available in the Note Payment Fund or the Note Construction Account, all as described above, such payments are to be made from Net Revenues on deposit in the "Bank Note Account" noted in **Section 4.02** hereof.

During each Fiscal Year while any of the Commercial Paper Notes are outstanding and unpaid, the City shall timely transfer from the Note Clearance Account such amounts as shall be necessary to pay or reimburse the Bank for all amounts described in **Section 2.09** when due. The City does hereby levy and shall assess and collect System revenues in each Fiscal Year at a rate sufficient to generate an amount which, together with the Net Revenues available during such Fiscal Year and the amount then on deposit in the Note Clearance Account, shall be necessary to pay the Maximum Interest Payable on the Commercial Paper Notes projected to come due in that Fiscal Year. System revenues so assessed and collected shall be deposited to the credit of the Note Clearance Account.

Unless the Bank Note is paid from the proceeds of Commercial Paper Notes or Bonds issued for such purposes, or amounts available in the Note Payment Fund or the Note Clearance Account, all as described above, such payments are to be made from Net Revenues of the System deposited to the "Bank Note Account" in accordance with **Section 4.02** hereof.

Section 2.12 Note Construction Account. There is hereby created and established on the books of the City a separate account hereby designated as the "City of Garland, Texas Electric Utility System Commercial Paper Notes, Series 2018, Note Construction Account" (the "Note Construction Account"). Moneys deposited in the Note Construction Account shall remain therein until from time to time expended to pay for Project Costs, and shall not be used for any other purposes whatsoever, except as otherwise provided below, and pending such expenditure, moneys in the Note Construction Account may be invested at the direction of the Director of Financial Services or the designee thereof in Eligible Investments.

Any amounts remaining in the Note Construction Account after the payment of all Project Costs shall be paid into the Note Clearance Account and used first for the payment of any amounts due on any Bank Note that has been issued to evidence the repayment of an Advance, and second to the payment of such maturities of the Commercial Paper Notes coming due at such times as may be selected by an Authorized Representative. In the event no Commercial Paper Notes are outstanding and there are no outstanding Advances or other amounts owed the Bank under the Reimbursement Agreement, any amounts in the Note Construction Account not anticipated to be needed to pay Project Costs shall be transferred to the City's Electric Utility System Fund.

Section 2.13 Cancellation. All Commercial Paper Notes which at maturity are surrendered to the Paying Agent/Registrar for the collection of the principal of and interest thereon or are surrendered for transfer or exchange pursuant to the provisions hereof shall, upon payment or issuance of new Commercial Paper Notes, be canceled by the Paying Agent/Registrar, and the Paying Agent/Registrar forthwith shall transmit to the City a certificate identifying such Commercial Paper Notes and certifying that such Commercial Paper Notes have been duly canceled and destroyed.

Section 2.14 Fiscal and Other Agents. In furtherance of the purposes of this Ordinance, the Director of Financial Services of the City is hereby authorized from time to time to appoint and

provide for the payment of such additional fiscal, paying or other agents or trustees as it may deem necessary or appropriate in connection with the Notes.

Section 2.15 Reimbursement Agreement. The Reimbursement Agreement, substantially in the form attached hereto as **Exhibit B** is hereby approved, and shall be entered into with the Bank. The form of the Bank Note substantially in the form contained in the Reimbursement Agreement is approved with the interest rate payable thereon to be determined as set forth therein. Any Authorized Representative is hereby authorized to approve all final changes and execute and deliver the Reimbursement Agreement. In addition, the Fee Agreement (as defined in the Reimbursement Agreement) between the City and the Bank, substantially in the form attached hereto as **Exhibit C**, is hereby approved, and shall be entered into with the Bank. Any Authorized Representative is hereby authorized to approve all final changes and execute and deliver the Fee Agreement.

Section 2.16 Funds Secured. Moneys in all Funds created under this Ordinance, to the extent not invested as permitted hereunder, shall be secured in the manner prescribed by law for securing funds of the City.

ARTICLE III

ISSUE AND SALE OF NOTES

Section 3.01 Issuance and Sale of Commercial Paper Notes.

(a) The Commercial Paper Notes shall be completed and delivered by the Issuing and Paying Agent in accordance with telephonic, computer or written instructions of an Authorized Representative and in the manner specified below and in the Issuing and Paying Agent Agreement. To the extent such instructions are not written, they shall be confirmed in writing by an Authorized Representative within 24 hours. Said instructions shall specify such principal amounts, dates of issue, maturities, rates of discount or interest, or the formula or method of calculating interest and the basis upon which it is to be computed, and other terms and conditions which are hereby authorized and permitted to be fixed by an Authorized Representative at the time of sale of the Commercial Paper Notes. Such instructions shall include the purchase price of the Commercial Paper Notes, and a request that the Issuing and Paying Agent authenticate such Commercial Paper Notes by countersignature of its authorized officer or employee and deliver them to the named purchaser or purchasers thereof upon receipt of payment in accordance with the custom then prevailing in the New York financial market in regard to such Commercial Paper Notes. The rules of the New York Clearinghouse shall apply thereto. Such instructions shall also contain provisions representing that all action on the part of the City necessary for the valid issuance of the Commercial Paper Notes then to be issued has been taken, that all provisions of Texas and federal law necessary for the valid issuance of such Commercial Paper Notes with provision for interest exemption from federal income taxation have been complied with, if applicable, and that such Commercial Paper Notes in the hands of the Holders thereof will be valid and enforceable obligations of the City according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that, if applicable, based upon the advice of Bond Counsel, the stated interest on the Commercial Paper Notes is exempt from federal income taxation. Such instructions shall also certify that:

(i) no Event of Default under **Section 5.01** hereof or Event of Default under Article VII of the Reimbursement Agreement has occurred and is continuing as of the date of such Commercial Paper Note and that the Issuing and Paying Agent has not received a Notice of No Issuance or a Final Drawing Notice (as such terms are defined in the Reimbursement Agreement);

(ii) each project to be financed with the proceeds of the Commercial Paper Notes will constitute an Eligible Project;

(iii) the City is in compliance with the covenants set forth in **Article IV** hereof as of the date of such instructions;

(iv) the City has been advised by Bond Counsel that the proposed expenditure of the proceeds of such Commercial Paper Notes for such projects and refunding, as described by the City, will not cause the City to be in violation of its covenants set forth in **Section 4.06** hereof; and

(v) the sum of the interest payable on such Commercial Paper Note will not exceed a yield (calculated on the principal amount of the Commercial Paper Note on the basis of a 365- or 366-day year, as applicable, and actual number of days elapsed) to the maturity date of such Commercial Paper Note in excess of the Maximum Interest Rate.

(b) The Bank Note shall be or has been delivered to the Bank and indebtedness may be incurred thereunder in accordance with the terms of the Reimbursement Agreement.

Section 3.02 Proceeds of Sale of Commercial Paper Notes. The proceeds of the sale of any Commercial Paper Notes (net of all expenses and costs of sale and issuance) shall be applied for any or all of the following purposes as directed by an Authorized Representative:

(i) Proceeds to be used for the payment of outstanding Commercial Paper Notes at maturity and for the repayment of any Drawing or Advance (evidenced by the Bank Note) or other amounts due under the Reimbursement Agreement; and

(ii) Proceeds not used as provided in subparagraph (i) above shall be transferred and deposited to the Note Construction Account and used and applied in accordance with the provisions of **Section 2.12** hereof.

Section 3.03 Issuing and Paying Agent Agreement. The Issuing and Paying Agent Agreement by and between the City and the Issuing and Paying Agent relating to the Commercial Paper Notes, in substantially the form attached to this Ordinance as **Exhibit D**, is hereby approved, and any Authorized Representative is hereby authorized and directed to approve all final changes and execute the same for and on behalf of the City and the City Secretary is authorized to attest such signature. Any Authorized Representative is hereby authorized to enter into any supplemental agreements with the Issuing and Paying Agent or with any successor Issuing and Paying Agent in order to implement the functions of the Issuing and Paying Agent or Registrar with respect to the Commercial Paper Notes.

Section 3.04 Dealer Agreement. The Dealer Agreement to be entered into with the Dealer pertaining to the sale, from time to time, of Commercial Paper Notes or the purchase of Commercial Paper Notes from the City, all for a fee to be set forth in the Dealer Agreement, in substantially the form attached to this Ordinance as **Exhibit E**, is hereby approved, and any

Authorized Representative is hereby authorized and directed to approve all final changes and execute the same for and on behalf of the City.

ARTICLE IV

COVENANTS OF THE CITY

Section 4.01 Limitation on Issuance. Unless this Ordinance is amended and modified by the City Council in accordance with the provisions of **Section 6.01** hereof, the City covenants that there will not be issued and outstanding at any time under this Ordinance more than \$80,000,000 in principal amount of Notes, which outstanding principal amount may be comprised in whole or in part of Commercial Paper Notes and the Bank Note. For purposes of this **Section 4.01**, any portion of outstanding Commercial Paper Notes to be paid on a particular day from moneys on deposit in the Note Payment Fund and available proceeds of Notes or Bonds shall not be considered outstanding on such day. In addition to the foregoing, (i) no Commercial Paper Notes shall be issued for any project other than an Eligible Project and (ii) no Commercial Paper Notes shall be issued if the Commercial Paper Notes then outstanding after such issuance would exceed the Authorized but Unissued Amount of Commercial Paper Notes.

Additionally, the City covenants and agrees that the total principal amount of all Commercial Paper Notes outstanding at any one time (after taking into account any Commercial Paper Notes to be paid on such proposed issuance date) and the total amount of interest accrued or to accrue thereon shall not exceed the Initial Stated Amount (as defined in the Reimbursement Agreement).

Furthermore, the City covenants and agrees that with regard to interest due on any Notes, it shall only make a borrowing under the Reimbursement Agreement to pay interest due on Commercial Paper Notes (and not interest due on any obligation evidenced by the Bank Note). Any borrowing made pursuant to the Reimbursement Agreement to pay the interest due on Commercial Paper Notes shall be repaid to the Bank on the same business day from revenues received from the sale of Commercial Paper Notes, Net Revenues or other available funds of the City sufficient to make such payment.

Section 4.02 Bank Note Account. There is hereby created and there shall be established and maintained a separate account to be known as the "Bank Note Account" for the sole benefit of the Bank Note within the Note Payment Fund established by this Ordinance. There shall be deposited by the City to the Bank Note Account the amounts required by **Section 2.11** hereof for the payment of the Bank Note.

Section 4.03 Maintenance of Available Credit Facilities Requirement. The City agrees and covenants that at all times up to and including the Maximum Maturity Date, unless the Commercial Paper Notes are no longer outstanding, it will maintain credit or liquidity facilities with banks in amounts such that, assuming that all then outstanding Commercial Paper Notes were to become due and payable immediately, the amount available for borrowing under such facilities would be sufficient at that time to pay principal of and interest on all Commercial Paper Notes. No Commercial Paper Note shall be issued if, after giving effect to the issuance thereof and, if after the immediate application of the proceeds thereof to retire other Commercial Paper Notes supported by the credit or liquidity facility, the aggregate principal amount of all Commercial Paper Notes secured by or payable from the credit or liquidity facility would exceed the amount of the commitment thereunder. The availability for borrowing of such amounts under such facilities may be subject to reasonable conditions precedent, including but not limited to,

bankruptcy of the City. In furtherance of the foregoing covenant, the City agrees that it will not issue any Commercial Paper Notes or make any borrowing which will result in a violation of such covenant, will not amend the Reimbursement Agreement in a manner which will cause a violation of such covenant and, if and to the extent necessary to maintain compliance with such covenant, will arrange for new credit or liquidity facilities prior to, or contemporaneously with, the expiration of the Reimbursement Agreement. The City shall provide written notice to the Dealer, the Issuing and Paying Agent and DTC (if the Commercial Paper Notes are then outstanding in book-entry-only form) at least ten (10) Business Days prior to any change in the bank providing a credit facility or a liquidity facility in respect to the Commercial Paper Notes. Prior to the effective date of the new credit or liquidity facility, all Commercial Paper Notes issued that are supported by the then existing Reimbursement Agreement shall have matured or appropriate provisions have been made for their payment at maturity. A substitution of the credit facility or the liquidity facility will not be effective until the City obtains a confirmation of no rating change from each rating agency then providing a rating on the Commercial Paper Notes.

Section 4.04 Bonds. The City hereby acknowledges that the Commercial Paper Notes are being issued as bond anticipation notes, and therefore the City in good faith shall endeavor to sell a sufficient principal amount of the Bonds in order to have funds available, together with other moneys available therefor, to pay the Notes and the interest thereon, or any renewals thereof, or any obligations created under the Reimbursement Agreement, as the same shall become due, and such Bonds may be issued as refunding bonds issued pursuant to and in accordance with the provisions of Texas Government Code, Chapter 1207, as amended.

Section 4.05 Punctual Payment. The City will punctually pay or cause to be paid the principal of and interest, if any, on the Notes (but only from the sources pledged herein), in conformity with the Notes, this Ordinance and the Reimbursement Agreement.

Section 4.06 Covenants to Maintain Tax-Exempt Status.

(a) **Definitions.** When used in this Section, the following terms shall have the following meanings:

"Closing Date" means the date on which the Commercial Paper Notes are first authenticated and delivered to the initial purchasers against payment therefor.

"Code" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

"Computation Date" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Gross Proceeds" means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Commercial Paper Notes.

"Investment" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Nonpurpose Investment" means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Commercial Paper Notes are invested and which is not acquired to carry out the governmental purposes of the Commercial Paper Notes.

"Rebate Amount" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Regulations" means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Commercial Paper Notes. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"Yield" of

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

(2) the Commercial Paper Notes has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Commercial Paper Note to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Commercial Paper Note, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last stated maturity of Commercial Paper Notes:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Commercial Paper Notes and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Commercial Paper Notes or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Commercial

Paper Notes to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Commercial Paper Notes directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Commercial Paper Notes.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Commercial Paper Notes to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

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

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

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six (6) years after the day on which the last outstanding Commercial Paper Note is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Commercial Paper Notes with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Commercial Paper Notes until six (6) years after the final Computation Date.

(3) The City shall pay to the United States out of the Note Payment Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Commercial Paper Notes equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any

other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Elections. The City hereby directs and authorizes the Mayor, City Manager, and Director of Financial Services, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Commercial Paper Notes, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

Section 4.07 Allocation of, and Limitation on, Expenditures for Eligible Projects.

The City covenants to account for on its books and records the expenditure of proceeds from the sale of the Commercial Paper Notes and any investment earnings thereon to be used for Eligible Projects by allocating proceeds to expenditures within 18 months of the later of the date that (a) the expenditure on a Eligible Project is made or (b) each Eligible Project is completed. The foregoing notwithstanding, the City shall not expend such proceeds or investment earnings more than sixty (60) days after the later of (a) the fifth anniversary of the date of delivery of the Commercial Paper Notes or (b) the date the Commercial Paper Notes are retired, unless the City obtains an opinion of Bond Counsel substantially to the effect that such expenditure will not adversely affect the tax-exempt status of the Commercial Paper Notes. For purposes of this Section, the City shall not be obligated to comply with this covenant if it obtains an opinion of Bond Counsel to the effect that such failure to comply will not adversely affect the excludability of the interest on the Commercial Paper Notes from gross income for federal income tax purposes.

Section 4.08 Disposition of Eligible Projects. The City covenants that the property constituting an Eligible Project 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 Bond Counsel substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt status of the Commercial Paper Notes. For purposes of this Section, the portion of the property comprising personal property and disposed of in the ordinary course of business shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes of this Section, the City shall not be obligated to comply with this covenant if it obtains an opinion of Bond Counsel to the effect that such failure to comply will not adversely affect the excludability of the interest from gross income for federal income tax purposes.

Section 4.09 Taxable Obligations. The provisions of **Section 4.06** of this Ordinance notwithstanding, the City reserves the ability to issue other commercial paper notes (but not the Commercial Paper Notes authorized under this Ordinance) in a manner such that such obligations are not obligations described in Section 103(a) of the Code or are obligations which constitute "private activity bonds" within the meaning of Section 141(b) of the Code. If such other commercial paper notes are so issued, an Authorized Representative is authorized to designate

such other commercial paper notes in such a manner as to distinguish such other commercial paper notes from those Commercial Paper Notes that are issued as obligations described in Section 103(a) of the Code.

Section 4.10 Supplemental Ordinances. The City will not adopt any supplemental ordinances to this Ordinance without the written consent of the Bank.

Section 4.11 Opinion of Bond Counsel. The City shall cause the legal opinion of Bond Counsel as to the validity of the Notes and as to the exemption of interest on the Commercial Paper Notes from federal income taxation to be furnished to any Noteholder without cost. In addition, a copy of said opinion may be printed on or attached to each of the Commercial Paper Notes.

Section 4.12 Ongoing Continuing Disclosure Covenant. To the extent required by the provisions of Rule 15c2-12, promulgated by the United States Securities and Exchange Commission, the City agrees to enter into an agreement to file financial information and operating data with respect to the Commercial Paper Notes with such entities as are designated pursuant to the terms of said Rule 15c2-12. Under the provisions of said Rule 15c2-12, as they exist on the date this Ordinance is adopted, the City is exempted from complying with the undertaking described in the first sentence of this **Section 4.12**, as the Notes are to be issued in the form of Commercial Paper Notes.

Section 4.13 Rates and Charges. For such time as the Commercial Paper Notes are outstanding and for the benefit of the original purchasers as well as the ultimate owners of the Commercial Paper Notes and the Prior Lien Bonds and in addition to all provisions and covenants in the law of the State of Texas and in this Ordinance, the City shall, at all times while any of the Commercial Paper Notes are outstanding and unpaid, maintain rates and collect charges for the facilities and services afforded by the System, as required by Texas Government Code, Chapter 1502, as amended, which will provide Gross Revenues of the System, including the money transferred to the System Fund (as described in the ordinances authorizing the issuance of the Prior Lien Bonds) for the sole purpose of compliance with this Section 4.13, sufficient at all times to:

(a) pay for all maintenance, operation, depreciation, replacement and betterment charges of the System and all other outstanding indebtedness against said System as and when the same becomes due;

(b) produce Net Revenues each Fiscal Year in an amount reasonably estimated to be not less than 1.0 times the annual principal and interest requirements of the Outstanding Prior Lien Bonds and the Outstanding Commercial Paper Notes (for purposes of this Section 4.13(b) the City may use the lesser of the 30 year level debt service amortization based on The Bond Buyer Revenue Bond Index for such term in effect on the first day of the Fiscal Year or the Revenue Bond Index average published in The Bond Buyer on the date of calculation for calculating the annual principal and interest requirements on Outstanding Commercial Paper Notes.).

Section 4.14 Additional Obligations to be Issued on a Parity with the Prior Lien Bonds - Obligations of Inferior Lien and Pledge. The City retains the right to create and issue evidences of indebtedness whose lien on the Net Revenues of the System is on a parity with the lien granted to the Prior Lien Bonds, upon satisfaction of the conditions specified in the ordinances related to the Prior Lien Bonds as well as to create and issue evidences of indebtedness whose

lien on the Net Revenues shall be on a parity with or subordinate to that securing the Commercial Paper Notes.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES OF NOTEHOLDERS

Section 5.01 Events of Default. If one or more of the following events shall occur:

(a) if default shall be made in the due and punctual payment of any installment of principal of any Commercial Paper Note or any Prior Lien Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if the City shall fail to make due and punctual payment of any installment of interest on any Commercial Paper Note or any Prior Lien Bonds when and as such interest installment shall become due and payable and such failure shall continue for five (5) Business Days;

(c) if the principal of the Bank Note (and interest accrued thereon) shall become due and payable prior to the maturity thereof under the Bank Note and the Reimbursement Agreement;

(d) if default shall be made by the City in the performance or observance of any other of the covenants, agreements or conditions on its part contained in this Ordinance (other than a failure to comply with the provisions of Section 4.05 hereof for which no cure period shall exist) or in the Commercial Paper Notes, and such default shall continue for a period of sixty (60) days after written notice thereof; provided, however, that if such default cannot be cured within the sixty (60) day period but corrective action to cure such default is commenced and diligently pursued until the default is corrected, no such Event of Default shall be deemed to have occurred; or

(e) if there shall occur the dissolution (without a successor being named to assume the rights and obligations) or liquidation of the City or the filing by the City of a voluntary petition in bankruptcy, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of its creditors, or the entry by the City into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceeding for its reorganization instituted under the provisions of the Bankruptcy Code, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted; then such event as described above shall constitute an "Event of Default" under this Ordinance.

Section 5.02 Suits at Law or in Equity and Mandamus. In case one or more Events of Default shall occur, then and in every such case the Holder of any Note at the time outstanding shall be entitled to proceed to protect and enforce such Holder's rights by such appropriate judicial proceeding as such Holder shall deem most effectual to protect and enforce any such right, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in this Ordinance, or in aid of the exercise of any power granted in this Ordinance, or to enforce any other legal or equitable right vested in the Holders of Notes by this Ordinance or the Notes or by law. The provisions of this Ordinance shall be a contract with each and every Holder of Notes and the duties of the City shall be enforceable by any Noteholder by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

Section 5.03 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Holders of Notes is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by the Holder of any one or more of the Notes.

ARTICLE VI

MISCELLANEOUS

Section 6.01 Amendments or Modifications Without Consent of Holders of Notes. This Ordinance and the rights and obligations of the City and of the Holders of Notes may be modified or amended at any time by a supplemental ordinance, without notice to or the consent of any Noteholders, but only to the extent permitted by law, and, subject to the rights of the Holders of the Notes, only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the City contained in this Ordinance, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the City;

(b) to cure any ambiguity or inconsistency, or to cure or correct any defective provision contained in this Ordinance, upon receipt by the City of an approving opinion of Bond Counsel selected by the City, that the same is needed for such purpose, and will more clearly express the intent of this Ordinance; or

(c) to supplement the security for the Notes, replace or provide additional credit facilities, make such changes, modifications or amendments as may be necessary or desirable in order to obtain the approval of this Ordinance by the Attorney General of Texas, or to obtain or maintain the granting of a rating on the Notes by a nationally recognized municipal bond rating agency, or change the form of the Notes, or make such other changes in the provisions hereof as the City may deem necessary or desirable and which shall not materially adversely affect the interests of the Holders of the Notes;

provided further, however, that nothing contained herein shall permit or be construed to permit the amendment of the terms and conditions of this Ordinance or of the Commercial Paper Notes so as to:

(i) make any change in the maturity of any of the outstanding Commercial Paper Notes;

(ii) reduce the rate of interest borne by any of the outstanding Commercial Paper Notes;

(iii) reduce the amount of the principal payable on any of the outstanding Commercial Paper Notes;

(iv) modify the terms of payment of principal of or interest on the outstanding Commercial Paper Notes, or impose any conditions with respect to such payment;

(v) affect the rights of the Holders of less than all of the outstanding Commercial Paper Notes; or

(vi) reduce or restrict the pledge made pursuant to **Section 2.11** hereof for payment of the Commercial Paper Notes;

and provided further that no such change, modification or amendment shall be made in this Ordinance or become valid and effective without the written consent of the Bank.

Section 6.02 Additional Actions. Any Authorized Representative, the City Secretary, and the other officers of the City, each are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Notes and otherwise to effectuate the purposes of this Ordinance, the Reimbursement Agreement, the Dealer Agreement, the Offering Memorandum and the Issuing and Paying Agent Agreement. Specifically, by the adoption of this Ordinance, the City Council hereby authorizes the payment of the fees and expenses incurred and to be paid by the City in connection with the issuance, sale and delivery of the Notes and the execution and delivery of the Reimbursement Agreement, the Dealer Agreement and the Issuing and Paying Agent Agreement. In addition, the Mayor, City Secretary, City Manager, and Director of Financial Services, any one or more of said persons, are hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance and as described in the Offering Memorandum, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the Reimbursement Agreement and this Ordinance by the Attorney General's office.

Section 6.03 Ordinance to Constitute a Contract; Equal Security. In consideration of the acceptance of the Notes, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the City and the Holders from time to time of the Notes and the pledge made in this Ordinance by the City, and the covenants and agreements set forth in this Ordinance to be performed by the City shall be for the equal and proportionate benefit, security and protection of all Holders of the Notes, without preference, priority or distinction as to security or otherwise of any of the Notes authorized hereunder over any of the others by reason of time of issuance, sale or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Ordinance or, with respect to the Bank Note, the Reimbursement Agreement.

Section 6.04 Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Notes issued hereunder.

Section 6.05 Payment and Performance on Business Days. Whenever under the terms of this Ordinance or the Commercial Paper Notes, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Commercial Paper Notes, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Commercial Paper Notes, need not be made on such

day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment.

Section 6.06 Defeasance. If, when all or any portion of the Commercial Paper Notes shall have become due and payable in accordance with their terms or otherwise as provided in this Ordinance, the entire principal and interest so due and payable upon said Commercial Paper Notes shall be paid, or if at or prior to the date said Commercial Paper Notes have become due and payable, (i) sufficient moneys, or (ii) direct obligations of, or obligations guaranteed by, the United States of America, the principal of and interest on which will provide sufficient moneys for such payment, or (iii) noncallable and non-prepayable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, the principal of and interest on which will provide sufficient moneys for such payment, or (iv) noncallable and non-prepayable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, the principal of and interest on which will provide sufficient moneys for such payment, shall be held in trust by the Issuing and Paying Agent, and provision shall also be made for paying all other sums payable hereunder by the City with respect to said Commercial Paper Notes and all other amounts payable under the Reimbursement Agreement, the pledge herein created with respect to said Commercial Paper Notes and the amounts payable under the Reimbursement Agreement shall thereupon cease, terminate and become discharged, and said Commercial Paper Notes shall no longer be deemed outstanding for purposes of this Ordinance, and all the provisions of this Ordinance relating to the Commercial Paper Notes, including all covenants, agreements, liens and pledges made herein for the benefit thereof, shall be deemed duly discharged, satisfied and released.

Section 6.07 Limitation of Benefits with Respect to the Ordinance. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Ordinance or the Notes is intended or should be construed to confer upon or give to any person other than the City, the Holders of the Notes, the Issuing and Paying Agent and the parties to the Dealer Agreement and the Reimbursement Agreement, any legal or equitable right, remedy or claim under or by reason of or in respect to this Ordinance or any covenant, condition, stipulation, promise, agreement or provision herein contained. This Ordinance and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the City, the Holders of the Notes, the Issuing and Paying Agent and the parties to the Dealer Agreement and the Reimbursement Agreement as herein and therein provided.

Section 6.08 Use of Offering Memorandum. The use by the Dealer of the Offering Memorandum, prepared by the Dealer in connection with the sale of Commercial Paper Notes, and the distribution of the Offering Memorandum by the Dealer, is approved, subject to the approval thereof by an Authorized Representative. The Offering Memorandum may be updated as often as necessary to reflect information regarding the City and its finances which, in the reasonable judgment of the Dealer, may be material to investors in the Notes. Any Authorized Representative is hereby authorized to provide to the Dealer such information as may be reasonably requested by the Dealer.

Section 6.09 Approval of Attorney General. No Notes herein authorized to be issued shall be sold or delivered by an Authorized Representative until the Attorney General of the State

of Texas shall have approved this Ordinance, the Reimbursement Agreement, and other agreements and proceedings as may be required in connection therewith, all as is required by the Act.

Section 6.10 Repeal of 2014 Note Ordinance. The City has authorized the Notes to replace the City's previous electric utility system commercial paper program, which program has been evidenced by the issuance of the City of Garland, Texas Electric Utility System Commercial Paper Notes, Series 2014 (the "Series 2014 Notes") which were authorized by Ordinance 6702, passed and adopted by the City Council of the City on June 3, 2014 ("Ordinance 6702"). Upon the passage and adoption of this Ordinance and the effective termination of the letter of credit issued under the reimbursement agreement, dated as of June 1, 2014, between the City and Wells Fargo Bank, National Association, Ordinance 6702 shall be and is hereby repealed and the authority of the City to issue any new Series 2014 Notes shall be terminated. Upon the adoption of the Ordinance and the effective date of the Reimbursement Agreement authorized hereby, any Series 2014 Notes or any note to Wells Fargo Bank, National Association previously issued and outstanding shall be refunded as soon as possible thereafter from (i) proceeds of Notes, (ii) proceeds of Bonds, (iii) advances under any agreement with Wells Fargo Bank, National Association (only with respect to paying Series 2014 Notes) and (iv) to the extent available, Net Revenues.

Section 6.11 Incorporation of Recitals. The Issuer hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the Issuer hereby incorporates such recitals as a part of this Ordinance.

Section 6.12 Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

Section 6.13 Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public, and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Texas Government Code, Chapter 551, as amended.

Section 6.14 Effective Date. This Ordinance shall be in full force and effect from and after its passage on the date shown below and it is so ordained.

[remainder of page intentionally left blank]

PASSED AND ADOPTED, this May 15, 2018.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

(City Seal)

Exhibit A
MASTER NOTE

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

MUNICIPAL COMMERCIAL PAPER – TECP MASTER NOTE

_____, 2018
(Date of Issuance)

City of Garland, Texas (“Issuer”), for value received, hereby promises to pay to Cede & Co., as nominee of the Depository Trust Company, or to registered assigns (i) the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date of each obligation identified on the records of Issuer (the “Underlying Records”) as being evidenced by this Master Note, which Underlying Records are maintained by U.S. Bank National Association (“Paying Agent”); (ii) interest on the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records; and (iii) the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records. Interest shall be calculated at the rate and according to the calculation convention specified on the Underlying Records. Payments shall be made solely from the sources stated on the Underlying Records by wire transfer to the registered owner from Paying Agent without the necessity of presentation and surrender of this Master Note.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS MASTER NOTE SET FORTH ON THE REVERSE HEREOF.

This Master Note is a valid and binding obligation of Issuer.

Not Valid Unless Countersigned for Authentication by Paying Agent.

U.S. Bank National Association
(Paying Agent)

City of Garland, Texas
(Issuer)

By: _____
(Authorized Countersignature)

By: _____
(Authorized Signature)



**The Depository Trust &
Clearing Corporation**

(Reverse Side of Note)

At the request of the registered owner, Issuer shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Master Note.

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

(Name, Address, and Taxpayer Identification Number of Assignee)

the Master Note and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said Master Note on the books of issuer with full power of substitution in the premises.

Dated:
Signature(s) Guaranteed

(Signature)

Notice: The signature on this assignment must correspond with the name as written upon the face of this Master Note, in every particular, without alteration or enlargement or any change whatsoever.

Unless this certificate is presented by an authorized representative of the Depository Trust Company, a New York corporation ("DTC"), to issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Exhibit B

REIMBURSEMENT AGREEMENT

REIMBURSEMENT AGREEMENT

between

CITY OF GARLAND, TEXAS

and

BANK OF AMERICA, N.A.

dated as of May 1, 2018

relating to
not to exceed
\$80,000,000
Electric Utility System
Commercial Paper Notes,
Series 2018

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REIMBURSEMENT AGREEMENT

This REIMBURSEMENT AGREEMENT dated as of May 1, 2018, is by and between CITY OF GARLAND, TEXAS, a political subdivision and home rule municipal corporation of the State of Texas, and BANK OF AMERICA, N.A.

WITNESSETH

WHEREAS, the City intends to issue its Commercial Paper Notes designated as the **[Electric Utility System Commercial Paper Notes, [Series 2018]]** (the “Notes”), in the aggregate principal amount of up to \$80,000,000 for the purposes permitted by the CP Ordinance hereinafter mentioned;

WHEREAS, the Notes will be issued pursuant to the Act (as hereinafter defined), and the CP Ordinance (as hereinafter defined);

WHEREAS, in order to secure the payment of the Notes as the same shall become due and payable pursuant to the provisions of the CP Ordinance, the City has requested that the Bank issue in favor of the Issuing and Paying Agent (as hereinafter defined), for the account of the City and for the benefit of the holders from time to time of the Notes, the Letter of Credit (as hereinafter defined) in the stated amount of **[\$88,876,713]**, which letter of credit is to be issued with such terms as are required to provide funds for the payment of the principal amount of and interest on the Notes when the same shall become due and payable by the City pursuant to the aforesaid CP Ordinance;

WHEREAS, in order to induce the Bank to issue the Letter of Credit, the City has agreed to reimburse the Bank for all amounts advanced by it under the Letter of Credit and to pay interest on such amounts as well as certain costs, fees and expenses, all as provided herein;

NOW, THEREFORE, in consideration of the foregoing recitals and the covenants contained herein, and in order to induce the Bank to issue the Letter of Credit, the parties agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. For purposes of this Reimbursement Agreement, capitalized terms used herein which are not defined herein shall have the meanings set forth in the CP Ordinance. In addition, the following terms shall have the following meanings:

“Act” means the Texas Government Code, Chapter 1371 as amended from time to time.

“Advance” shall have the meaning set forth in Section 2.5 hereof and shall include Interest Advances and Principal Advances.

“Affiliate” means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

“Alternate Credit Facility” means a letter of credit, note purchase agreement or similar credit facility entered into by the City and providing for the payment of the principal of and interest on the Notes as the same become due in accordance with the CP Ordinance.

“Alternate Liquidity Facility” means a revolving credit agreement or similar liquidity facility entered into by the City and providing for the payment of the principal of and interest on the Notes as the same become due in accordance with the CP Ordinance.

“Applicable Law” means (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, rules, regulations and orders of all governmental and non-governmental bodies, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts (whether at law or in equity) and arbitrators.

“Authorized Representative” means in the case of the City, the Mayor, the City Manager, any Assistant City Manager, the Director of Financial Services or such other person or persons of the City designated in writing by the City Manager to act as an Authorized Representative.

“Bank” means Bank of America, N.A., and its successors and assigns.

“Bank Documents” means (a) this Reimbursement Agreement, (b) the Letter of Credit, (c) the Fee Agreement, and (d) all certificates, opinions, financing statements and other documents or instruments made or delivered in accordance with any of the foregoing agreements, each as amended from time to time in accordance with its respective terms and with the terms of this Reimbursement Agreement.

“Bank Loan” means the amount of each Drawing which has been converted into a term loan in accordance with the provisions of Section 2.10 hereof.

“Bank Note” means the Bank Note, in the form of Exhibit E hereto, made by the City payable to the Bank evidencing the obligation of the City to pay the aggregate unpaid principal amount of and interest on Payment Obligations under this Agreement, and such term shall include any Bank Note that may be issued from time to time in substitution, renewal, extension, replacement or exchange therefor.

“Bank Rate” means the rate of interest per annum with respect to any Drawing (i) for any day commencing on the date such Drawing is made up to and including the ninetieth (90th) day next succeeding the date such Drawing is made, equal to the Base Rate from time to time in effect and (ii) for any day commencing on or after the ninety-first (91st) day next succeeding the date such Drawing is made and thereafter, equal to the sum of the Term Loan Rate; *provided, however,*

that in no event shall the Bank Rate be less than the highest per annum interest rate applicable to Notes then outstanding; *provided further, however*, that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, “Bank Rate” shall mean the Default Rate.

“*Base Rate*” means, for any day, a rate of interest per annum (reset on each Business Day) equal to the greatest of (i) the Prime Rate plus 1.00%, (ii) the Federal Funds Rate plus 2.00%, (iii) the LIBOR Rate in effect at such time *plus* two percent (2.00%), and (iv) seven percent (7.00%).

“*Bond Counsel*” means (i) Norton Rose Fulbright US LLP or (ii) another attorney or firm of attorneys nationally recognized in the area of municipal bonds which shall be acceptable to the Bank.

“*Business Day*” has the meaning set forth in the Letter of Credit.

“*CERCLA*” has the meaning set forth in Section 4.19 hereof.

“*Change in Law*” means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “*Change in Law*”, regardless of the date enacted, adopted or issued.

“*City*” means the City of Garland, Texas, a political subdivision and home rule municipal corporation of the State of Texas.

“*City Documents*” means (a) the CP Ordinance, (b) Senior Lien Ordinance, (c) the Issuing and Paying Agent Agreement, (d) the Dealer Agreement, (e) the Notes, (f) the Bank Note, (g) this Reimbursement Agreement, (h) each of the Bank Documents, to the extent the City is a party thereto, and (i) any other Related Document to which the City is a party relating to the transactions contemplated by any of the foregoing documents.

“*Closing Date*” means the date on which the Letter of Credit is issued.

“*Code*” means the Internal Revenue Code of 1986, as amended, and any successor statute thereto.

“*CP Ordinance*” means the Ordinance adopted by the City on **[May 15, 2018]**, as the same may be amended and supplemented in accordance with its terms and the terms hereof.

“Dealer Agreement” means the Dealer Agreement dated as of **[May 1, 2018]**, between the City and the Dealer, as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms, or any similar agreements with a substitute or successor Dealer.

“Dealer” means **[Merrill Lynch, Pierce, Fenner & Smith Incorporated]** in its capacity as dealer under the Dealer Agreement, together with any successors or assigns, or such other entity or entities as may be selected by the City, with the prior written consent of the Bank, to act as a dealer or co-dealer; *provided that* the prior written consent of the Bank shall not be required if the Bank has failed to honor a properly presented and conforming drawing under the Letter of Credit.

“Debt” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (c) all obligations of such Person as lessee under capital leases, (d) all Debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person, (e) all guarantees by such Person of Debt of other Persons, (f) the maximum amount of all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers’ acceptances, bank guaranties, surety bonds and similar instruments and (g) all net obligations of such Person under any Swap Contract.

“Debt Service” means, for any period, without duplication, the sum of the amounts required for such period to pay principal of, to fund any sinking fund requirements for, and to pay interest on Senior Bonds, the Notes, the Bank Note and Parity Obligations.

“Default Rate” means a fluctuating per annum rate of interest equal to the Base Rate from time to time in effect plus four percent (4.00%); *provided, however*, that the Default Rate shall in no event be greater than the Maximum Rate.

“Designated Jurisdiction” means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

“Disclosure Materials” means the Offering Memorandum, and any amendments or supplements thereto relating to the Notes.

“Downgrade” means each rating category reduction of the long-term debt rating assigned by Moody’s, S&P or Fitch to the unenhanced Senior Bonds secured on a parity with the Series 2018 Bonds (or if all such Senior Bonds secured on a parity with the Series 2018 Bonds are no longer outstanding or are enhanced, then the long-term rating assigned to the unenhanced senior lien debt of the City); for example, a rating reduction by any of the foregoing rating agencies from “A-” (or its equivalent) to “BBB” (or its equivalent) would constitute two rating category reductions for purposes of this definition.

“Drawing” means a drawing under the Letter of Credit in accordance with its terms to pay the principal of and interest on the Notes.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Event of Default” shall have the meaning set forth in Section 7.1 hereof.

“Excess Interest” has the meaning set forth in Section 8.16 hereof.

“Excluded Taxes” means, with respect to the Bank or any Participant, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which the Bank or such Participant is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which the City is located.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America, N.A. on such day on such transactions as determined by Bank of America, N.A.

“Fee Agreement” means the Fee Agreement dated as of May [], 2018, between the City and the Bank, as amended and supplemented from time to time in accordance with its terms, and incorporated by reference herein.

“Final Drawing Notice” means the Final Drawing Notice in substantially the form of the certificate attached to the Letter of Credit as Annex H.

“Fiscal Year” means the fiscal year used by the City, which as of the Closing Date is the period from and including October 1 to and including September 30.

“Fitch” means Fitch Ratings, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the City and the Bank (which shall not be under any liability by reason of such approval).

“GAAP” means generally accepted accounting principles in the United States as in effect from time to time, applied on a basis consistent with those used in preparation of the audit report referred to in Section 5.2 hereof.

“Governmental Approvals” means an authorization, consent, approval, license or exemption of, registration or filing with, or report to any Governmental Authority.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, the Financial Conduct Authority, the Prudential Regulation Authority and any supra-national bodies such as the European Union or the European Central Bank).

“Governmental Body” shall mean the United States of America or any state or political subdivision thereof, any other nation or political subdivision thereof or any agency, department, commission, board, bureau or instrumentality of any of them which exercises jurisdiction over the City or any of its assets or the conduct of the business of the City in any such jurisdiction.

“Governmental Requirements” means any law, ordinance, order, rule or regulation by a Governmental Body.

“Holders” means the holders of Notes.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Indemnitees” has the meaning given to that term in Section 8.3 hereof.

“Initial Stated Amount” has the meaning set forth in Section 2.1 hereof.

“Interest Advance” shall have the meaning set forth in Section 2.9(a) hereof.

“Interest Component” has the meaning set forth in the Letter of Credit.

“Issuing and Paying Agent” means the firm serving from time to time as issuing and paying agent for the Commercial Paper Notes pursuant to the Issuing and Paying Agent Agreement and any successor thereto. As of the Effective Date, the Issuing and Paying Agent is U.S. Bank National Association.

“Issuing and Paying Agent Agreement” means the Issuing and Paying Agent Agreement, dated as of **[May 1, 2018]**, between the City and the Issuing and Paying Agent, as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof, and any issuing and paying agent agreement entered into by the City in substitution therefor in accordance with the terms hereof and thereof.

“Law” means any treaty or any federal, regional, state and local law, statute, rule, ordinance, regulation, code, license, authorization, decision, injunction, interpretation, order or decree of any court or other Governmental Authority.

“Legal Action” has the meaning given to that term in Section 4.3 hereof.

“Legal Requirements” applicable to any Person means (a) all decisions, statutes, ordinances, rulings, directions, rules, regulations, orders, writs, decrees, injunctions, permits, certificates or other requirements of any court or other Governmental Authority in any way applicable to or affecting such property, such transaction or such Person or its business operations, or assets, (b) all such Person’s bylaws (or code or regulations) and articles of incorporation or partnership, limited partnership, joint venture, trust, or other form of business association agreement, and (c) all other written contractual obligations of any nature applicable to or affecting such property or such person.

“Letter of Credit” means the Letter of Credit issued by the Bank pursuant to this Reimbursement Agreement, substantially in the form attached hereto as Exhibit A.

“LIBOR Rate” means, for any date, the rate per annum equal to the London Interbank Offered Rate, or a comparable or successor rate which rate is approved by Bank of America, N.A., as published on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by Bank of America, N.A. from time to time) at or about 11:00 a.m., London time, two (2) London Business Days prior to such date, for United States dollar deposits with a term of one month commencing that day); *provided* that (i) to the extent a comparable or successor rate is approved by Bank of America, N.A. in connection herewith, the approved rate shall be applied in a manner consistent with market practice; *provided, further* that to the extent such market practice is not administratively feasible for Bank of America, N.A., such approved rate shall be applied in a manner as otherwise reasonably determined by Bank of America, N.A. and (ii) if the LIBOR Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Material Adverse Effect” means: (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the City; (b) a material impairment of the ability of the City to perform its obligations under any Related Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the City of any Related Document to which it is a party or the rights, security, interests or remedies of the Bank hereunder or under any other Related Document.

“Maturity Date” means, with respect to any Bank Loan, the earliest to occur of: (i) the third anniversary of the date of the Drawing relating to such Bank Loan, (ii) the third anniversary of the Stated Expiration Date, (iii) the date on which an Alternate Credit Facility or Alternate Liquidity Facility becomes effective in substitution of the Letter of Credit, and (iv) the date on which the Stated Amount is permanently reduced to zero or the Letter of Credit is otherwise

terminated (other than upon the occurrence of the Stated Expiration Date), including as a result of an Event of Default.

“Maximum Rate” means the lesser of 15% and the maximum non-usurious lawful rate of interest permitted by Applicable Law.

“Moody’s” means Moody’s Investors Service, Inc., and any successor rating agency.

“Net Revenues” has the meaning set forth in the CP Ordinance.

“New Senior Lien Ordinance” means, collectively, (i) the Ordinance of the City authorizing the Series 2018 Bonds, and (ii) any additional Ordinance(s) adopted by the City providing for the issuance of any additional Senior Bonds thereunder.

“Notes” has the meaning set forth in the recitals hereto.

“Notice of No Issuance” means a Notice of No Issuance in substantially the form of the certificate attached to the Letter of Credit as Annex F.

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“Offering Memorandum” means the Offering Memorandum dated [_____, 2018] disseminated in connection with the issuance of the Letter of Credit and relating to the issuance and sale of the Notes, including any supplement or amendment to such offering memorandum.

“Other Taxes” means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Related Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Related Document.

“Parity Obligations” means any indebtedness of the City secured by Net Revenues on parity with or senior to the Notes.

“Participant” means any financial institution or other Person now or hereafter directly or indirectly participating in the rights and obligations of the Bank pursuant to Section 8.17 hereof.

“Payment Obligations” means any and all payment or reimbursement obligations of the City contained in or evidenced by any City Document, including, without limitation, obligations to reimburse the Bank for all Drawings under the Letter of Credit, all obligations evidenced by the Bank Note to repay the Bank for any Advance and any Bank Loan, including all interest accrued thereon, the fees relating to the Letter of Credit and all other obligations of the City to the Bank arising under or in relation to or evidenced by the Bank Documents.

“PBGC” means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

“Permitted Investments” means direct obligations of the United States of America, or other obligations permitted by the Texas Public Funds Investment Act, as amended.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Potential Default” means any event or condition which, with the lapse of time, or giving of notice, or both, would constitute an Event of Default.

“Prime Rate” means on any day, the rate of interest in effect for such day as publicly announced from time to time by Bank of America, N.A. as its “prime rate.” The *“prime rate”* is a rate set by Bank of America, N.A. based upon various factors including Bank of America, N.A.’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America, N.A. shall take effect at the opening of business on the day specified in the public announcement of such change.

“Principal Advance” shall have the meaning set forth in Section 2.9(b) hereof.

“Principal Component” has the meaning set forth in the Letter of Credit.

“Prior Lien Bonds” means, collectively, the following:

(a) City of Garland, Texas, Electric Utility System Revenue Bonds, Series 2005, dated March 15, 2005;

(b) City of Garland, Texas, Electric Utility System Revenue Bonds, Series 2006, dated March 15, 2006;

(c) City of Garland, Texas, Electric Utility System Revenue Bonds, Series 2007, dated March 15, 2007;

(d) City of Garland, Texas, Electric Utility System Revenue Bonds, Series 2008, dated June 15, 2008;

(e) City of Garland, Texas, Electric Utility System Revenue Bonds, Series 2009, dated May 15, 2009;

(f) City of Garland, Texas, Electric Utility System Revenue Bonds, Series 2011, dated June 15, 2011;

(g) City of Garland, Texas Electric Utility System Revenue Refunding Bonds, Series 2011A, dated November 1, 2011;

(h) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, Series 2013, dated May 1, 2013;

(i) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2014, dated June 1, 2014;

(j) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2015, dated February 1, 2015;

(k) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2016A, dated November 15, 2016; and

(l) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2016B, dated November 15, 2016.

“Prior Senior Lien Ordinance” means, collectively, the Ordinances of the City authorizing the issuance of the Prior Lien Bonds.

“Property” means the System and any interest in any kind of other property or asset related to or necessary to the operation of the System, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“Rating Agencies” means Fitch, Moody’s and S&P.

“Reimbursement Account” means the City of Garland Reimbursement Account created and held by the Issuing and Paying Agent pursuant to the Issuing and Paying Agent Agreement.

“Reimbursement Agreement” means this Reimbursement Agreement, dated as of May 1, 2018, between the City and the Bank, as amended, supplemented, modified or restated from time to time in accordance with its terms, including the Fee Agreement and all of the Exhibits attached hereto, all of which are incorporated herein by this reference and made a part hereof.

“Rescission of Notice of No Issuance” means a Rescission of Notice of No Issuance in substantially the form of the certificate attached to the Letter of Credit as Annex G, respectively.

“Related Documents” means collectively, the Bank Documents and the City Documents.

“Sanction(s)” means any international economic sanction administered or enforced by the United States Government (including, without limitation, OFAC), the United Nations Security Council, the European Union, Her Majesty’s Treasury or other relevant sanctions authority.

“S&P” means S&P Global Ratings and its successors and assigns, except that if such division shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the City and approved by the Bank (which shall not be under any liability by reason of such approval).

“*Senior Bonds*” means, collectively, (i) the Prior Lien Bonds, (ii) the Series 2018 Bonds, and (iii) any additional bonds or other obligations issued by the City pursuant to the New Senior Lien Ordinance and secured on parity with the Series 2018 Bonds.

“*Senior Lien Ordinance*” means, collectively, the Prior Senior Lien Ordinance and the New Senior Lien Ordinance.

“*Series 2018 Bonds*” means the City’s Electric Utility System Revenue Refunding Bonds, New Series 2018.

“*Stated Amount*” means the aggregate principal amount of Notes outstanding at any time plus accrued interest thereon calculated at the maximum rate of 15% per annum for 270 days and a year of 365 days, as such amount is reduced and reinstated from time to time in accordance with the terms of the Letter of Credit, but in no event shall the Stated Amount exceed \$88,876,713.

“*Stated Expiration Date*” has the meaning set forth in the Letter of Credit.

“*Swap Contract*” means any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement.

“*System*” shall have the meaning set forth in the CP Ordinance.

“*Taxes*” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

“*Termination Date*” has the meaning set forth in the Letter of Credit.

“*Term Loan Rate*” means, for each date of determination with respect to all Bank Loans made hereunder, a fluctuating rate per annum equal to the Base Rate plus 1.00%; *provided, however* that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, the “*Term Loan Rate*” shall mean the Default Rate.

Section 1.2. Accounting Terms. As used herein, all accounting terms not otherwise defined shall have the meanings assigned to them under GAAP.

Section 1.3. Terminology. References to “Articles,” “Sections,” “Subsections,” “Recitals,” and “Exhibits” shall be to articles, sections, subsections, recitals, and exhibits of this Reimbursement Agreement unless otherwise specifically provided. Any of the terms defined in

this Reimbursement Agreement may be used in singular or plural form. As used herein, the singular includes the plural, and the masculine gender includes the feminine and neutral genders, and vice versa, unless the context clearly requires otherwise.

ARTICLE II

LETTER OF CREDIT; FEES

Section 2.1. Amount and Terms of Letter of Credit. (a) The Bank agrees, on the terms and subject to the conditions hereinafter set forth and relying upon the representations and warranties set forth herein or incorporated herein by reference, to issue the Letter of Credit in an initial stated amount equal to \$88,876,713 (the “*Initial Stated Amount*”), representing the maximum principal amount of the Notes in the amount of \$80,000,000 and interest thereon computed on the basis of an assumed interest rate of 15% per annum for a period of 270 days and a year of 365 days. The Letter of Credit shall be issued to the Issuing and Paying Agent for the account of the City, and shall be substantially in the form of Exhibit A hereto, with such changes to such form as the City and the Bank shall agree in writing are necessary or advisable.

(b) The Stated Expiration Date shall be subject to extension upon the request of the City and with the written consent of the Bank at its option and in its sole discretion. Any request made by the City shall be made by written notice to the Bank no later than one hundred eighty (180) days prior to the existing Stated Expiration Date and the Bank shall, in its sole discretion, consent to or deny the request for extension within sixty (60) days following its receipt of the City’s request for extension. If for any reason the Bank fails to consent to or deny the City’s request for an extension, the request shall be deemed to be denied by the Bank. Upon any extension of the Stated Expiration Date pursuant to this Section 2.1(b), the Bank and the City reserve the right to renegotiate any provision hereof; *provided, however*, any amendments reflecting such renegotiation shall be subject to the provisions of Section 8.2 hereof.

(c) If the Stated Amount of the Letter of Credit is reduced or reinstated after any such reduction as provided in Section 2.4 hereof, the Bank may at its option, and shall if requested in writing by the Issuing and Paying Agent, deliver to the Issuing and Paying Agent a substitute letter of credit duly issued by the Bank in an initial stated amount equal to the then Stated Amount of the Letter of Credit as so reduced or reinstated, as the case may be, as provided in the Letter of Credit (but otherwise having terms identical to the Letter of Credit) upon surrender by the Issuing and Paying Agent to the Bank of the Letter of Credit. Any substitute letter of credit issued pursuant to this Section 2.1(c) shall be dated as of the date of the Letter of Credit for which it is substituted.

Section 2.2. Fees. The City shall pay to the Bank fees and expenses in the amounts and on the dates and at the times set forth in the Fee Agreement. The terms of the Fee Agreement are hereby incorporated herein by reference as if fully set forth herein.

Section 2.3. Expenses. The City shall pay to the Bank on demand all costs, charges, fees and expenses of the Bank (including, without limitation, taxes, if any, and the reasonable fees and expenses of counsel for the Bank) in connection with this Reimbursement Agreement or relating

to the transactions contemplated hereby, including, without limitation, any costs, charges, fees and expenses incurred in connection with: (a) the preparation and negotiation of this Reimbursement Agreement, the Bank Documents, the City Documents or any other Related Documents; (b) the closing of the transactions contemplated by this Reimbursement Agreement; (c) any amendment, waiver, consent or modification of this Reimbursement Agreement or any Bank Document, any City Document or any other Related Document; (d) the perfection, protection, exercise or enforcement of any of the Bank's rights under this Reimbursement Agreement, any City Document, any Bank Document or any other Related Document; (e) any certificates required by the Bank from insurance specialists and other professionals; (f) any action or proceeding relating to a court order, injunction, or other process or decree restraining or seeking to restrain the Bank from paying any amount under the Letter of Credit; or (g) enforcement by the Bank of any obligations of, or in collecting any payments due from, the City hereunder or under any other Bank Document, City Document or other Related Document or in connection with any refinancing or restructuring of the credit arrangements provided under this Reimbursement Agreement in the nature of a "work-out" or of any insolvency or bankruptcy proceedings. The obligation of the City to pay all costs and expenses of the Bank shall continue notwithstanding any failure to satisfy the conditions of Article III hereof and shall survive the termination of the Letter of Credit. The Bank will furnish to the City upon request an itemized statement of all costs, charges, fees and expenses demanded by the Bank under this Section.

Section 2.4. Reduction and Reinstatement of the Stated Amount of the Letter of Credit; Substitution of Letter of Credit. The Stated Amount of the Letter of Credit shall be reduced and reinstated as set forth in the Letter of Credit. The City hereby irrevocably approves of reductions and reinstatements set forth in the Letter of Credit. Notwithstanding the foregoing and anything set forth herein to the contrary, the City agrees not to permanently reduce the Initial Stated Amount of the Letter of Credit except in accordance with the terms of Section 2.8 hereof, the City Documents and the Bank Documents and upon the payment of any and all fees associated therewith as set forth herein and in the Fee Agreement.

Section 2.5. Drawings under the Letter of Credit. (a) The Issuing and Paying Agent is authorized to make Drawings under the Letter of Credit in accordance with its terms. If demand for payment under the Letter of Credit is properly presented as provided therein and in conformity with the requirements thereof, payment shall be made by the Bank, and the City hereby directs the Bank to make such payments, to the Issuing and Paying Agent, in immediately available funds, at such times as provided in and in accordance with the provisions of the Letter of Credit. All payments made by the Bank under the Letter of Credit shall be made with the Bank's own funds.

(b) Each amount paid upon a drawing under the Letter of Credit shall be reimbursed to the Bank on the day paid, *provided* that the amount of any such drawing not reimbursed on the day so paid shall constitute an advance (individually an "Advance," and collectively "Advances") to the City by the Bank on the date so paid, which the City shall be obligated to repay as provided herein. Advances and Bank Loans shall be evidenced by the Bank Note substantially in the form attached hereto as Exhibit E, which Bank Note shall be delivered to the Bank on the Closing Date and shall be dated such date. Each Advance that arises from payment of a draw under the Letter of Credit and any related Bank Loan shall be payable in accordance with Section 2.9 hereof.

(c) The Bank shall record on its books and records, or, at its option, on the schedules attached to the Bank Note, the date, amount, and maturity of each Advance and Bank Loan made by the Bank to the City hereunder, and the date and amount of each payment of principal thereof and interest thereon. The record thereof, as shown on the books and records of the Bank or the schedules attached to its Bank Note shall be *prima facie* evidence absent manifest error as to all such amounts; *provided, however*, that the failure of the Bank to record any of the foregoing shall not limit or otherwise affect the obligation of the City to repay all Advances and Bank Loans made to it hereunder together with accrued interest thereon.

Section 2.6. Manner and Time of Payment. Except as otherwise expressly provided herein, all payments to the Bank by the City (or the Issuing and Paying Agent on behalf of the City) under this Reimbursement Agreement and the Fee Agreement shall be made to the Bank in immediately available funds by wire transfer to the account designated for that purpose pursuant to Section 8.1 hereof not later than 2:00 p.m. (New York City time) on the date such payment is due. Funds received after such time shall be deemed to have been paid and received on the next succeeding Business Day and amounts not received on or before 2:00 p.m. on the date due shall bear interest at the Default Rate. All amounts payable to the Bank by the City hereunder or under the Fee Agreement shall be paid without demand, presentment or notice of any kind on the date due, *provided* that payments to be made under (a) Sections 2.3 and 8.3 hereof shall be payable only upon written demand therefor by the Bank and shall be due five (5) days after receipt of such demand by the City of such demand and (b) Section 2.15 and Section 5.14 hereof shall be due and payable as provided respectively therein.

Section 2.7. Application of Funds. Amounts paid to the Bank by or on behalf of the City shall be applied (i) first to the satisfaction of interest on any Advance owing the Bank, (ii) second to the satisfaction of that portion of any Interest Advance represented by the Interest Component thereof owing the Bank and then that portion of any Principal Advance represented by the Principal Component thereof owing the Bank, and (iii) third to the satisfaction of any other outstanding Payment Obligations owing the Bank in such order as the Bank chooses. Any balance remaining after payment in full of all such amounts shall be disbursed by the Bank following the Maturity Date to the City.

Section 2.8. Termination or Reduction of Letter of Credit by City. Notwithstanding any provisions of this Reimbursement Agreement to the contrary, the City agrees not to terminate, permanently reduce or replace the Letter of Credit prior to the Stated Expiration Date, except upon (i) the payment by the City to the Bank of any fee required by the terms of the Fee Agreement, (ii) the payment to the Bank of all Payment Obligations payable hereunder and under the Fee Agreement (other than as described in clause (i) above), (iii) the City providing the Bank and the Issuing and Paying Agent with thirty (30) days' prior written notice of its intent to terminate the Letter of Credit, and (iv) written confirmation from each Rating Agency then providing a credit rating with respect to the Notes that such rating will not be reduced or withdrawn as a result of such termination, reduction or replacement. Any such termination of the Letter of Credit shall be in compliance with the terms and conditions of the CP Ordinance. The City agrees that any termination of the Letter of Credit as a result of the provision of any Alternate Credit Facility will require, as a condition thereto, that the City or the issuer of any Alternate Credit Facility provide funds on the date of such termination or provision, which funds will be sufficient to pay in full at

the time of termination of the Letter of Credit all Payment Obligations due and owing to the Bank under the Bank Documents.

Section 2.9. Repayment of Interest Component and Principal Component; Interest on Advances and Bank Loans.

(a) *Interest Component.* Each Drawing on the Interest Component of the Letter of Credit (each an “*Interest Advance*”) shall be due and payable on the date of such Drawing. Any Interest Advance that is not paid when due shall accrue interest at the Default Rate and shall be payable on demand.

(b) *Principal Component.* The portion of each drawing under the Letter of Credit with respect to the payment of principal on maturing Notes (each a “*Principal Advance*”) shall be due and payable pursuant to the terms of Section 2.10 hereof.

(c) *Advances.* The amount of each Drawing which remains unpaid shall be referred to as an “*Advance*,” which Advance shall be evidenced by the Bank Note.

(d) *Interest.* The City hereby agrees to pay interest (i) on Interest Advances and Principal Advances that do not become Bank Loans and that are not paid when due at the Default Rate from time to time in effect, and (ii) on Bank Loans at the Bank Rate from time to time in effect from and after the date of payment of the related Drawing until paid in full. If any Advance is repaid at or prior to 4:00 p.m. (New York time) on the same day on which the related Drawing is paid, no interest shall be payable on such Advance.

(e) *Payment of Interest.* Interest on Advances at the rate specified in (i) Subsection (d)(i) of this Section 2.9 shall be payable on demand and (ii) Subsection (d)(ii) of this Section 2.9 shall be payable monthly in arrears on the first Business Day of each calendar month until the Maturity Date and on the Maturity Date and, with respect to accrued interest on an amount to be prepaid by the City pursuant to Section 2.10(d) below, on the date of prepayment of such amount.

(f) *Computation of Interest.* All interest payable hereunder shall be computed on the basis of a 365-day year and on the actual number of days elapsed in the period during which such interest accrues as specifically provided herein, on any amount outstanding hereunder, the first date from which interest is stated to accrue hereunder shall be included and the date of payment of such amount to the Bank shall be excluded. Due but unpaid interest shall be compounded monthly and, to the extent permitted by law, shall bear interest at the Default Rate per annum from and after compounding until paid in full.

Section 2.10. Payment of Principal Advances.

(a) *Payment of Principal of Principal Advances.* Except as otherwise required or permitted by this Section 2.10 and provided that the conditions set forth in Section 3.2 hereof are satisfied on the date such Principal Advance is made, the City shall repay the unpaid amount of each Principal Advance on the earlier of (i) the Termination Date, and (ii) the 90th day immediately following the date of such Principal Advance (with respect to such Principal

Advance, the “*Principal Advance Maturity Date*”). If the conditions set forth in Section 3.2 hereof are not satisfied on the day such Principal Advance is made, such Principal Advance shall be due and payable on the date the related Drawing is made.

(b) *Bank Loan Option.* On each Principal Advance Maturity Date, each Principal Advance maturing on such date shall, if the conditions of Section 3.2 have been satisfied, be converted to the Bank Loan.

(c) *Repayment of Bank Loans.* Each Bank Loan shall be repaid in equal semi-annual installments (each such installment herein referred to as a “*Principal Payment*”), such Principal Payments to begin on the six month anniversary of the Principal Advance Maturity Date to which such Bank Loan relates, and each date occurring every six months thereafter, until paid in full; *provided* that the unpaid amount of each Bank Loan shall be paid in full not later than the applicable Maturity Date.

(d) *Prepayment.* The City may prepay each Advance and Bank Loan, in whole or in part, at any time; *provided* that such prepayment is accompanied by all interest accrued thereon. In the event that the Issuing and Paying Agent issues any Notes the proceeds of which are used for a purpose other than paying the principal of and interest on maturing Notes, while any Advance or Bank Loan remains unpaid, the City shall apply the proceeds of any such Notes first to the prepayment of such outstanding Advance or Bank Loan and such prepayment shall be applied against each such Advance or Bank Loan in the order in which each such Bank Loan was made.

(e) *Bank Rate Interest.* The City hereby agrees to pay interest at the Bank Rate or Default Rate, as applicable, from time to time in effect on any and all amounts of the Bank Loans until paid in full.

Section 2.11. Payment Due on Non-Business Day to Be Made on Next Business Day. If any sum becomes payable pursuant to this Reimbursement Agreement or the Fee Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

Section 2.12. Late Payments. If the principal amount of any Payment Obligation is not paid when due, such Payment Obligation shall bear interest until paid in full at a rate per annum equal to the Default Rate from time to time in effect, payable on demand.

Section 2.13. Source of Funds. All payments made by the Bank pursuant to the Letter of Credit shall be made from funds of the Bank, and not from the funds of any other Person.

Section 2.14. Letter of Credit Conclusive. In case of any conflict or discrepancy between the terms and provisions of the Letter of Credit and terms and provisions of this Reimbursement Agreement, the terms of the Letter of Credit shall determine the actual meaning of the Letter of Credit and this Reimbursement Agreement.

Section 2.15. Increased Costs.

(a) *Increased Costs Generally.* Subject to Section 8.17 hereof and to the extent permitted by Applicable Law, if any Change in Law shall:

(i) impose, modify or deem applicable any reserve, liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by the Bank or any Participant;

(ii) subject the Bank or any Participant to any Tax of any kind whatsoever with respect to this Reimbursement Agreement or the Letter of Credit, or change the basis of taxation of payments to the Bank or such Participant in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 5.14 hereof and the imposition of, or any change in the rate of any Excluded Tax payable by the Bank or any Participant); or

(iii) impose on the Bank or any Participant any other condition, cost or expense affecting this Agreement or the Letter of Credit;

and the result of any of the foregoing shall be to increase the cost to the Bank or any Participant related to issuing or maintaining the Letter of Credit, or to reduce the amount of any sum received or receivable by the Bank or such Participant hereunder, under the Fee Agreement or under the Letter of Credit (whether of principal, interest or any other amount) then, upon written request of the Bank or such Participant, the City shall promptly pay to the Bank or such Participant, as the case may be, such additional amount or amounts as will compensate the Bank or such Participant, as the case may be, for such additional costs incurred or reduction suffered.

(b) *Capital Requirements.* Subject to Section 8.17 hereof and to the extent permitted by Applicable Law, if the Bank or any Participant determines that any Change in Law affecting the Bank or such Participant or the Bank's or such Participant's parent or holding company, if any, regarding capital requirements, has or would have the effect of reducing the rate of return on the Bank's or such Participant's or the Bank's or such Participant's parent or holding company holding, if any, as a consequence of this Reimbursement Agreement or for maintaining the Letter of Credit, to a level below that which the Bank or such Participant or the Bank's or such Participant's parent or holding company could have achieved but for such Change in Law (taking into consideration the Bank's or such Participant's policies and the policies of the Bank's or such Participant's parent or holding company with respect to capital adequacy), then from time to time upon written request of the Bank or such Participant the City shall promptly pay to the Bank or such Participant, as the case may be, such additional amount or amounts as will compensate the Bank or such Participant's or the Bank's or such Participant's parent or holding company for any such reduction suffered.

(c) *Certificates for Reimbursement.* A certificate of the Bank or a Participant setting forth the amount or amounts necessary to compensate the Bank or any such Participant or the Bank's or any such Participant's parent or holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the City, shall be conclusive absent manifest

error. The amount shown as due on any such certificate shall be payable within ten (10) days after receipt thereof.

(d) *Delay in Requests.* Failure or delay on the part of the Bank or any such Participant to demand compensation pursuant to this Section shall not constitute a waiver of the Bank's or any such Participant's right to demand such compensation.

(e) *Survival of Obligations.* The obligation of the City under this Section shall survive the termination of the Letter of Credit and this Reimbursement Agreement.

Section 2.16. Security of the Payment Obligations. The Payment Obligations of the City hereunder are special obligations secured by a pledge of and lien on the Net Revenues.

Section 2.17. Obligations Absolute. The payment obligations of the City under this Agreement shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, the following circumstances:

(i) any lack of validity or enforceability of the Letter of Credit or any of the other Related Documents;

(ii) any amendment, or waiver of or any consent to departure from all or any of the Related Documents (unless consented to in writing by the Bank);

(iii) the existence of any claim, set-off, defense (other than the defense of payment) or other right which the City may have at any time against the Issuing and Paying Agent or any other beneficiary, or any transferee, of the Letter of Credit (or any persons or entities for whom the Issuing and Paying Agent, any such beneficiary or any such transferee may be acting), the Bank, or any other person or entity, whether in connection with this Agreement, the transactions contemplated herein or in the Related Documents, or any unrelated transaction;

(iv) any statement or any other document presented under the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or

(v) payment by the Bank under the Letter of Credit against presentation of a draft or certificate which does not comply with the terms of the Letter of Credit.

Section 2.18. Commercial Paper Notes Operations.

(a) *Issuance Generally.* The City will permit Notes to be issued, and authorize the Issuing and Paying Agent to issue Notes, only in accordance with the terms of the CP Ordinance and this Agreement.

(b) *No-Issuance Notices; Final Drawing Notice.* Notes may be issued from time to time prior to the Stated Expiration Date in accordance herewith and with the CP Ordinance so long as (i) the Issuing and Paying Agent is not in receipt of instructions then in effect given pursuant to this Section 2.18 and in substantially the form attached to the Letter of Credit as Annex F (a “No-Issuance Notice”), and not rescinded, by the Bank not to issue Notes and (ii) the Issuing and Paying Agent is not in receipt of the Final Drawing Notice. The Bank may deliver a No-Issuance Notice at any time when: (i) an Event of Default shall have occurred and be continuing; or (ii) the representations and warranties of the City set forth in Article IV hereof shall, in the reasonable opinion of the Bank, no longer be true and correct in any material respect (without duplication of any materiality or similar qualifications contained therein). The Bank may deliver the Final Drawing Notice at any time when an Event of Default shall have occurred and be continuing. A No-Issuance Notice or the Final Drawing Notice shall be effective when received by the Issuing and Paying Agent; *provided, however*, that a No-Issuance Notice or the Final Drawing Notice received by the Issuing and Paying Agent after 11:30 A.M., New York City time, on any day on which Notes are being issued shall be effective on the next succeeding day. A No-Issuance Notice or the Final Drawing Notice may be given by facsimile or electronic mail transmission, confirmed in writing within twenty-four (24) hours, but the failure to so confirm such No-Issuance Notice or the Final Drawing Notice in writing shall not render such No-Issuance Notice or the Final Drawing Notice ineffective. The Bank will furnish a copy of any No-Issuance Notice or the Final Drawing Notice to the City and the Dealer promptly following delivery thereof to the Issuing and Paying Agent, but the failure to furnish any such copy shall not render ineffective such No-Issuance Notice or the Final Drawing Notice.

Section 2.19. Failure to Extend. The City agrees not to replace the Letter of Credit (or to direct the Issuing and Paying Agent to terminate the Letter of Credit without a replacement letter of credit being substituted therefor) or permanently reduce the **[Stated Amount]** prior to (a) the payment to the Bank of all fees, expenses and other amounts due and payable hereunder and under the Fee Agreement, (b) the payment to the Bank of all principal and accrued interest owing on the Bank Note, and (c) providing the Bank notice of its intention to do so as soon as practicable but in no event less than five (5) Business Days prior to the date of such termination or replacement; *provided* that all payments to the Bank referred to in clauses (a), (b) and (c) above shall be made with immediately available funds.

ARTICLE III

CONDITIONS PRECEDENT

The obligation of the Bank to issue the Letter of Credit and all other obligations of the Bank hereunder are conditioned upon the satisfaction on or before the Closing Date by the City of all of the following conditions:

Section 3.1. Closing Documents. On or before the Closing Date, the Bank shall have received and approved the following documents or materials, each of which shall be in form and

substance satisfactory to the Bank and, where appropriate, duly executed (and acknowledged where necessary) and delivered by the appropriate parties thereto:

- (a) certified copies of each of the City Documents;
- (b) certificate or certificates of such officer or officers of the City as authorized to execute and deliver the City Documents, dated as of the Closing Date, in the form attached hereto as Exhibit B, including a certificate of such officer or officers of the City, certifying as to compliance by the City with all covenants under the City Documents;
- (c) opinion of Bond Counsel dated as of the Closing Date, and addressed to the Bank, and a reliance letter addressed to the Bank authorizing the Bank to rely on the opinion of Bond Counsel dated as of the Closing Date, in the form attached hereto as Exhibit C;
- (d) an opinion of the Attorney General of the State of Texas in the form attached hereto as Exhibit D;
- (e) evidence that the senior unenhanced long-term credit ratings of the Series 2018 Bonds are not less than “A+” from S&P, and “AA-” from Fitch, and that no such rating has been downgraded, suspended or withdrawn;
- (f) copies of all the Disclosure Materials;
- (g) reimbursement for all fees and expenses incurred by the Bank in connection with issuance of the Letter of Credit and the transactions contemplated herein in accordance with Section 2.2 hereof and the Fee Agreement;
- (h) evidence satisfactory to the Bank that no lawsuits or governmental actions other than those referenced in Section 4.3 hereof are pending or, to the City’s knowledge, threatened against the City in respect of the Notes, or in connection with the Related Documents;
- (i) evidence satisfactory to the Bank that no material adverse change in the business condition, operations, performance of the City has occurred since release of the financial statements for fiscal year ending September 30, 2017;
- (j) evidence satisfactory to the Bank that no change in any law, rule or regulation (or their interpretation or administration) has occurred that, in each case, may adversely affect the consummation of the transaction, to be determined at the sole discretion of the Banks;
- (k) (i) written evidence satisfactory to the Bank that (A) a CUSIP number has been obtained and received from S&P’s CUSIP Service for the Bank Note, and (B) the Bank Note (and its related CUSIP Number) shall have been assigned a long-term rating of

at least BBB- by S&P, and (ii) any additional documentation that will allow the Bank Note to be pledged as collateral pursuant to federal banking regulations;

(l) copies of any necessary governmental and regulatory approvals and consents in connection with the City Documents;

(m) evidence satisfactory to the Bank that the Dealer and the Issuing and Paying Agent have been appointed; and

(n) such other documents, agreements, instruments, certificates and opinions as the Bank may reasonably require.

All documents, certificates, opinions, and instruments referred to above shall be in form and substance satisfactory to both the Bank and its counsel.

Section 3.2. Representations Correct; No Default. As of the Closing Date and, with respect to subsections (a) and (b) below, on each date on which the Bank makes any Bank Loan and as a condition to making such Bank Loan:

(a) the representations and warranties contained herein and in each written document delivered by the City to the Bank in connection with this Reimbursement Agreement shall be true and correct in all material respects to the same extent as though made on and as of such date;

(b) no Event of Default or Potential Default shall have occurred and be continuing and neither will result from the issuance of the Letter of Credit or the making of the Bank Loan, as applicable, or from the sale and issuance of the Notes; and

(c) no event or circumstance shall have occurred since **[September 30, 2017]**, which could reasonably be expected to materially and adversely affect the rights or remedies of the Bank hereunder, or the ability of the City to perform its respective obligations hereunder or under any other Related Document to which it is a party or which could have a Material Adverse Effect.

Unless the City shall have previously advised the Bank in writing that one or both of the above statements is no longer true, the City shall be deemed to have represented and warranted on the date of such payment that all of the above statements are true and correct.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE CITY

In order to induce the Bank to enter into this Reimbursement Agreement and to issue the Letter of Credit, the City represents and warrants to the Bank that the following statements are true and correct as of the date hereof:

Section 4.1. Organization. The City is a political subdivision and home rule municipal corporation of the State of Texas. The City has all requisite power and authority, rights and franchises to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, and to enter into and perform its obligations under the City Documents.

Section 4.2. Authorization, Conflicts, Binding Effect. The execution, delivery and performance of the City Documents by the City are within the City's powers and have been duly authorized by all necessary action by the City including, if necessary, the adoption of any necessary regulations, resolutions or ordinances by its City Council. The execution, delivery and performance of the City Documents by the City will not violate (i) the Act or, to the knowledge of the City, any other law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award to which the City is subject, or (ii) the provisions of any indenture, instrument or agreement to which the City is a party or is subject, or by which it, or its property, is bound. The City is not in violation of or default under any such Legal Requirement, and no condition exists that would, with the giving of notice or lapse of time, or both, constitute such a violation or default. The City Documents have each been, or on the Closing Date will have been, duly executed by the City and are legally valid and binding obligations of the City, enforceable against the City in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws affecting creditors' rights generally and by general principles of equity.

Section 4.3. Litigation; Adverse Facts. Except as disclosed in the Disclosure Materials, there is no action, suit, investigation, proceeding or arbitration (whether or not purportedly on behalf of the City), at law or in equity or before or by any foreign or domestic court or other Governmental Authority (a "Legal Action"), pending or, to the knowledge of the City, threatened against or affecting the City, or any of their respective assets which could reasonably be expected to result in any Material Adverse Effect. The City is not in violation of any Applicable Law, rule, regulation, order, writ, judgment, injunction, decree or award of any court or other agency or government, which violation could reasonably be expected to result in a Material Adverse Effect. Except as disclosed in the Disclosure Materials, there is no Legal Action pending or, to the knowledge of the City, threatened against or affecting the City, questioning the validity or the enforceability of any City Document.

Section 4.4. Title to Properties; Liens. The City has good, sufficient and legal title to all of the respective properties and assets of the System. All of the properties of the City related to the System are free and clear of liens, except for (i) liens arising in connection with the Related Documents and (ii) such liens as could not reasonably be expected to result in a Material Adverse Effect. The City's properties and all revenues therefrom are exempt from taxation by the State of Texas or any of its subdivisions, municipalities or other governmental or taxing entities.

Section 4.5. Disclosure. There is no fact known to the City (other than matters of a general economic nature) which has or could reasonably be expected to have a Material Adverse Effect, which has not been disclosed in this Reimbursement Agreement or in other documents, certificates and written statements furnished to the Bank in connection herewith.

Section 4.6. Payment of Taxes. All tax returns and reports of the City required to be filed have been timely filed, and all taxes, assessments, fees and other governmental charges, upon the City and upon their respective properties, assets, income and franchises which are due and payable have been paid when due and payable on a current basis, except to the extent that such taxes are being contested by the City in good faith by appropriate proceedings with appropriate reserves.

Section 4.7. Disclosure Materials. The information contained in the Disclosure Materials or otherwise furnished by or on behalf of the City to the Bank in connection with the negotiation of this Reimbursement Agreement is correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements made in the Disclosure Materials, in light of the circumstances under which they were made, not misleading; *provided, however*, that the City makes no representation as to information provided by the Bank for inclusion in the Offering Memorandum.

Section 4.8. City Documents. Each of the City Documents is or will be on the Closing Date in full force and effect and represents a valid and binding obligation of the City, enforceable in accordance with its respective terms; no Event of Default and no Potential Default presently exists under any of the City Documents except as previously disclosed in writing to the Bank; nor has the City or any other party thereto waived or deferred performance of any material obligation under any other City Document except as previously disclosed in writing to the Bank.

Section 4.9. Reaffirmation of Representations and Warranties. The City hereby makes to the Bank the same representations and warranties as are set forth by the City in each City Document, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference for the benefit of the Bank with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. No amendment to such representations and warranties or defined terms made pursuant to any City Document shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Bank.

Section 4.10. Regulatory Compliance. The City is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation G, T, U or X of the Board of Governors of the Federal Reserve System), and no part of the proceeds of Drawings under the Letter of Credit will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

Section 4.11. Registration, Consent and Approval. The execution, delivery and performance by the City of this Reimbursement Agreement and the City Documents do not and with respect to the execution and delivery will not require registration with, or the consent or approval of, or any other action by, any federal, State or other governmental authority or regulatory body other than those which have been made or given and are in full force and effect (except for any federal securities laws or Blue Sky regulations, as to which no representation is given).

Section 4.12. Liens. The CP Ordinance creates, for the benefit and security of the Notes and the Payment Obligations, the legally valid, binding and irrevocable statutory lien on and pledge of the Net Revenues, subordinate only to the pledge of and lien on Net Revenues under the

Senior Lien Ordinance. There is no lien on the Net Revenues other than the liens created by or pursuant to the Senior Lien Ordinance and the CP Ordinance. Neither the Senior Lien Ordinance nor the CP Ordinance permits the issuance of any debt secured by the Net Revenues to rank senior to the Notes or the Payment Obligations, other than the Prior Lien Bonds, the Series 2018 Bonds and any additional Senior Bonds issued under the New Senior Lien Ordinance. The payment of Payment Obligations is not subordinate to any payment secured by a lien on the Net Revenues or any other claim other than payments with respect to the principal of and interest on the Prior Lien Bonds, the Series 2018 Bonds and any additional Senior Bonds issued under the New Senior Lien Ordinance, and is prior as against all other persons having claims of any kind in tort, contract or otherwise, whether or not such persons have notice of the lien. No filing, registering, recording or publication of the Senior Lien Ordinance, the CP Ordinance, or any other instrument is required to establish the pledge under the Senior Lien Ordinance and the CP Ordinance or to perfect, protect or maintain the lien created thereby on the Net Revenues.

Section 4.13. Sovereign Immunity. The defense of sovereign immunity is not available to the City in any proceeding by the Bank to enforce any of the obligations of the City under this Reimbursement Agreement or the City Documents and, to the fullest extent permitted by law, the City consents to the initiation of any such proceeding in any federal or state court of competent jurisdiction located in the State of Texas.

Section 4.14. No Default. No Potential Default or Event of Default exists on the date hereof.

Section 4.15. ERISA. The City is in compliance in all material respects with ERISA to the extent applicable to them and the City has not received any notice to the contrary from the PBGC or any other governmental entity or agency except where such noncompliance could not reasonably be expected to result in a Material Adverse Effect. No steps have been taken to terminate any Plan (as defined by ERISA) other than a “standard termination” meeting the requirements of Section 4041(b) of ERISA, and no contribution failure has occurred with respect to any Plan sufficient to give rise to a lien under Section 302(f) of ERISA. No condition exists or event or transaction has occurred with respect to any Plan which is reasonably likely to result in the incurrence by the City of any fine, penalty or liability (other than the liability for making contributions when due to such Plan in accordance with Section 302 of ERISA) which could reasonably be expected to result in a Material Adverse Effect. The City has no contingent liability with respect to any post-retirement benefit, other than liability for continuation coverage described in Part 6 of Title I of ERISA that could reasonably be expected to have a Material Adverse Effect, except as disclosed in writing to the Bank prior to the date hereof.

Section 4.16. Enforceability. This Reimbursement Agreement and the other City Documents are the legal, valid and binding agreements of the City, enforceable against it in accordance with their terms, except as may be limited by (a) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other similar laws or judicial decisions for the relief of debtors or the limitation of creditors’ rights generally and (b) equitable principles of general applicability.

Section 4.17. No Default under Other Agreements. The City is not in default with respect to any note, indenture, loan agreement, mortgage, lease, deed, or other agreement to which it is a party or by which it or its Property is bound, which default could materially and adversely affect any rights of the Bank under the Related Documents or could reasonably be expected to result in a Material Adverse Effect.

Section 4.18. Status under Certain Laws. The City is not an “investment company” or a person directly or indirectly controlled by or acting on behalf of an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

Section 4.19. Environmental Law. To the best of the City’s knowledge, except as otherwise described to the Bank in writing on or prior to the Closing Date, (i) the City has not received any notice to the effect, or has any knowledge, that its Property or operations are not in compliance with any of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations including, without limitation, regulations promulgated under the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§6901 *et seq.* (“*Environmental Laws*”), or is not the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to result in a Material Adverse Effect; (ii) there have been no releases of hazardous materials at, on or under any Property now or previously owned or leased by the City that, singly or in the aggregate, have, or may reasonably be expected to result in, a Material Adverse Effect; (iii) there are no underground storage tanks, active or abandoned, including petroleum storage tanks, on or under any Property now or previously owned or leased by the City that, singly or in the aggregate, have, or could reasonably be expected to have, a Material Adverse Effect; (iv) the City is not the subject of any remedial investigation under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §9601 *et seq.* (“*CERCLA*”) that is reasonably expected to have a Material Adverse Effect; and (v) no conditions exist at, on or under any Property now or previously owned or leased by the City which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law, except to the extent such liability could not reasonably be expected to result in a Material Adverse Effect.

Section 4.20. Interest. None of the Related Documents provide for any payments that would violate any Applicable Law regarding permissible maximum rates of interest.

Section 4.21. Financial Information. The audited financial statements of the City for the Fiscal Year ended [September 30, 2017], true and correct copies of which have heretofore been delivered or made available to the Bank, fairly present, in conformity with generally accepted accounting principles, the financial position of the City and its results of operations and changes in financial position at the dates and for the periods indicated. Since [September 30, 2017], there has been no material adverse change in the business, financial position or results of operations of the City. Except as reflected in the financial statements referenced above or as described in the Disclosure Materials or as otherwise disclosed by the City to the Bank in writing, there are as of the date hereof no liabilities or obligations with respect to the City of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, in the

aggregate, would be material to the City. The City does not know of any basis for the assertion against the City of any liability or obligation of any nature whatsoever that is not reflected in the financial statements referenced above or the Disclosure Materials which, in the aggregate, could be material to the City.

Section 4.22. Sanctions Concerns and Anti-Corruption Laws. (a) *Sanctions Concerns.* Neither the City, nor, to the knowledge of the City, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction.

(b) *Anti-Corruption Laws.* The City has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions, and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

ARTICLE V

AFFIRMATIVE COVENANTS OF THE CITY

Until the later of the Termination Date or the date that all the Payment Obligations are paid in full, unless the Bank otherwise expressly consents in writing:

Section 5.1. Maintenance of Existence, Etc. The City will maintain and preserve its and the System's existence and all rights material to its function; maintain its assets in good order and repair; and conduct its business in an orderly manner without voluntary interruption.

Section 5.2. Access and Reporting. The City will permit the representatives of the Bank at any time or from time to time during normal business hours, upon one (1) Business Day's notice, to inspect the Property and all of the City's books and records related to the Property and to discuss the affairs, finances and account of the City with its officers. The City will maintain a system of accounting established and administered in accordance with sound business practices to permit preparation of financial statements in conformity with GAAP. The City, at its expense, will furnish or cause to be furnished to the Bank, with sufficient copies for distribution to the Bank, the following:

(a) (i) Within sixty (60) days after the end of each of the first three fiscal quarters of the City, unaudited financial statements consisting of a statement of financial position of the System as of the end of such fiscal quarter and a statement of revenues, expenses and accumulated (deficit)/net revenues of the System for such fiscal period, (ii) a statement including the aggregate mark-to-market valuation of all commodity derivative contracts, to be included with the financial statements described in clause (i) above provided by the City for the fiscal quarter ending September 30, and (iii) within one hundred eighty (180) days after the end of each Fiscal Year, audited financial statements

of the City consisting of a statement of financial position and a statement of cash flows and a statement of revenues, expenses and accumulated (deficit)/net revenues of the System and of all of the City's enterprise funds taken as a whole for such Fiscal Year (including in comparative form corresponding figures (if any) for all of the City's enterprise funds taken as a whole for the preceding Fiscal Year), together with an opinion of a nationally recognized firm of certified public accountants, unqualified in scope (other than an opinion qualified as a result of a change in application of GAAP, such change being one with which such accountants concur) with respect to the financial statements of the City, all in reasonable detail. In connection with the requirements in clauses (i) and (ii) above, the City shall provide a letter from the Director of Financial Services of the City addressed to the Bank stating that, in so far as they relate to accounting matters, no Event of Default and no Potential Default has come to his/her attention and was continuing at the end of such fiscal period or on the date of his/her letter or, if such an event, in so far as it relates to accounting matters, has come to his/her attention and was continuing as of such date, indicating the nature of such event and the action which the City proposed to take with respect thereto and, in connection with the requirements in clause (iii) above, the City shall provide (A) a letter from the nationally recognized firm of certified public accountants that prepared the report required by clause (iii) addressed to the Bank, stating that, in so far as they relate to accounting matters, no Event of Default and no Potential Default has come to such firm's attention and was continuing at the end of such fiscal period or on the date of such firm's letter or, if, in so far as they relate to accounting matters, such an event has come to such firm's attention and was continuing as of such date, indicating the nature of such event, which letter shall also set forth the calculations supporting such statements in respect of Section 5.8 hereof, and (B) a certificate of an Authorized Representative of the City stating that the City is in full compliance with the insurance requirements of Section 5.10;

(b) Within one hundred eighty (180) days after the end of each Fiscal Year, a certificate of an Authorized Representative of the City containing a schedule setting forth in reasonable detail (i) the City's historical Debt Service coverage for such Fiscal Year, together with detailed calculations thereof, (ii) electric sales, revenues and peak period usage for the Fiscal Year then ended, (iii) a forecast of projected operating results for the next Fiscal Year, and (iv) a summary of estimated capital expenditures for the five (5) succeeding Fiscal Years;

(c) Promptly upon their becoming available, other financial reports, annually adopted budgets, of fiscal statements and similar information of the City, but in no event later than fifteen (15) days after such information is made available by the City and will promptly furnish such other information on the financial condition and affairs of the City and/or the System as the Bank may reasonably request from time to time;

(d) Promptly upon their becoming available, copies of any non-routine periodic or special reports filed by the City with any governmental authority if such reports indicate any material adverse change in the business, operations, affairs or condition of the City and/or the System, and copies of any material adverse notice or other material adverse

communications from any governmental authority, its board or committee of its board which specifically relate to the operations of the City and/or the System;

(e) Written notice of (i) any litigation, legal proceeding or dispute with any governmental agency or with any other party which if determined adversely to the City would have a material adverse effect on the City's performance of its obligations under this Reimbursement Agreement or any City Document or Bank Document or the transactions contemplated hereby or thereby, (ii) failure by the City to pay and discharge any of its material obligations and liabilities when due and (iii) any breach of warranty, lack of correctness of warranty, event of default, breach of covenant or any lack of validity or contest as to validity in any Related Document to which the City is a party;

(f) As soon as reasonably available, copies of any material notices, certificates or other communications given to or received from the Issuing and Paying Agent, the Dealer or any Holder of Notes pursuant to or in connection with the City Documents or the Bank Documents; and

(g) Such other information respecting the operations and properties, financial or otherwise, of the System as the Bank may from time to time reasonably request.

Section 5.3. Further Assurances. From time to time hereafter, the City will execute and deliver such additional instruments, certificates or documents, and will take all such actions as the Bank may reasonably request, for the purposes of implementing or effectuating the provisions of this Reimbursement Agreement and the Bank Documents, the City Documents or for the purpose of more fully perfecting or renewing the Bank's rights with respect to the rights, properties or assets subject to such documents (or with respect to any additions thereto or replacements or proceeds thereof or with respect to any other property or assets hereafter acquired by the City which are or become a part thereof) pursuant hereto or thereto. Without limiting the generality of the foregoing, upon the exercise by the Bank of any power, right, privilege or remedy pursuant to this Reimbursement Agreement, the Bank Documents or the City Documents which requires any consent, approval, registration, qualification or authorization of any governmental authority or instrumentality, the City will execute and deliver all necessary applications, certifications, instruments and other documents and papers that may be required in order to obtain such governmental consent, approval, registration, qualification or authorization.

Section 5.4. Application of Proceeds. The City shall apply the proceeds of the Notes solely and entirely to the purposes specified in the CP Ordinance and not in violation of any Legal Requirement.

Section 5.5. Compliance with Legal Requirements. The City will comply and shall take all action necessary or advisable to cause others to comply in all material respects with all the Legal Requirements affecting the City, including all the Legal Requirements the non-compliance with which would materially adversely affect (a) the business, operations, assets, or condition (financial or otherwise) of the City and (b) the ability of the City to perform its obligations under the City Documents and the Bank Documents.

Section 5.6. Payment of Debt. The City will (a) duly and punctually pay or cause to be paid all principal of and interest on any and all Debt of the City unless diligently contested in good faith and by appropriate proceedings by the City, subject to the exceptions, limitations and waivers set forth in the documents under which such Debt was incurred, (b) comply with and perform all conditions, terms and obligations of the notes or other instruments or agreements evidencing or securing such Debt, (c) promptly inform the Bank of any material default, or anticipated default, under any such note, agreement, or instrument, and (d) forward to the Bank a copy of any notice of default or notice of any event that might result in default under any such note, agreement or instrument.

Section 5.7. City Documents. The City agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the City Documents and the Bank Documents which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Bank and shall be enforceable by the Bank against the City, which covenants, agreements, definitions and provisions shall continue in effect with regard to the Bank without regard or giving effect to any amendment or modification of such provisions or any waiver of compliance therewith unless consented to in writing by the Bank.

Section 5.8. Rate Covenant. The covenant of the City contained in Section 4.13 of the CP Ordinance is hereby incorporated by reference herein.

[Section 5.9. Creation of Debt and Liens. Notwithstanding anything contained in the Senior Lien Ordinance to the contrary (including without limitation Section 21 thereof), the City shall not issue, incur, assume, create or have or permit to remain outstanding (a) any additional bonds (other than the Senior Bonds) under the Senior Lien Ordinance; or (b) any other Debt secured by and payable from the Net Revenues on a basis senior to the Notes and the Payment Obligations. In addition, the City shall not (i) issue, incur, assume, create or have outstanding any Parity Obligations payable from the Net Revenues; or (ii) create, incur or permit to exist any lien of any kind on the Net Revenues on parity with the Notes, other than as expressly provided in or permitted by this Reimbursement Agreement and the CP Ordinance.]

Section 5.10. Maintenance of Insurance. (a) The City shall maintain with responsible insurers all insurance required and reasonably obtainable in the amounts and of the types customarily maintained by electric utilities consistent with prudent utility practice, to indemnify for loss of or damage to the System, and against public and other liabilities relating to the operations of the City and the System.

(b) Any insurance required to be maintained by this Section shall be in the form of policies or contracts for insurance with insurers of good standing qualified to do business in the State of Texas (including any self insurance by the City as described in subsection (d) of this Section 5.10) and shall be payable to the City or the Bank, as their interests may appear.

(c) Any insurance procured and maintained by the City pursuant to this Section, including any blanket insurance policy, may include reasonable deductibles.

(d) No provision of this Section shall be construed to prohibit the City from self-insuring against any risk at the recommendation of an independent insurance consultant chosen by or acceptable to an Authorized Representative of the City; *provided, however*, that the City shall provide or cause to be provided adequate funding of such self-insurance if and to the extent recommended by such insurance consultant.

(e) The City shall promptly notify the Bank in writing in the event that any portion of the System having a book value greater than \$15 million has been damaged or destroyed and, if so, the amount of insurance proceeds covering such loss or damage and specifying the reasonable and necessary costs of reconstruction or replacement thereof.

Section 5.11. ERISA. The City shall promptly pay and discharge all obligations and liabilities arising under ERISA of a character which if unpaid or unperformed may result in the imposition of a lien against any of its Property, and will promptly notify the Bank of (a) the occurrence of any reportable event (as defined in ERISA) for which the notice requirement has not been waived by the PBGC and which is reasonably likely to result in the termination by the PBGC of any Plan, (b) receipt of any notice from PBGC of its intention to seek termination of any such Plan or appointment of a trustee therefor, and (c) its intention to terminate or withdraw from any Plan, other than a “standard termination” meeting the requirements of Section 4041(b) of ERISA. The City will not terminate any such Plan or withdraw therefrom unless it shall be in compliance with all of the terms and conditions of this Reimbursement Agreement after giving effect to any liability to PBGC resulting from such termination or withdrawal.

Section 5.12. Compliance with Laws, Etc. The City will comply in all material respects with all Governmental Requirements and Legal Requirements, except where the failure to do so would not have a Material Adverse Effect.

Section 5.13. Maintenance of Existence. The City shall maintain its legal existence except for mergers permitted by Section 6.4 hereof.

Section 5.14. Taxes.

(a) *Payments Free of Taxes.* Any and all payments by or on account of any obligation of the City hereunder or under the Letter of Credit or the Fee Agreement shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes; *provided* that if the City shall be required by Applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then, subject to Section 8.17 hereof and to the extent permitted by Applicable Law, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Bank or any Participant receives an amount equal to the sum it would have received had no such deductions been made, (ii) the City shall make such deductions and (iii) the City shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) *Payment of Other Taxes by the City.* Without limiting the provisions of paragraph (a) above, the City shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(c) *Indemnification by the City.* Subject to Section 8.17 hereof and to the extent permitted by Applicable Law, the City shall indemnify the Bank and each Participant, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Bank or such Participant and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate stating the amount of such payment or liability delivered to the City by the Bank or such Participant shall be conclusive absent manifest error. In addition, the City shall indemnify the Bank and each Participant, within ten (10) days after demand therefor, for any incremental Taxes that may become payable by the Bank or such Participant as a result of any failure of the City to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Bank and such Participant, pursuant to clause (d), documentation evidencing the payment of Taxes.

(d) *Evidence of Payments.* As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the City to a Governmental Authority, the City shall deliver to the Bank or such Participant the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Bank or such Participant, as applicable.

(e) *Treatment of Certain Refunds.* If the Bank or any Participant determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified pursuant to this Section (including additional amounts paid by the City pursuant to this Section), it shall pay to the applicable indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Bank or such Participant, as applicable, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided* that the applicable indemnifying party, upon the request of the Bank or such Participant, as applicable, agrees to repay the amount paid over pursuant to this Section (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Bank or such Participant, as applicable, in the event the Bank or such Participant, as applicable, is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (e), in no event will the Bank or such Participant be required to pay any amount to an indemnifying party pursuant to this paragraph (e) the payment of which would place the Bank or such Participant, as applicable, in a less favorable net after-Tax position than the Bank or such Participant, as applicable, would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require the Bank or any Participant to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the City or any other Person.

(f) *Survival.* Without prejudice to the survival of any other agreement of the City hereunder, the agreements and obligations of the City contained in this Section shall survive the termination of this Reimbursement Agreement, the Letter of Credit and the Fee Agreement and the payment in full of the obligations of the City hereunder and thereunder.

Section 5.15. Sovereign Immunity. To the extent permitted by Applicable Law, in the event the City has or hereafter acquires under any right of immunity from set-off or legal proceedings on grounds of sovereignty or otherwise, the City hereby waives such rights to immunity for itself in all disputes or legal actions brought by the Bank with respect to obligations of the City arising under this Reimbursement Agreement or any other Related Document to which the City is a party.

Section 5.16. Environmental Covenant. The City will:

(a) except as disclosed in the Offering Memorandum, use and operate all of its Property in compliance with all Environmental Laws where the failure to do so could reasonably be expected to result in a Material Adverse Effect, keep all material permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in material compliance therewith, and handle all hazardous materials in material compliance with all applicable Environmental Laws;

(b) immediately notify the Bank and provide copies upon receipt of all material written claims, complaints, notices or inquiries relating to the condition of its facilities and Property or compliance with Environmental Laws, and shall promptly cure and have dismissed, to the reasonable satisfaction of the Bank, any actions and proceedings relating to compliance with Environmental Laws, *provided* that the foregoing shall not prevent the City from contesting any claim, complaint, action or proceeding so long as such contest is prosecuted with reasonable diligence and its prosecution could not reasonably be expected to result in a Material Adverse Effect; and

(c) provide such information and certifications which the Bank may reasonably request from time to time to evidence compliance with this Section 5.16.

Section 5.17. Investment of Funds. The City shall cause all moneys held in the funds and accounts of the City established under the CP Ordinance, including without limitation the Note Payment Fund, the Note Clearance Account and the Note Construction Account (each as defined in the CP Ordinance), to be invested in Permitted Investments; *provided* that in no event shall any such investment be made by purchasing securities on margin or by otherwise investing or compounding the dollar amount of such investment by obtaining loans or issuing debt.

Section 5.18. Notice of Downgrade. The City shall promptly provide to the Bank with written notice of any Downgrade.

Section 5.19. Credit Facilities. In the event that on or after the date hereof the City shall, directly or indirectly, enter into or otherwise consent to any credit agreement, bond purchase agreement, liquidity agreement or other agreement or instrument (or any amendment, supplement or modification thereto) under which, directly or indirectly, any Person or Persons undertakes to

make or provide funds to purchase any obligations secured by a pledge, lien or charge upon any of the Net Revenues on a parity with the lien of the Notes, which such agreement (or amendment thereto) provides such Person with more restrictive financial tests, covenants and ratios, different or more restrictive events of default or greater rights and remedies for default (including rights of acceleration, declaration of mandatory tender, or amortization of bank bonds), and/or greater rights with respect to the security for the Notes than are provided to the Bank in this Reimbursement Agreement (collectively, the “*Incorporated Provisions*”), the City shall provide the Bank with a copy of each such agreement (or amendment thereto) and such Incorporated Provisions shall automatically be incorporated into this Reimbursement Agreement and the Bank shall have the benefits of such Incorporated Provisions as if specifically set forth herein, but only for the period during which such credit agreement, bond purchase agreement or liquidity agreement or other agreement or instrument remains in force and effect. The City shall promptly enter into an amendment to this Reimbursement Agreement to include such more restrictive covenants, different or more restrictive events of default and/or greater rights or remedies (*provided* that the Bank shall maintain the benefit of such more restrictive covenants, different or more restrictive events of default and/or greater rights and remedies even if the City fails to provide such amendment). Notwithstanding the foregoing, this Section 5.19 does not apply to any provisions other than those set forth above and, in particular, does not apply to different or higher fees, different or higher interest rates or different or higher drawn pricing set forth in any such document. For purposes of clarification, “financial tests, covenants and ratios” refers to covenants to maintain coverage ratios at certain levels prior to the incurrence of additional debt, to maintain certain liquidity levels and similar financial covenants and agreements to deliver financial information and other information within a specified time period.

Section 5.20. Issuing and Paying Agent; Dealers. (i) While Notes are outstanding, the City shall cause an Issuing and Paying Agent and at least one Dealer (with each such Dealer reasonably acceptable to the Bank) to be appointed at all times pursuant to an Issuing and Paying Agent Agreement and a Dealer Agreement, respectively. The City hereby agrees that, if requested by the Bank, it will take all commercially reasonable actions to remove the Issuing and Paying Agent if the Issuing and Paying Agent fails to perform its obligations under the Issuing and Paying Agent Agreement or if the Bank or the City has reasonable grounds to anticipate non-performance by the Issuing and Paying Agent. The City further agrees that it will not remove the Dealer unless the City shall have made provision for a successor Dealer reasonably acceptable to the Bank to assume the duties thereof immediately upon such removal. Any dealer agreement with a successor Dealer shall provide that (a) such successor Dealer may resign upon at least sixty (60) days prior written notice to the Issuing and Paying Agent, the Bank, and the City, (b) such successor Dealer shall use its best efforts to sell the Notes pursuant to the CP Ordinance (without regard to whether the Bank Rate then applicable to the Notes would be greater than or less than the interest rate that would be borne by the Notes, and, as necessary, at a rate up to and including the maximum rate permitted under the CP Ordinance).

(ii) In the event the City elects not to issue Notes at an interest rate up to the maximum rate permitted under the CP Ordinance, or otherwise limits the interest on a rollover of the Notes to an interest rate less than the maximum rate permitted under the CP Ordinance and, as a result of these actions, the Bank is not reimbursed for a Drawing to pay the maturing Notes, then the total amount of the Notes to be issued under the CP Ordinance and the stated amount of the Letter

of Credit shall be reduced permanently by the amount of such Drawing and the City shall repay the outstanding Drawing within 30 days thereof.

ARTICLE VI

NEGATIVE COVENANTS OF THE CITY

Until the later of the Termination Date or the date that all Payment Obligations are paid in full, unless the Bank otherwise expressly consents in writing:

Section 6.1. Negative Covenants. The City will not:

(a) *Amendments to City Charter.* Amend, supplement, or otherwise modify its City Charter in any way which could reasonably be expected to materially impair its ability to carry out its obligations under this Reimbursement Agreement, or adversely affect the rights and remedies of the Bank hereunder and under the Related Documents;

(b) *Documents.* Enter into or consent to any amendment to, modification of or waiver of compliance with the provisions of any of the Related Documents;

(c) *Adverse Agreements.* Enter into any contract, agreement or transaction which would reasonably be foreseen by the City to materially and adversely affect its Property, business, assets, operations, condition (financial or otherwise), or its ability to perform its obligations under any of the Related Documents;

(d) *Loans or Guarantees.* Make any advances, loans or other investments involving the assets associated with the Property, other than those involving prime money market investments or investments otherwise authorized under the terms of this Reimbursement Agreement, the Senior Lien Ordinance or the CP Ordinance, or guarantee the obligations of any Person; or

(e) *Additional Debt.* Issue any Parity Obligations payable from or secured by Net Revenues (collectively, "*Additional Debt*") unless the Bank shall receive a Certificate of an Authorized Representative of the City setting forth (1) the Net Revenues for either the completed Fiscal Year next proceeding the date in which such Additional Debt is to be issued or any twelve (12) consecutive calendar months out of the fifteen (15) calendar months immediately preceding the month in which such Additional Debt is to be issued, and (2) the average annual Debt Service for all outstanding Senior Bonds, Notes, Additional Debt and the amount payable under all Parity Obligations, excluding in each case any amount thereof paid from sources other than Net Revenues, and showing that the amount set forth in clause (1) is at least equal to 125% of the amount set forth in clause (2). For purposes of calculating Debt Service on the Notes under this Section 6.1(e), the City may use the lesser of the 30-year level debt service amortization based on The Bond Buyer Revenue Bond Index for such term in effect on the first day of the Fiscal Year or the date of the Revenue Bond Index average published in The Bond Buyer on the date of calculation.

Section 6.2. Acquisitions. The City will not acquire or commit to acquire any Person or substantially all of its assets for inclusion by the City as part of the System (each an “Acquisition”); *provided, however*, that the City may make Acquisitions if: (i) the City acquires by reason of such Acquisition assets used or useful in a business which is the same or similar to that currently conducted by the City; (ii) no Potential Default or Event of Default exists or would exist at the time of or after giving effect to such Acquisition; (iii) the City provides the Bank a statement, certified as true and correct by an Authorized Representative, which describes the feasibility and benefits of such Acquisition and includes a forecast of projected operating results for the remainder of the Fiscal Year in which such Acquisition takes place and the next succeeding Fiscal Year, in each case after giving effect to such Acquisition, such certificate to be accompanied by supporting financial projections based on reasonable assumptions; (iv) the Board of Directors or other governing body of such Person whose property is being so acquired has approved the terms of such Acquisition; and (v) the City has provided the Bank such financial and other information regarding the Person whose property is being so acquired, including historical financial statements, and a description of such Person, as the Bank may reasonably request.

Section 6.3. Alternate Credit Facility. The City will not substitute an Alternate Credit Facility for the Letter of Credit unless (i) the City shall have given the Bank at least thirty (30) days’ prior written notice, (ii) contemporaneously with the effectiveness of such Alternate Credit Facility all obligations of the City owing to the Bank hereunder and under the Fee Agreement with respect to the Letter of Credit are paid in full, including without limitation any Payment Obligations and any Unreimbursed Amounts and Bank Loans plus accrued and unpaid interest thereon to but excluding the date such Alternate Liquidity Facility or Alternate Credit Facility becomes effective, (iii) the City has complied with Section 2.8 hereof and (iv) such Alternative Credit Facility replaces the Letter of Credit in full and not in part.

[Section 6.4. *Mergers, Consolidations and Sales.* The City will not be a party to any merger or consolidation, or sell, transfer, lease or otherwise dispose of all or any substantial part of its Property, including any disposition of Property as part of a sale and leaseback transaction, or in any event sell or discount (with or without recourse) any of its notes or accounts receivable; *provided* that the foregoing shall not operate to prevent any such transaction that will not have a Material Adverse Effect. The term “substantial” as used herein shall mean, as to the City, the sale, transfer, lease or other disposition of 10% or more of the total assets of such Person.] [TBD]

Section 6.5. Tax Covenant. The City shall not take or omit to take any action which would cause interest on the Notes to be included in the gross income of any Holder thereof for federal income tax purposes by reason of subsection (b) of Section 103 of the Code. Without limiting the generality of the foregoing, no part of the proceeds of the Notes or any other funds of the City shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause the Notes to be an “arbitrage bond” as defined in Section 148 of the Code and to be subject to treatment under subsection (b)(2) of Section 103 of the Code as an obligation not described in subsection (a) of said Section.

Section 6.6. Offering Documents. The City shall not change any reference to the Bank in the Disclosure Materials without the Bank’s prior written consent thereto. The City shall not make

reference to any financial information relating to the Bank in any other offering document without the Bank's prior written consent thereto.

ARTICLE VII

DEFAULT; EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default. "Event of Default" shall mean any of the following events:

(a) The occurrence of any default, event of default or similar condition under the Senior Lien Ordinance; or

(b) The City shall fail to pay to the Bank when due (whether upon demand or otherwise), any of the Payment Obligations or shall fail to pay or fail to remit or deposit funds as required by the Notes, the CP Ordinance, or this Reimbursement Agreement; or

(c) The City shall fail to observe any material warranty made by it hereunder or to perform any covenant, condition or agreement hereunder or in any of the other City Documents on its part to be observed or performed (other than a failure referred to in clause (ii) of this definition), and in the case of all covenants other than the covenants set forth in Sections 5.1, 5.13, 5.15, 5.20 or Article VII hereof, such failure shall not have been cured within thirty (30) days after the earlier to occur of (A) delivery of written notice of such failure to the City by the Bank, and (B) the City's actual knowledge of the circumstances constituting such failure and actual knowledge that such circumstances constitute such failure; or

(d) The City shall, with respect to itself or the System (A) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of all or a substantial part of its property or the property of the System, (B) admit in writing the inability of the City or the System, or the City or the System shall be generally unable, to pay the Debts of the City or the System as such Debts become due, (C) make a general assignment for the benefit of its creditors or the creditors of the System, (D) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (E) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, (F) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against the City or the System in any involuntary case under said Federal Bankruptcy Code, (G) be a party to a moratorium or repudiation with respect to any of its debt or the debt of the System, or (H) take any action for the purpose of effecting any of the foregoing; or

(e) A proceeding or case shall be commenced, without the application or consent of the City, in any court of competent jurisdiction, seeking (A) the liquidation, reorganization, dissolution, winding-up or composition or readjustment of debts of the City, (B) the appointment of a trustee, receiver, custodian, liquidator or the like, of the City, or of all or any substantial part of the City's assets, or (C) similar relief in respect of the

City under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition, moratorium, repudiation or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) days from commencement of such proceeding or case, or an order for relief against the City shall be entered in an involuntary case under said Federal Bankruptcy Code; or

(f) Any representation or warranty made by the City in any of the Bank Documents or City Documents, or in this Reimbursement Agreement, or in any certificate, financial report or other statement furnished by the City pursuant to this Reimbursement Agreement, any other Bank Documents or any City Documents, shall prove to be untrue or incomplete in any material respect when made; or

(g) Either (i) the opinion of the City's independent certified public accountants required to be delivered with the audited financial statements pursuant to Section 5.2(a)(iii) hereof contains material qualifications or exclusions as a result of inappropriate accounting procedures or irregularities, and the City fails to revise such procedures and/or correct such irregularities within sixty (60) days after the delivery of such qualified opinion, or (ii) such accountants refuse to deliver an opinion with respect to the financial statements of the City for reasons of inappropriate accounting procedures or irregularities as stated by such accountants in writing and delivered to the City; or

(h) (i) Any material provision of the City Documents, or any other Related Document (other than the Letter of Credit) (A) shall at any time for any reason cease to be valid and binding on the City (with respect to those Related Documents to which it is a party), or (B) shall be declared to be null and void, or (ii) the validity or enforceability thereof shall be contested by the City (with respect to those Related Documents to which it is a party), or (iii) the City (with respect to those Related Documents to which it is a party) shall deny that it has any or further liability or obligation under the City Documents or any of the other Bank Documents; or

(i) One or more final, non-appealable judgments against the City for the payment of money not covered by insurance, the operation and result of which, individually or in the aggregate, equal or exceed \$10,000,000 shall remain unpaid, unstayed, undischarged, unbonded or undismissed for a period of ninety (90) days; or

(j) The City fails to pay any Debt payable from Net Revenues or obligation owing under a financial instrument or contract payable from Net Revenues and the outstanding principal under such financial instrument or contract is in excess of \$10,000,000, and such failure results in an acceleration of the obligations thereunder; or

(k) The occurrence of an event of default or an event which, with the passage of time or the giving of notice, would be an event of default under any other Bank Document or City Document, if the result is to permit an acceleration of the obligations thereunder; or

(l) The City fails to make any payment with respect to Debt payable from Net Revenues when due, or any event or condition shall occur which would permit the acceleration of the maturity of any such Debt payable from Net Revenues; or

(m) The City shall fail to pay when due an amount or amounts aggregating in excess of \$10,000,000 which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Vested Liabilities in excess of \$10,000,000 (collectively, a “*Material Plan*”) shall be filed under Title IV of ERISA by the City, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any Material Plan against the City, to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within thirty (30) days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or

(n) (i) The City shall impose a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any indebtedness or any obligation of the City secured by or payable from the Net Revenues that is senior to or on a parity with the Notes or (ii) any Governmental Authority having appropriate jurisdiction over the City shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which results in a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the Notes or any other indebtedness or any obligation of the City secured by the Net Revenues; or

(o) The long-term unenhanced rating by any of the Rating Agencies then rating the Senior Bonds or any other indebtedness of the City senior to or on a parity with the Senior Bonds and secured by and payable from the Net Revenues shall be withdrawn or suspended for credit-related reasons or is reduced below “BBB+” (or its equivalent) by S&P or “BBB+” (or its equivalent) by Fitch.

Section 7.2. Remedies. Upon the occurrence and continuance of an Event of Default, the Bank may, in its sole discretion, but shall not be obligated to:

(a) accelerate the Maturity Date of all Advances and Bank Loans, together with all interest thereon and such amounts shall thereafter bear interest at the Default Rate until paid in full; *provided, however*, that such acceleration shall occur immediately and automatically upon the occurrence of an Event of Default set forth in Section 7.1(c) or 7.1(d) hereof;

(b) declare that all Advances and Bank Loans, whether or not accelerated, shall thereafter bear interest at the Default Rate until paid in full;

(c) terminate or suspend the authority of the City and the Issuing and Paying Agent to issue any further Notes and reduce the Stated Amount of the Letter of Credit to an amount equal to the principal amount of Notes then outstanding supported by the Letter of Credit, plus interest payable thereon at maturity of the Notes, by delivering to the Issuing and Paying Agent a Notice of No Issuance substantially in the form of Annex F to the Letter of Credit;

(d) issue the Final Drawing Notice (the effect of which shall be to cause the Termination Date of the Letter of Credit to occur on the 15th day after the date of receipt thereof by the Issuing and Paying Agent);

(e) enforce the rights and obligations of the City under the City Documents as if the Bank were a party thereto; or

(f) exercise any other remedies available at law or in equity.

Upon the exercise by the Bank of any remedy contained in clause (a), (b), (c) or (d) of this Section 7.2, the Stated Amount of the Letter of Credit shall be immediately reduced by an amount equal to the amount of each subsequent Drawing following the occurrence of an Event of Default. Any amounts the City may owe to the Bank under this Reimbursement Agreement shall be payable solely from Net Revenues.

Section 7.3. Set-Off. In addition to any rights now or hereafter granted under Applicable Law and not by way of limitation of any such rights, upon the occurrence and during the continuance of any Event of Default, the Bank is hereby authorized at any time and from time to time, without notice to the City (any such notice being expressly waived by the City) and to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Bank to or for the credit or the account of the Net Revenues of the City against and on account of any and all of the obligations of the City now or hereafter existing under this Reimbursement Agreement or the Letter of Credit, irrespective of whether or not the Bank shall have made any demand hereunder or thereunder and although such obligations may be unmatured.

Section 7.4. Remedies Cumulative. All remedies provided for in this Reimbursement Agreement are cumulative and shall be in addition to any and all other rights and remedies available under the City Documents, the Bank Documents or any other document or at law or equity. No exercise of any right or remedy shall in any way constitute a cure or waiver of any Event of Default hereunder, or invalidate any act done pursuant to any notice of default, or prejudice the exercise of any other right or remedy available to the Bank. No failure to exercise, and no delay in exercising, any right or remedy shall operate as a waiver or otherwise preclude enforcement of any of its rights and remedies; nor shall any single or partial exercise of any right or remedy preclude any further exercise thereof or of any other right or remedy. The Bank need not resort to any particular right or remedy before exercising or enforcing any other.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Notices. All notices and other communications hereunder shall be in writing and shall be delivered by hand, by telex, by telefax, by prepaid telegram, or by registered or certified United States mail, return receipt requested (postage prepaid), to the notice addresses set forth below or to such other addresses or payment instructions as the parties may provide to one another in accordance with this Section. Such notices and other communications shall, if sent by mail in accordance with this Section, be deemed given three (3) Business Days after deposit in the United States mail, and if sent by any other method, shall be effective only if and when received by the addressee.

Address for notices to the City:

City of Garland
200 North Fifth Street
Garland, Texas 75040
Attention: Matthew Watson, Director of Financial Services
Telephone: (972) 205-2355
Fax: (972) 205-2810
mwatson@ci.garlandtx.gov

and copy to:

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-2784
Attention: Robert D. Dransfield, Partner
Telephone: (214) 855-8068
Fax: (214) 855-8200
robert.dransfield@nortonrosefulbright.com

Address for notices to the Bank:

Bank of America, N.A.
211 North Robinson, 2nd Floor
OK1-100-02-30
Oklahoma City, Oklahoma 73102
Attention: Brent Riley, Senior Vice President
Telephone: (405) 230-1711
Fax: (866) 681-1873

And, with respect to the Letter of Credit:

Bank of America, N.A.

1 Fleet Way
PA6-580-02-30
Scranton, PA 18507-1999
Attention: Standby Letter of Credit Department
Telephone (800) 370-7519
Fax: (800) 755-8743

All payments to be made to the Bank hereunder shall be made to:

Bank of America, N.A.
STANDBY LETTER OF CREDIT
ABA: []
Account #: []

Section 8.2. Amendments, Waivers, Etc. No amendment or waiver of any provision of this Reimbursement Agreement or other Bank Document, nor consent to any departure by the City therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 8.3. Indemnification. To the extent permitted by law, the City hereby agrees to indemnify and hold harmless the Bank, its officers, directors, employees and agents (collectively, the "Indemnitees") from and against any and all claims, damages, losses, liabilities, costs or expenses whatsoever which the Bank may incur (i) by reason of any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in any materials furnished by the City or any other Person on behalf of the City (other than the Bank) in connection with the making of this Reimbursement Agreement or the sale of the Notes, or the omission or alleged omission to state therein a material fact necessary to make such statements, in light of the circumstances under which they are or were made, not misleading, or (ii) by reason of or in connection with the execution and delivery or transfer of, or payment or failure to pay under, the Letter of Credit, except for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the negligence or willful misconduct of the Bank in performing its obligations under this Reimbursement Agreement, in determining whether a statement or draft presented under the Letter of Credit complies with the terms of the Letter of Credit or in failing to pay under the Letter of Credit after presentation to it by the Issuing and Paying Agent of a draft and certificate strictly complying with the terms and conditions of the Letter of Credit. Further, to the extent permitted by law, the City hereby agrees to pay, and to protect, indemnify, and save harmless the Indemnitees from and against, any and all losses, liabilities (including liabilities for penalties), actions, suits, judgments, demands, damages, costs or expenses (including, without limitation, reasonable attorneys' fees and expenses) of any nature arising from or relating to the offering, issuance, sale or delivery of the Notes (or any interest in any fund into which the Notes are placed), except for any such loss, liability, action, suit, judgment, demand, damage, cost or expense to the extent, and only to the extent, resulting from the Bank's negligence or willful misconduct. Nothing in this Section 8.3 is intended to limit the City's Payment Obligations. After receipt by the Bank of notice of the commencement or threatened commencement, of any action, subject to the indemnities contained in this Section 8.3, the Bank shall promptly notify the City

thereof. Without prejudice to the survival of any other obligation of the City hereunder, the indemnities and obligations of the City contained in this Section shall survive performance of all obligations hereunder and the termination of the Letter of Credit or the exercise by the Bank of any of its remedies under this Reimbursement Agreement or any other Bank Document.

Section 8.4. Liability of the Bank. As to the Bank, the City assumes all risks of the acts or omissions of the Issuing and Paying Agent with respect to their use of the Letter of Credit and the proceeds thereof; that this assumption is not intended to, and shall not, preclude the City from pursuing such rights and remedies as it may have against the Issuing and Paying Agent at law or under any other agreement. Neither the Bank nor any of its officers, directors, employees or agents shall be liable or responsible for:

- (a) the use made of the Letter of Credit or any proceeds of the Letter of Credit or for any acts or omissions of the Issuing and Paying Agent;
- (b) the validity, sufficiency or genuineness of any documents, or endorsements, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged;
- (c) payment by the Bank against presentation of documents which do not comply with the terms of the Letter of Credit, including failure of any documents to bear adequate reference to the Letter of Credit; or
- (d) any other circumstances in making or failing to make payment under the Letter of Credit;

provided, however, that the City shall have a claim against the Bank, and the Bank shall be liable to the City for direct, but not consequential, damages suffered by the City which were caused solely by the willful misconduct or negligence of the Bank in connection with any Drawing. For the avoidance of doubt, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. Subject to the foregoing, the determination of whether a draft has been presented under the Letter of Credit prior to the Termination Date or whether a draft drawn under the Letter of Credit or any accompanying document or instrument is in proper and sufficient form shall be made by the Bank in its sole discretion, which determination shall be conclusive and binding upon the City. The City hereby waives any right to object to any payment made under the Letter of Credit against a draft with accompanying documents in the forms provided for in the Letter of Credit but varying in punctuation, capitalization, spelling or similar matters of form.

Section 8.5. Successors and Assigns. This Reimbursement Agreement is a continuing obligation and shall be binding upon the Bank, the City, and their respective successors, transferees and assigns, and shall inure to the benefit of and be enforceable by the Bank, the City and their respective successors, transferees and assigns; *provided, however,* that the City shall not assign all or any part of this Reimbursement Agreement without the prior written consent of the Bank.

Section 8.6. Governing Law. This Reimbursement Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York; *provided, however,* that the obligations of the City under this Reimbursement Agreement shall be governed by the laws of the State of Texas.

Section 8.7. Survival of Warranties. All agreements, representations and warranties made in this Reimbursement Agreement and in any related certificates shall survive the execution and delivery of this Reimbursement Agreement and the issuance and expiration of the Letter of Credit and the repayment of the Notes, and shall continue until any and all of the Payment Obligations shall have been paid and performed in full.

Section 8.8. Severability. Any provision of this Reimbursement Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 8.9. Counterparts. This Reimbursement Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, and all of which counterparts, taken together, shall constitute but one and the same agreement.

Section 8.10. Time of Essence. Time is of the essence of this Reimbursement Agreement and of each provision in which time is an element.

Section 8.11. Headings. Article, section and other headings in this Reimbursement Agreement are for convenience of reference only and shall not constitute a part of this Reimbursement Agreement for any other purpose.

Section 8.12. Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any one of such covenants, the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of an Event of Default if such action is taken or condition exists.

Section 8.13. Waiver of Jury Trial. The City and the Bank hereby irrevocably waive, to the fullest extent permitted by law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Reimbursement Agreement or any other Related Document or the transactions contemplated thereby.

Section 8.14. Entire Agreement. This Reimbursement Agreement, together with the other Bank Documents, integrates all of the terms and conditions mentioned herein and therein or incidental hereto or thereto, and supersedes all negotiations or prior or contemporaneous agreements, whether written or oral, between the parties hereto with respect to the subject matter hereof and thereof.

Section 8.15. No Personal Liability. Notwithstanding anything to the contrary contained herein or in any of the City Documents or the Bank Documents, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement or obligation of any present or future council member, trustee, officer, employee or agent of the City, or of any incorporator, council member, trustor, member, director, trustee, officer, employee or agent of any successor to the City, in any such Person's individual capacity, and no such Person, in his individual capacity, shall be liable personally for any breach or non-observance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the performance or payment of the Payment Obligations or for any claim based thereon or on any such stipulation, covenant, agreement or obligation, against any such Person, in his individual capacity, either directly or through the City or any successor to the City, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such Person, in his individual capacity, is hereby expressly waived and released.

Section 8.16. Usury. This Reimbursement Agreement is subject to the express condition that at no time shall the City be obligated or required to pay interest on any Payment Obligations at a rate that could subject the Bank to either civil or criminal liability as a result of such rate being in excess of the maximum interest rate that the City is permitted by law to contract or agree to pay. If the rate of interest payable on any obligation hereunder or under the Fee Agreement shall exceed the Maximum Rate for any period for which interest is payable, then (a) interest at the Maximum Rate shall be due and payable with respect to such interest period, and, to the extent permitted by law, (b) interest at the rate equal to the difference between (i) the rate of interest calculated in accordance with the terms hereof and (ii) the Maximum Rate (the "*Excess Interest*"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time the City shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder or under the Fee Agreement, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder and under the Fee Agreement until all deferred Excess Interest is fully paid to the Bank. To the extent permitted by law, upon the date all Payment Obligations are payable hereunder and under the Fee Agreement following the termination of the Letter of Credit, in consideration for the limitation of the rate of interest otherwise payable hereunder, the City shall pay to the Bank a fee equal to the amount of all unpaid deferred Excess Interest. Any Excess Interest shall, to the extent permitted by law, bear interest at the Bank Rate until paid in full.

Section 8.17. Participations. The Bank may sell participations to one or more Participant in or to all or a portion of its rights and obligations under this Reimbursement Agreement, the other Bank Documents and the other Related Documents (including, without limitation, all or a portion of the Letter of Credit and the Payment Obligations owing to it); *provided, however*, that (i) the Bank's obligations under this Reimbursement Agreement (including, without limitation, its Letter of Credit and the Payment Obligations owing to it hereunder) shall remain unchanged, (ii) the Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the City shall continue to deal solely and directly with the Bank in connection

with the Bank's rights and obligations under this Reimbursement Agreement and the other Bank Documents; and (iv) the provisions of Section 2.15 of this Reimbursement Agreement regarding increased costs shall only apply to a Participant if the occurrence of an event described in such Section 2.15 causes an increase in costs to such Participant and the Bank.

(a) The Bank may, in connection with any participation or proposed participation pursuant to this Section 8.17, disclose to the Participant or proposed Participant any information relating to the City furnished to the Bank by or on behalf of the City, *provided* that the Participant shall agree to maintain the confidentiality of any confidential information provided to the Bank.

(b) Notwithstanding anything to the contrary set forth herein, the Bank may assign, as collateral or otherwise, any of its rights hereunder and the other Bank Documents (including, without limitation, its rights to receive payments of principal and interest hereunder) to any Federal Reserve Bank without notice to or consent of the City or the Bank.

(c) The City shall not be responsible for any cost or expense incurred by the Bank in connection with any participation in the Payment Obligations or the Letter of Credit pursuant to this Section 8.17.

Section 8.18. Discretion of Bank as to Manner of Funding. Subject to Section 2.13, but notwithstanding any other provision of this Reimbursement Agreement, the Bank shall be entitled to fund and maintain its funding of the Letter of Credit in any manner it sees fit.

Section 8.19. Acknowledgment of Pledge to Secure Payment Obligations. The Payment Obligations are secured by a pledge of and a lien on the Net Revenues under and pursuant to the CP Ordinance and for all purposes thereof, which pledge of and lien on the Net Revenues shall be subject only to the lien and pledge created under the Senior Lien Ordinance.

Section 8.20. No Waiver, Remedies. No failure on the part of the Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 8.21. USA Patriot Act. The Bank hereby notifies the City that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "*Patriot Act*"), it is required to obtain, verify and record information that identifies the City, which information includes the name and address of the City and other information that will allow the Bank to identify the City in accordance with the Patriot Act, and the City hereby agrees to take any action necessary to enable the Bank to comply with the requirements of the Patriot Act.

Section 8.22. Anti-Money Laundering; OFAC; Patriot Act. (a)(i) As of the date hereof none of the funds or other assets of the City constitute property of any Person subject to trade restrictions under United States Law, including those who are covered by the International

Emergency Economic Powers Act, 50 U.S.C. §§1701 *et seq.*, The Trading with the Enemy Act, 50 U.S.C. App. 1 *et seq.*, and any Executive Orders or regulations promulgated thereunder (an “*Embargoed Person*”) with the result that the investment in the City (whether directly or, to the City’s knowledge, indirectly) is prohibited by any such law or the proceeds of any Drawing is in violation of any such law; (ii) no Embargoed Person has any direct or, to the knowledge of the City, indirect interest of any nature whatsoever in the City with the result that the investment in the City (whether directly or indirectly) is prohibited by any such law or the proceeds of any Drawing is in violation of such law; and (iii) none of the funds of the City have been derived, to the knowledge of the City, from any unlawful activity with the result that the investment in the City (whether directly or indirectly) is prohibited by any such law or the proceeds of any Drawing is in violation of any such law.

(b) The City is not in violation of any order issued with respect to anti-money laundering by OFAC, or any other anti-money laundering law.

(c) The City is not a Person with whom United States Persons are restricted from doing business under (a) regulations issued by OFAC (including those persons and entities named on OFAC’s Specially Designated Nationals and Blocked Persons list) or under any United States law (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or (b) any other law. Without limiting the foregoing, the City is not, to the knowledge of the City, currently funding its obligations hereunder with funds from any of the Persons referred to in this paragraph (c).

(d) Amounts required to be delivered to or paid by the City under this Reimbursement Agreement or any of the other Related Documents are not derived from illegal proceeds and/or from an illegal source.

Section 8.23. Certain Pledges. In addition to the rights of the Bank set forth above, the Bank may at any time pledge or grant a security interest in all or any portion of its rights or interest under this Agreement and the other Related Documents to secure obligations of the Bank or an Affiliate of the Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank or to any state or local governmental entity or with respect to public deposits; *provided* that no such pledge or assignment shall release the Bank from any of its obligations hereunder or substitute any such pledgee or assignee for the Bank as a party hereto.

Section 8.24. Israel Boycott. Pursuant to Section 2270.002, Texas Government Code, the Bank hereby represents that it does not Boycott Israel (as defined in Section 2270.002, Texas Government Code) and, except to the extent required or otherwise permitted by applicable Federal law, including, without limitation, 50 U.S.C. Section 4607, the Bank agrees not to Boycott Israel during the term of this Agreement.

Section 8.25. No Engagement with Terrorist Nations. The Bank hereby acknowledges that as of the date of this Agreement, to the extent this Agreement constitutes a governmental contract within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the

extent required or otherwise permitted by applicable federal law, none of the Underwriters, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Underwriters is an entity listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code as available to the public on the following website: <https://comptroller.texas.gov/purchasing/publications/divestment.php>.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Reimbursement Agreement to be duly executed and delivered by their respective duly authorized officers as of the day and year first above written.

CITY OF GARLAND, TEXAS

By: _____
Name: _____
Title: _____

BANK OF AMERICA, N.A.

By: _____
Name: _____
Title: _____

EXHIBIT A

IRREVOCABLE LETTER OF CREDIT

**BANK OF AMERICA, N.A.
1 FLEET WAY
PA6-580-02-30
SCRANTON, PENNSYLVANIA 18507**

May [], 2018
**U.S. \$88,876,713
No. []

U.S. Bank National Association,
as Issuing and Paying Agent
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Wendy Kumar

Ladies and Gentlemen:

We hereby establish, at the request and for the account of the City of Garland, Texas (the "City"), in your favor, as Issuing and Paying Agent (the "*Issuing and Paying Agent*") with respect to the City's Electric Utility System [**Commercial Paper Notes, Series 2018**], issued pursuant to the Ordinance adopted by the City on [**May 15, 2018**] (as amended, modified, supplemented or restated, the "*CP Ordinance*"), pursuant to which up to \$80,000,000 in aggregate principal amount of the City's Electric Utility System Commercial Paper Notes, Series 2018 (the "*Notes*"), is being issued or may be issued, our Irrevocable Letter of Credit No. [] in the maximum available amount of \$88,876,713 (calculated as the sum of the maximum principal amount of the Notes which are allowed to be issued under the CP Ordinance (*i.e.*, \$80,000,000) plus interest thereon at the maximum rate of fifteen percent (15%) per annum for a period of two hundred seventy (270) days calculated on the basis of a year of 365 days and the actual number of days elapsed) (as more fully described below) (the "*Stated Amount*"), which may be drawn upon from time to time in respect of the principal of and actual interest accrued on the Notes effective on the date hereof and expiring on the Stated Expiration Date (as hereinafter defined) or earlier as hereafter provided; *provided, however*, that if such date is not a Business Day, the Stated Expiration Date shall be the next preceding Business Day. The Stated Amount is subject to reductions and reinstatements as provided herein. In no event shall the obligations of the Bank hereunder exceed \$88,876,713. All drawings under this Letter of Credit will be paid with our own immediately available funds and will not be paid directly or indirectly from funds or collateral to deposit with or for the account of, or pledged with or for the account of, us by the City. This Letter of Credit is being issued pursuant to that certain Reimbursement Agreement dated as of May 1, 2018 (as amended, supplemented, modified or restated, the "*Reimbursement Agreement*"), between the City and the Bank. Capitalized terms used but not defined herein shall have the same meaning herein as in the Reimbursement Agreement.

Subject to the other provisions of this Letter of Credit, you or any duly authorized successor Issuing and Paying Agent may obtain the funds available under this Letter of Credit by presentment to the Bank of your sight draft or drafts drawn on the Bank, mentioning thereon our Letter of Credit No. [] in an aggregate amount not exceeding (i) \$8,876,713 with respect to the interest on the Notes (the “*Interest Component*”) plus (ii) \$80,000,000 with respect to principal of the Notes (the “*Principal Component*”). Amounts available to be paid in respect of interest on the Notes shall not be available to be paid in respect of principal of the Notes. Amounts available to be paid in respect of principal of the Notes shall not be available to be paid in respect of interest on the Notes. Each draft presented to the Bank must be accompanied by a certification in the form of one or more of the Annexes attached hereto.

Your sight draft accompanied by a certification to us in the form of Annex A-1 (with respect to the payment of the principal of and interest accrued thereon to maturity on the related Notes) or in the form of Annex A-2 (with respect to the payment of the principal of and interest accrued thereon to maturity on the related Notes issued in accordance with the CP Ordinance and that otherwise matures on or after the date that you receive notice from us in the form of Annex H hereto (the “*Final Drawing Notice*”)) with respect to the Notes and presented in full compliance with the terms and conditions of this Letter of Credit at or before 10:30 a.m., New York time, on a Business Day, will be honored by our payment to you of the draft amount in immediately available funds, no later than 1:30 p.m., New York time, on the same Business Day. If we receive your sight draft accompanied by a certification to us in the form of Annex A-1 (with respect to the payment of the principal of and interest accrued thereon to maturity on the related Notes) or in the form of Annex A-2 (with respect to the payment of the principal of and interest accrued thereon to maturity on the related Notes issued in accordance with the CP Ordinance and that otherwise matures on or after the date that you receive a Final Drawing Notice from us) with respect to the Notes and presented in full compliance with the terms and conditions of this Letter of Credit after 10:30 a.m., New York time, on a Business Day, we shall honor your demand for payment no later than 1:30 p.m., New York time, on the following Business Day.

Payment under this Letter of Credit shall be made by the Bank by wire transfer of immediately available funds to U.S. Bank National Association, ABA No. 091 000 022, [**Account No. 1731 0185 1827, A/C Name: MMI Central Cash, Attention: Rosalyn Callender (212-951-6983)**], Re: City of Garland, Texas Electric Utility System Commercial Paper Notes, Series 2018. Such account may be changed only by presentation to the Bank of a letter in form satisfactory to the Bank specifying a different account with the Issuing and Paying Agent and executed by the Issuing and Paying Agent.

Each draft presented for payment against this Letter of Credit and each accompanying certification must be dated the date of their presentation, and may be presented only on a Business Day. As used in this Letter of Credit, “*Business Day*” shall mean any day of the year on which banks in New York, New York are not required or authorized to remain closed and on which the Issuing and Paying Agent, the Bank and the New York Stock Exchange, Inc. and the Federal Reserve Bank are open. Drafts must be marked conspicuously “Drawn under, Irrevocable Letter of Credit No. [].” The certifications you are required to submit along with your draft or drafts must be prepared either (i) in the form of a letter on your letterhead purportedly signed by your

officer or (ii) in the form of a facsimile copy of such a letter sent by one of your purported officers to the following number:

Facsimile No. (800) 755-8743), Attention: Standby Letter of Credit Department.

Other than the foregoing provisions for communication by facsimile copy, communications with respect to this Letter of Credit shall be in writing and shall be addressed to Bank of America, N.A., 1 Fleet Way, PA6-580-02-30, Scranton, Pennsylvania 18507, Attention: Standby Letter of Credit Department (or such other address as we may specify to you in writing), specifically referring to the number of this Letter of Credit.

If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall use our best efforts to give you prompt notice that the purported presentation was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons therefor and that we are holding the relative documents at your disposal or are returning the same to you, as we may elect; *provided* that we shall not bear any liability if we fail to give such notice. Upon being notified that the purported presentation was not effected in conformity with this Letter of Credit, you may attempt to correct any such nonconforming demand for payment if, and to the extent that, you as Issuing and Paying Agent are entitled (without regard to the provisions of this sentence) and able to do so.

Drafts honored by us under this Letter of Credit shall not exceed the Stated Amount available to you under this Letter of Credit, as such amount may vary from time to time. Each draft honored by us will reduce the Stated Amount available under this Letter of Credit. However, *provided* that you have not received from us a Notice of No Issuance or a Final Drawing Notice in the manner described in the next paragraph, which, in the case of a Notice of No Issuance only, has not been rescinded, terminating or suspending our obligation to reinstate the Stated Amount of this Letter of Credit, the Stated Amount of this Letter of Credit will be reinstated (a) automatically without notice on any day when Notes are to be issued by an amount equal to the amount of proceeds of the issuance of such Notes deposited into the Reimbursement Account held by the Issuing and Paying Agent under the CP Ordinance and (b) on any day by the amount of any reimbursement of any drawing under this Letter of Credit received by us (other than funds deposited into the Reimbursement Account pursuant to clause (a) of this paragraph). In the event that we receive reimbursement from the City, we shall deliver to you a Notice of Reinstatement substantially in the form attached hereto as Annex C within ten (10) Business Days following our receipt of such reimbursement.

In the event that we deliver to you a Notice of No Issuance substantially in the form of Annex F or a Final Drawing Notice in the form of Annex H attached hereto to the effect that an Event of Default has occurred under the Reimbursement Agreement, you will use your best efforts to implement such Notice of No Issuance or Final Drawing Notice, as applicable, immediately but in any case no later than one hour following your receipt thereof.

In the event that we deliver to you a Rescission of Notice of No Issuance substantially in the form of Annex G attached hereto, the Letter of Credit will be reinstated to the amount specified therein and Notes may be issued thereafter.

Following the date hereof, the Stated Amount of this Letter of Credit from time to time will be an amount equal to \$88,876,713, less the amount of all sight drafts honored by the Bank, plus amounts reinstated pursuant to the terms hereof.

By paying you an amount demanded in accordance with this Letter of Credit, the Bank makes no representation as to the correctness of the amount demanded or your calculations and representations on the certificates required of you by this Letter of Credit.

This Letter of Credit shall expire at 5:00 p.m., New York time, on the date (the earliest of such date to occur referred to herein as the "*Termination Date*") which is the earliest of (i) July 1, 2021 (the "*Stated Expiration Date*"), (ii) the later of the date on which we receive written notice from you in the form of Annex D attached hereto that an Alternate Credit Facility has been substituted for this Letter of Credit in accordance with the Issuing and Paying Agent Agreement or the effective date of any such Alternate Credit Facility as specified in such Annex D (after we honor any properly presented and conforming Drawing on such date, (iii) the date of our receipt of notice from you to the effect that no Notes (other than Notes with respect to which an Alternate Credit Facility has been issued and is in effect) remain outstanding under the CP Ordinance nor are any Notes authorized to be issued under the CP Ordinance, which notice shall be substantially in the form of the certificate attached hereto as Annex E or (iv) the earlier of (a) the 15th calendar day after the date on which you receive the Final Drawing Notice, and (b) the date on which the Drawing resulting from the delivery of the Final Drawing Notice is honored hereunder.

To the extent not inconsistent with the express terms hereof, this Letter of Credit shall be governed by and construed in accordance with the terms of the International Standby Practice 98 ("*ISP98*"). As to matters not governed by the ISP98, this Letter of Credit shall be governed by and construed in accordance with the laws of the State of New York, including without limitation the Uniform Commercial Code as in effect in the State of New York, without regard to conflict of laws.

This Letter of Credit is transferable any number of times, but only in the amount of the full unutilized balance hereof and not in part. Transfer may be made only to any person or entity whom you or any transferee hereunder advise us has been designated as a successor Issuing and Paying Agent under the CP Ordinance. Transfer of the available drawing under this Letter of Credit to such transferee shall be effected by the presentation to us of this Letter of Credit accompanied by a request designating your successor in the form of Annex B (Transfer Demand) attached hereto, with the signature of the appropriate officer signing on your behalf guaranteed by another one of your officers.

All payments made by us hereunder shall be made from our funds and not with the funds of any other person.

All capitalized terms herein which are not defined shall have the same meaning given to them in the CP Ordinance and the Reimbursement Agreement.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or

agreement referred to herein (including, without limitation, the Notes), except only the Annexes and drafts referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such Annexes and drafts.

Very truly yours,

BANK OF AMERICA, N.A.

By: _____

Name: _____

Title: _____

ANNEX A-1

**(PAYMENT DEMAND ON MATURITY DATE
RELATING TO NOTES)**

IRREVOCABLE LETTER OF CREDIT NO. []

Bank of America, N.A.
1 Fleet Way
PA6-580-02-30
Scranton, Pennsylvania 18507
Facsimile Number: (800) 755-8743
Attention: Standby Letter of Credit Unit

Re: Drawing for Amount Due on _____

Ladies and Gentlemen:

We refer to your Letter of Credit No. [] dated May [], 2018 (the "*Letter of Credit*"). Any term below which is defined in the Letter of Credit shall have the same meaning when used herein. The undersigned, a duly authorized officer of U.S. Bank National Association (the "*Issuing and Paying Agent*" or "*we*"), hereby certifies to you that:

1. We are the Issuing and Paying Agent or a successor Issuing and Paying Agent under the CP Ordinance for the holders of Electric Utility System Commercial Paper Notes, Series 2018 (the "*Notes*"), issued by the City of Garland, Texas.

2. We hereby make demand under the Letter of Credit, by our presentment of the sight draft accompanying this Certificate, for payment of \$_____. This amount represents the principal amount of \$_____ of the Notes maturing on _____, plus accrued interest thereon to their respective maturity dates equal to \$_____.

3. The amount of the draft accompanying this Certificate does not exceed the amount available on the date hereof to be drawn under the Letter of Credit. This amount was computed in accordance with the terms and conditions of the Notes and the CP Ordinance and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Stated Amount (as defined in the Letter of Credit). This Letter of Credit has not terminated prior to the time of delivery of this Certificate and the accompanying draft.

4. The amount of the draft accompanying this Certificate in respect of interest on the Notes, when added to the amount of any other drawing under the Letter of Credit in

respect of interest on the Notes made simultaneously herewith, does not exceed the Interest Component (as defined in the Letter of Credit).

5. The amount of the draft accompanying this Certificate in respect of principal of the Notes, when added to the amount of any other drawing under the Letter of Credit in respect of principal of the Notes made simultaneously herewith, does not exceed the Principal Component (as defined in the Letter of Credit).

6. The payment hereby demanded is requested to be made no later than 1:30 p.m., New York time, on _____ **[if this certificate and accompanying draft are presented at or before 10:30 a.m., New York time, on a Business Day, then insert the Business Day on which such documents are delivered; if this certificate and an accompanying draft are delivered after 10:30 a.m., New York time, on a Business Day, then insert a date which is a Business Day and which is no earlier than the first Business Day following the date those documents are delivered.]**

7. Payment by the Bank pursuant to this drawing shall be made to the Issuing and Paying Agent in accordance with the instructions set forth in the Letter of Credit.

IN WITNESS WHEREOF, we have executed and delivered this Certificate as Issuing and Paying Agent as of the ____ day of _____, 20__.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION, as Issuing
and Paying Agent

By: _____
[Insert name and title of authorized officer]

ANNEX A-2

(PAYMENT DEMAND AFTER RECEIPT OF A
FINAL DRAWING NOTICE RELATING TO NOTES)

IRREVOCABLE LETTER OF CREDIT NO. []

Bank of America, N.A.
1 Fleet Way
PA6-580-02-30
Scranton, Pennsylvania 18507
Facsimile Number: (800) 755-8743
Attention: Standby Letter of Credit Unit

Re: Drawing for Amount Due on

Ladies and Gentlemen:

We refer to your Letter of Credit No. [] dated May [], 2018 (the "*Letter of Credit*"). Any term below which is defined in the Letter of Credit shall have the same meaning when used herein. The undersigned, a duly authorized officer of U.S. Bank National Association (the "*Issuing and Paying Agent*" or "*we*"), hereby certifies to you that:

1. We are the Issuing and Paying Agent or a successor Issuing and Paying Agent under the CP Ordinance for the holders of Electric Utility System Commercial Paper Notes, Series 2018 (the "*Notes*"), issued by the City of Garland, Texas.

2. We have received a Final Drawing Notice.

3. We hereby make demand under the Letter of Credit, by our presentment of the sight draft accompanying this Certificate, for payment of \$_____. This amount represents the principal amount of \$_____ of the Notes maturing on _____ (a date on or after the date of a Final Drawing Notice), plus accrued interest thereon to their respective maturity dates equal to \$_____.

4. The amount of the draft accompanying this Certificate does not exceed the amount available on the date hereof to be drawn under the Letter of Credit. This amount was computed in accordance with the terms and conditions of the Notes and the CP Ordinance and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Stated Amount (as defined in the Letter of Credit). This Letter of Credit has not terminated prior to the time of delivery of this Certificate and the accompanying draft.

5. The amount of the draft accompanying this Certificate in respect of interest on the Notes, when added to the amount of any other drawing under the Letter of Credit in

respect of interest on the Notes made simultaneously herewith, does not exceed the Interest Component (as defined in the Letter of Credit).

6. The amount of the draft accompanying this Certificate in respect of principal of the Notes, when added to the amount of any other drawing under the Letter of Credit in respect of principal of the Notes made simultaneously herewith, does not exceed the Principal Component (as defined in the Letter of Credit).

7. The payment hereby demanded is requested to be made no later than 1:30 p.m., New York time, on _____ **[if this certificate and accompanying draft are presented at or before 10:30 a.m., New York time, on a Business Day, then insert the Business Day on which such documents are delivered; if this certificate and an accompanying draft are delivered after 10:30 a.m., New York time, on a Business Day, then insert a date which is a Business Day and which is no earlier than the first Business Day following the date those documents are delivered.]**

8. Upon receipt by the undersigned of the amount demanded hereby, (a) the undersigned will deposit the same directly into the Note Payment Fund Account maintained by the Issuing and Paying Agent pursuant to the CP Ordinance and the Issuing and Paying Agent Agreement and apply the same directly to the payment when due of the principal amount of Notes and the interest amount owing on account of the Notes pursuant to the CP Ordinance, (b) no portion of said amount shall be applied by the undersigned for any other purpose, (c) no portion of said amount shall be commingled with other funds held by the undersigned, except for other funds drawn under the Letter of Credit, and (d) when such Notes have been presented for payment and paid by us, we will cancel such matured Notes.

9. Payment by the Bank pursuant to this drawing shall be made to the Issuing and Paying Agent in accordance with the instructions set forth in the Letter of Credit.

10. This Certificate is being presented to the Bank on a date which is no later than the 15th calendar day after receipt by the Issuing and Paying Agent of the Final Drawing Notice.

IN WITNESS WHEREOF, we have executed and delivered this Certificate as Issuing and Paying Agent as of the ____ day of _____, 20__.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION, as Issuing
and Paying Agent

By: _____
[Insert name and title of authorized officer]

ANNEX B

(TRANSFER DEMAND)

IRREVOCABLE LETTER OF CREDIT NO. []

Bank of America, N.A.
1 Fleet Way
PA6-580-02-30
Scranton, Pennsylvania 18507
Facsimile Number: (800) 755-8743
Attention: Standby Letter of Credit Unit

Re: Instruction to Transfer Letter of Credit No. [] dated May [], 2018

We, the undersigned "*Transferor*," hereby irrevocably transfer all of our rights to draw under the above referenced Letter of Credit ("*Credit*") in its entirety to:

NAME OF TRANSFEREE

(Print name and complete address of the Transferee) "Transferee"

ADDRESS OF TRANSFEREE

CITY, STATE/COUNTRY ZIP

In accordance with ISP98, Rule 6, regarding transfer of drawing rights, all rights of the undersigned Transferor in such Credit are transferred to the Transferee, who shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the Transferee without necessity of any consent of or notice to the undersigned Transferor.

The original Credit, including amendments to this date, is attached and the undersigned Transferor requests that you endorse an acknowledgment of this transfer on the reverse thereof. The undersigned Transferor requests that you notify the Transferee of this Credit in such form and manner as you deem appropriate, and the terms and conditions of the Credit as transferred.

The undersigned Transferor acknowledges that you incur no obligation hereunder and that the transfer shall not be effective until you have expressly consented to effect the transfer by notice to the Transferee.

If you agree to these instructions, please advise the Transferee of the terms and conditions of this transferred Credit and these instructions.

Payment of transfer fee of U.S. \$2,500 is for the account of the City, who agrees to pay you on demand any expense or cost you may incur in connection with the transfer. Receipt of such shall not constitute consent by you to effect the transfer.

Transferor represents and warrants that (a) the Transferee is the Transferor's successor as Issuing and Paying Agent under the CP Ordinance, (b) the enclosed Credit is original and complete, and (c) there is no outstanding demand or request for payment or transfer under the Credit affecting the rights to be transferred.

The Effective Date of this Transfer shall be the date hereafter on which Transferring Bank effects such transfer by giving notice thereof to Transferee.

WE WAIVE ANY RIGHT TO TRIAL BY JURY THAT WE MAY HAVE IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF THIS TRANSFER.

[SIGNATURE PAGE FOLLOWS]

This Transfer is made subject to ISP98 and is subject to and shall be governed by the laws of the State of New York, without regard to principles of conflict of laws.

Sincerely yours,

(Print Name of Transferor)

(Transferor's Authorized Signature)

(Print Authorized Signer's Name and Title)

(Telephone Number/Fax Number)

Acknowledged,

(Print Name of Transferee)

(Transferee's Authorized Signature)

(Print Authorized Signer's Name and Title)

(Telephone Number/Fax Number)

Acknowledged as of _____, 20__;

BANK OF AMERICA, N.A.

By: _____

Name: _____

Title: _____

SIGNATURE GUARANTEED

Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement. We attest that the individual, company or entity has been identified by us in compliance with USA PATRIOT Act procedures of our bank.

(Print Name of Bank)

(Address of Bank)

(City, State, Zip Code)

(Print Name and Title of Authorized Signer)

(Authorized Signature)

(Telephone Number)

(Date)

SIGNATURE GUARANTEED

Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement. We attest that the individual, company or entity has been identified by us in compliance with USA PATRIOT Act procedures of our bank.

(Print Name of Bank)

(Address of Bank)

(City, State, Zip Code)

(Print Name and Title of Authorized Signer)

(Authorized Signature)

(Telephone Number)

(Date)

ANNEX C

(NOTICE OF REINSTATEMENT)

IRREVOCABLE LETTER OF CREDIT NO. []

U.S. Bank National Association,
as Issuing and Paying Agent
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Wendy Kumar

Re: Notice of Reinstatement

Ladies and Gentlemen:

We refer to our Letter of Credit No. [] dated May [], 2018 (the "*Letter of Credit*"). Any term below which is defined in the Letter of Credit shall have the same meaning when used herein. We hereby notify you that the City of Garland, Texas has reimbursed us for a draw or draws under the Letter of Credit in the amount of \$. As a result, the Letter of Credit was reinstated on to a Stated Amount of \$.

IN WITNESS WHEREOF, we have executed and delivered this Certificate as of the ____ day of _____, 20__.

Very truly yours,

BANK OF AMERICA, N.A.

By: _____
[Insert name and title of authorized officer]

ANNEX D

(NOTICE OF ALTERNATE CREDIT FACILITY)

IRREVOCABLE LETTER OF CREDIT NO. []

Bank of America, N.A.
1 Fleet Way
PA6-580-02-30
Scranton, Pennsylvania 18507
Facsimile Number: (800) 755-8743
Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

We refer to your Letter of Credit No. [] dated May [], 2018 (the "*Letter of Credit*"). Any term below which is defined in the Letter of Credit shall have the same meaning when used herein. The undersigned, a duly authorized officer of the Issuing and Paying Agent named below, or "We," hereby certifies to you that:

1. We are the Issuing and Paying Agent or a successor Issuing and Paying Agent under the CP Ordinance for the holders of the Notes.
2. The conditions precedent to the acceptance of an Alternate Credit Facility set forth in the CP Ordinance have been satisfied.
3. An Alternate Credit Facility in full and complete substitution for the Letter of Credit has been accepted by the Issuing and Paying Agent and is or will be in effect as of _____, 20__.
4. There will be no further Drawings requested from the Bank under the Letter of Credit.
5. Upon receipt by the Bank of this Certificate the Letter of Credit shall terminate with respect to all outstanding Notes, and the Letter of Credit is returned to you herewith for cancellation.
6. No payment is demanded of you in connection with this surrender of the Letter of Credit.

IN WITNESS WHEREOF, we have executed and delivered this certificate as Issuing and Paying Agent as of the ____ day of _____, 20__.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION, as Issuing
and Paying Agent

By: _____
[Insert name and title of authorized officer]

ANNEX E

(NOTICE THAT NO NOTES ARE OUTSTANDING)

IRREVOCABLE LETTER OF CREDIT NO. []

Bank of America, N.A.
1 Fleet Way
PA6-580-02-30
Scranton, Pennsylvania 18507
Facsimile Number: (800) 755-8743
Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

We refer to your Letter of Credit No. [] dated May [], 2018 (the "*Letter of Credit*"). Any term below which is defined in the Letter of Credit shall have the same meaning when used herein. The undersigned, a duly authorized officer of the Issuing and Paying Agent named below, or "We," hereby certifies to you that:

1. We are the Issuing and Paying Agent or a successor Issuing and Paying Agent under the CP Ordinance for the holders of the Notes.
2. No Notes (other than Notes with respect to which an Alternate Credit Facility has been issued and is in effect) remain outstanding under the CP Ordinance nor are any authorized to be issued under the CP Ordinance.
3. We hereby surrender the attached Letter of Credit to you.
4. The Letter of Credit is hereby terminated in accordance with its terms.
5. No payment is demanded of you in connection with this surrender of the Letter of Credit.

IN WITNESS WHEREOF, we have executed and delivered this certificate as Issuing and Paying Agent as of the ____ day of _____, 20__.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION, as Issuing
and Paying Agent

By: _____
[Insert name and title of authorized officer]

ANNEX F

(NOTICE OF NO ISSUANCE)

IRREVOCABLE LETTER OF CREDIT NO. []

U.S. Bank National Association,
as Issuing and Paying Agent
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Wendy Kumar

Re: Notice of No Issuance

Ladies and Gentlemen:

We refer to our Letter of Credit No. [] dated May [], 2018 (the "*Letter of Credit*"). Any term below which is defined in the Letter of Credit shall have the same meaning when used herein. We hereby notify you that an Event of Default has occurred under the Reimbursement Agreement dated as of May 1, 2018, between the City of Garland, Texas and us. As a result, unless and until you have been advised otherwise by us:

1. No further Notes may be issued pursuant to the terms of the CP Ordinance;
2. The Stated Amount of the Letter of Credit is reduced to \$ _____
[an amount equal to the principal amount (and, if applicable, interest on the Notes to their stated maturity dates) of the outstanding Notes]; and
3. The Letter of Credit will no longer be reinstated.

IN WITNESS WHEREOF, we have executed and delivered this Notice as of the ____ day of _____, 20__.

Very truly yours,

BANK OF AMERICA, N.A.

By: _____
[Insert name and title of authorized officer]

ANNEX G

(RESCISSION OF NOTICE OF NO ISSUANCE)

IRREVOCABLE LETTER OF CREDIT NO. [____]

U.S. Bank National Association,
as Issuing and Paying Agent
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Wendy Kumar

Re: Rescission of Notice of No Issuance

Ladies and Gentlemen:

We refer to our Letter of Credit No. [____] dated May [____], 2018 (the "*Letter of Credit*"). Any term below which is defined in the Letter of Credit shall have the same meaning when used herein. We hereby notify you that the Notice of No Issuance dated _____ and delivered by us to you is hereby rescinded. As a result:

1. Further Notes may be issued pursuant to the terms of the CP Ordinance which may be supported by the Letter of Credit;
2. The Stated Amount of the Letter of Credit is reinstated to an amount equal to \$ _____; and
3. The Letter of Credit will continue to be reinstated in accordance with its terms.

IN WITNESS WHEREOF, we have executed and delivered this Notice as of the ____ day of _____, 20__.

Very truly yours,

BANK OF AMERICA, N.A.

By: _____
[Insert name and title of authorized officer]

ANNEX H

(FINAL DRAWING NOTICE)

IRREVOCABLE LETTER OF CREDIT NO. []

U.S. Bank National Association,
as Issuing and Paying Agent
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Wendy Kumar

Re: Notice of No Issuance

Ladies and Gentlemen:

We refer to our Letter of Credit No. [] dated May [], 2018 (the "*Letter of Credit*"). Any term below which is defined in the Letter of Credit shall have the same meaning when used herein. We hereby notify you that an Event of Default has occurred and is continuing under the Reimbursement Agreement dated as of May 1, 2018 between the City of Garland, Texas and us. As a result:

1. No further Notes may be issued pursuant to the terms of the CP Ordinance;
and
2. That (i) effective upon receipt of this Certificate, the Stated Amount available to be drawn under the Letter of Credit will not be reinstated in accordance with the Letter of Credit, (ii) the Issuing and Paying Agent is instructed to make the final Drawing under the Letter of Credit to provide for the payment of the principal of and interest on outstanding Notes issued in accordance with the CP Ordinance which were outstanding prior to the receipt of this Certificate and which are maturing on the date hereof or hereafter are scheduled to mature, and (iii) the Termination Date of the Letter of Credit will occur and the Letter of Credit will expire on the earlier of (a) the date which is the 15th calendar day after the date of receipt by the Issuing and Paying Agent of this Notice, and (b) the date on which the Drawing resulting from the delivery of this Notice is honored by us.

IN WITNESS WHEREOF, we have executed and delivered this Notice as of the ____ day of _____, 20__.

Very truly yours,

BANK OF AMERICA, N.A.

By: _____
[Insert name and title of authorized officer]

EXHIBIT B

FORM OF CERTIFICATE OF THE CITY

EXHIBIT C

FORM OF OPINION OF BOND COUNSEL

EXHIBIT D

FORM OF OPINION OF ATTORNEY GENERAL

EXHIBIT E

FORM OF BANK NOTE

\$88,876,713

FOR VALUE RECEIVED, the undersigned, CITY OF GARLAND, TEXAS, a political subdivision and home rule municipal corporation of the State of Texas (the “City”) hereby promises to pay to the order of Bank of America, N.A. (the “Bank”), a national banking association, at its offices located at 211 North Robinson, 2nd Floor, OK1-100-02-30, Oklahoma City, Oklahoma 73102, or at such other place within the United States as shall be designated from time to time by the Bank, on the Maturity Date, the principal amount of EIGHTY-EIGHT MILLION, EIGHT HUNDRED SEVENTY-SIX THOUSAND, SEVEN HUNDRED THIRTEEN AND NO/100 DOLLARS (\$88,876,713), or such lesser principal amount as may then constitute the aggregate unpaid balance of all Advances and Bank Loans owed by the City to the Bank pursuant to the Reimbursement Agreement (as hereinafter defined), in lawful money of the United States of America in federal or other immediately available funds. The principal amount of the indebtedness evidenced hereby shall be payable from Net Revenues in the amounts and on the dates specified in the Reimbursement Agreement, the terms of which are hereby incorporated herein by reference.

The City also promises to pay from Net Revenues interest on the unpaid principal amount of this Bank Note outstanding from time to time for each day from the date hereof until such principal amount is paid in full (whether upon maturity, by reason of acceleration or otherwise) at the rates per annum and on the dates specified in the Reimbursement Agreement applicable from time to time in accordance with the provisions thereof. Nothing contained in this Bank Note or in the Reimbursement Agreement shall be deemed to establish or require the payment of a rate of interest in excess of the Maximum Rate. In the event that any rate of interest required to be paid hereunder exceeds the Maximum Rate, the provisions of the Reimbursement Agreement relating to the payment of interest under such circumstances shall control.

This is the Bank Note referred to in that certain Reimbursement Agreement dated as of May 1, 2018 (as amended, modified, supplemented or restated from time to time, the “*Reimbursement Agreement*”; unless otherwise defined herein, terms defined therein being used in this Bank Note as therein defined), between the City and the Bank. This Bank Note is subject to, and entitled to, all provisions and benefits of the Reimbursement Agreement, is subject to optional and mandatory prepayment in whole or in part and is subject to acceleration prior to maturity upon the occurrence of one or more Events of Default, all as provided in the Reimbursement Agreement.

Presentment for payment, demand, protest and notice of demand, notice of dishonor, notice of non-payment and all other notices are hereby waived by the City, except to the extent expressly provided in the Reimbursement Agreement. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

The City hereby agrees to pay on demand all costs and expenses incurred in collecting the Advances and Bank Loans hereunder or in enforcing or attempting to enforce any of the Bank's rights hereunder, including, but not limited to, reasonable attorneys' fees and expenses actually incurred if collected by or through an attorney, whether or not suit is filed.

[Signature appears on following page]

IN WITNESS WHEREOF, the undersigned have executed this Bank Note as of the day and year first above written.

CITY OF GARLAND, TEXAS

By: _____
Name: _____
Title: _____

Exhibit C
FEE AGREEMENT

FEE AGREEMENT

This Fee Agreement, dated as of May 1, 2018 (this “*Fee Agreement*”), is entered by and between the CITY OF GARLAND, TEXAS (the “*City*”) and BANK OF AMERICA, N.A. (the “*Bank*”), in connection with the Reimbursement Agreement, dated as of the date hereof (as amended, supplemented or modified from time to time, the “*Reimbursement Agreement*”), between the City and the Bank. Any capitalized terms used herein and not defined shall have the meanings set forth in the Reimbursement Agreement.

WITNESSETH:

WHEREAS, this Fee Agreement is the “*Fee Agreement*” referred to in and entered into by the City and the Bank pursuant to the Reimbursement Agreement, and shall become effective currently with the effectiveness of the Reimbursement Agreement on and as of the Closing Date; and

WHEREAS, in order to induce the Bank to issue the Letter of Credit under the terms of the Reimbursement Agreement, the City agrees to pay the fees set forth herein in accordance with the terms hereof, and

NOW, THEREFORE, in consideration of the foregoing and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. FACILITY FEE.

(a) The City hereby agrees to pay to the Bank on July 2, 2018, for the period commencing on the Closing Date and ending on July 1, 2018, and in arrears on the first Business Day of each October, January, April and July occurring thereafter to the Termination Date, and on the Termination Date, a non-refundable facility fee in an amount equal to the rate per annum corresponding to the Rating (defined below) specified below (the “*Facility Fee Rate*”), times the Stated Amount of the Letter of Credit (without regard to any reductions of the Stated Amount of the Letter of Credit subject to reinstatement in accordance with the terms of the Letter of Credit) from time to time in effect during each related quarterly period.

LEVEL	S&P RATING	FITCH RATING	FACILITY FEE RATE
Level 1	AA- or above	AA- or above	0.39%
Level 2	A+	A+	0.44%
Level 3	A	A	0.49%
Level 4	A-	A-	0.54%
Level 5	BBB+	BBB+	0.59%

(b) The term “*Rating*” as used above shall mean the long-term debt rating assigned by S&P or Fitch (each a “*Rating Agency*” and collectively, the “*Rating Agencies*”) to the City’s Electric Utility System Revenue Refunding Bonds, [New Series 2016], dated [____], or any other unenhanced Senior Bonds issued under the New Senior Lien Ordinance (or if all such Senior Bonds are no longer outstanding or are enhanced, then the long-term debt rating assigned to any other unenhanced senior lien debt of the City secured by and solely payable from Net Revenues of the System). In the event of a split Rating (*i.e.*, one Rating Agency’s Rating is at a different level than the Rating of the other Rating Agency), the Facility Fee Rate shall be based on the higher of the two Ratings; *provided, however*, that if difference between such Ratings exceeds one level (*e.g.*, a Fitch Rating of AA- and an S&P Rating of A), the Facility Fee shall be based on a Rating which is one level above the lowest Rating. Any change in the Facility Fee Rate resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating.

(c) References to any Rating contained herein are references to rating categories as presently determined by the Rating Agencies. In the event a Rating Agency adopts a new or changed rating system, including, without limitation, any recalibration or realignment of the long-term debt rating assigned to the unenhanced Senior Bonds (or other unenhanced senior lien debt of the City secured by and payable from Net Revenues of the System) in connection with the adoption of a “global” rating scale, the Rating from the Rating Agency in question shall be deemed to refer to the rating category under the new rating system that most closely approximates the applicable rating category currently in effect.

(d) The City and the Bank acknowledge and agree that as of the Closing Date, the Facility Fee Rate is that specified for Level 1. In the event any Rating is suspended, withdrawn or otherwise unavailable from either Rating Agency, either Rating falls below the Rating set forth in Level 5 above, or upon the occurrence of an Event of Default under the Reimbursement Agreement and for so long as such Event of Default shall continue, the Facility Fee Rate shall equal the sum of the Facility Fee Rate specified for Level 5 above plus 1.50%.

(e) The Facility Fee shall be payable in arrears on the quarterly payment dates set forth above, calculated based on a year of 360 days and the actual number days elapsed. Interest shall accrue at the Default Rate on any portion of the Facility Fee not paid when due.

SECTION 2. DRAW FEES.

The City agrees to pay to the Bank a non-refundable drawing fee equal to \$250 for each Drawing under the Letter of Credit payable on the date of such Drawing.

SECTION 3. AMENDMENT, WAIVER OR CONSENT FEES.

The City agrees to pay to the Bank on the date of each amendment, supplement, or modification to the Agreement (or any Related Document, the amendment, supplement or modification of which requires the consent of the Bank), or execution of any standard waiver or consent, a non-refundable fee equal to \$2,500, or such other fee as may be agreed to between the City and the Bank, plus, in each case, the reasonable fees and expenses of counsel to the Bank.

SECTION 4. TERMINATION FEE; REDUCTION FEE.

(a) The City hereby agrees to pay to the Bank a termination fee in connection with any termination or replacement of the Letter of Credit by the City prior to the first anniversary of the Closing Date, in an amount equal to difference between (i) the product of (A) the Facility Fee Rate on the date of such termination, (B) the Initial Stated Amount, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such termination to and including the first anniversary of the Closing Date, and the denominator of which is 360, and (ii) any amount paid to the Bank pursuant to paragraph (b) of this Section 4 (the "*Termination Fee*"), payable on the date of such termination. The City shall not be required to pay a Termination Fee if the Letter of Credit is terminated by the City due to (i) the Bank's short-term ratings falling below "A-1" and "F1" by both S&P and Fitch or (ii)(A) the Notes having been refinanced with proceeds from the issuance of bonds that does not require the support of a credit facility, a liquidity facility or a direct purchase transaction and (B) the City not issuing any commercial paper notes within six (6) months of the date of such termination or replacement.

(b) Notwithstanding the foregoing and anything set forth herein or in the Agreement to the contrary, the City agrees not to permanently reduce the Stated Amount below the Initial Stated Amount of the Letter of Credit prior to the first anniversary of the Closing Date, without the payment by the City to the Bank of a reduction fee in connection with each and every permanent reduction of the Stated Amount as set forth herein in an amount equal to the product of (i) the Facility Fee Rate in effect on the date of such reduction, (ii) the difference between the Stated Amount (without regard to any reduction of the Stated Amount subject to reinstatement) prior to such reduction and the Stated Amount (without regard to any reduction of the Stated Amount subject to reinstatement) after such reduction, and (iii) a fraction, the numerator of which is equal to the number of days from and including the date of such reduction to and including the first anniversary of the Closing Date, and the denominator of which is 360.

SECTION 5. TRANSFER FEES.

Upon each transfer of the Letter of Credit in accordance with its terms or the appointment of a successor Issuing and Paying, the City agrees to pay the Bank a non-refundable fee of \$2,500, and to reimburse the Bank for its actual costs and expenses associated with such transfer or appointment (including, without limitation, the reasonable fees and expenses of counsel to the Bank), and interest on such costs and expenses from the date expended by the Bank to the date reimbursed by the City at the Default Rate, in each case, payable on the date of such transfer or appointment.

SECTION 6. REPRESENTATIONS.

Each party represents and warrants to the other that this Fee Agreement has been duly authorized and validly executed by it and that this Fee Agreement constitutes its valid obligation, enforceable in accordance with its terms, except to the extent that the enforceability hereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and subject to the application of general principles of equity, including but not limited to the right of specific performance.

SECTION 6. MISCELLANEOUS.

(a) *Amendments.* No amendment to this Fee Agreement shall become effective without the prior written consent of the City and the Bank.

(b) *Governing Law.* This Fee Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Texas; *provided, however*, that the obligations of the Bank under this Fee Agreement shall be governed by the laws of the State of New York.

(c) *Counterparts.* This Fee Agreement may be executed in two or more counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument; and any of the parties hereto may execute this Fee Agreement by signing such counterpart. This Fee Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by attaching a pdf copy to an email, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

(d) *Severability.* Any provision of this Fee Letter Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

[Signatures appear on the next page]

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

CITY OF GARLAND, TEXAS

By: _____
Name: _____
Title: _____

BANK OF AMERICA, N.A.

By: _____
Name: _____
Title: _____

Exhibit D

ISSUING AND PAYING AGENT AGREEMENT

ISSUING AND PAYING AGENT AGREEMENT

This Issuing and Paying Agent Agreement, dated as of May 15, 2018 (the "Agreement"), is by and between the City of Garland, Texas, a municipal corporation duly organized and existing under the laws of the State of Texas (the "City") and U.S. Bank National Association, a national banking association with trust powers duly organized and existing under the laws of the United States of America and authorized to do business in the State of Texas (the "Bank").

RECITALS

WHEREAS, the City has duly authorized and provided for the issuance of "City of Garland, Texas, Electric Utility System Commercial Paper Notes, Series 2018" in an aggregate principal amount not to exceed \$80,000,000 (the "Commercial Paper Notes") pursuant to an ordinance adopted by the City on May 15, 2018, as amended from time to time (the "Ordinance"), and, in conjunction with the issuance and sale of such securities for and on behalf of the City, the Bank has agreed to act (i) as depository for the safekeeping of such Commercial Paper Notes, (ii) as issuing agent on behalf of the City in connection with the issuance of such Commercial Paper Notes, (iii) as paying agent to undertake certain obligations to make payments in respect of the Commercial Paper Notes, including making drawings under the Reimbursement Agreement (hereinafter described), as necessary to make such payments, and (iv) as a registrar in relation to the registration, payment, transfer, and exchange of the Commercial Paper Notes; now, therefore, the City and the Bank hereby mutually agree as follows:

Section 1. Appointment of Agent. The City hereby appoints the Bank and the Bank hereby agrees to act, on the terms and conditions specified herein and in the Ordinance, as custodian and issuing and paying agent for the Commercial Paper Notes. Additionally, the selection and appointment of the Bank to serve as Paying Agent/Registrar for the Commercial Paper Notes is hereby confirmed, and the City covenants and agrees to keep and maintain at the office of the Bank set forth in Section 12(b) hereof so long as the Bank serves such function of Paying Agent/Registrar appropriate books and records (the "Registration Books") relating to the registration, payment, transfer and exchange of the Commercial Paper Notes, all as provided herein and in accordance with such reasonable rules and regulations as the Bank as Paying Agent/Registrar may prescribe. For purposes of satisfying the requirements of Texas Government Code, Section 1203.021(b)(2), as amended, the City designates itself as a "registrar" and shall maintain a copy of the Registration Books within the State of Texas.

The Commercial Paper Notes will initially be issued in book-entry form ("Book-Entry Notes") with the aggregate of all such obligations evidenced by Master Notes ("Master Notes") in substantially the form set forth in the Ordinance. Pursuant to the Ordinance, the City may elect to terminate issuing the Commercial Paper Notes in book-entry form in which case they shall be issued in certificated form evidenced by individual certificates ("Certificated Notes"). The Commercial Paper Notes will be sold through such commercial paper dealer or dealers as the City shall have selected and identified to the Bank in writing from time to time (the "Dealer"). The Dealer currently is Merrill Lynch, Pierce, Fenner & Smith Incorporated.

To provide liquidity support for the payment of principal of and interest due on Commercial Paper Notes, the City has entered that certain Reimbursement Agreement by and between the City and Bank of America, N.A. (the "Liquidity Provider"), dated as of May 1, 2018, providing for the issuance of an irrevocable letter of credit to the Bank, for the account of the City, providing for such payments (such Reimbursement Agreement together with such Letter of Credit, the "Reimbursement Agreement"). In the Ordinance, the City has reserved the right to change the

bank providing a credit facility or a liquidity facility with respect to the Commercial Paper Notes, which change is subject to the notice provisions set forth in the Ordinance and herein. Prior to the effective date of any new credit or liquidity facility, all Commercial Paper Notes issued that are secured by the then-existing credit or liquidity facility, including the Reimbursement Agreement, shall have matured or appropriate provisions shall have been made for their payment at maturity. As covenanted in the Ordinance, while any Commercial Paper Notes are outstanding, the City will maintain credit or liquidity facilities with banks in amounts such that, assuming that all then outstanding Commercial Paper Notes were to become due and payable immediately, the amount available for borrowing under such facilities would be sufficient at that time to pay principal of and interest on all Commercial Paper Notes.

Section 2. Book-Entry-Only System. Pursuant to Section 2.02 of the Ordinance, the City has determined initially to issue the Commercial Paper Notes in book-entry-only form through The Depository Trust Company ("DTC") for delivery and settlement of the Commercial Paper Notes. The City shall provide the Bank and DTC an executed Book-Entry-Only Municipal Tax-Exempt Commercial Paper (TECP) (Master Note) Letter of Representations (the "Letter of Representations") and the Bank shall provide to DTC an executed Exhibit A to the existing U.S. Bank National Association Money Market Instrument Certificate Agreement (the "Certificate Agreement"), and either or both the City and the Bank shall provide such other appropriate agreements, that establish or will establish, among other things, the procedures to be followed by the Bank in connection with the issuance and custody of the Commercial Paper Notes in book-entry form. The Bank and the City agree to comply with the relevant portions of DTC's Commercial Paper Issuing and Paying Agent Manual and the DTC Same Day Settlement System Rules (collectively, the "DTC Rules"). The City's obligations under the Commercial Paper Notes issued in book-entry form shall be evidenced by Master Notes substantially in the form attached to the Letter of Representations or other such agreement with DTC.

Section 3. Supply of Commercial Paper Notes. The City will from time to time, and prior to the date that Commercial Paper Notes are first issued, furnish the Bank with an adequate supply of Commercial Paper Notes, which shall be Master Notes and/or Certificated Notes, as the City in its sole and absolute discretion considers appropriate. Book-Entry Notes shall be represented by one or more Master Notes, which shall be executed by manual or facsimile signature by an Authorized Representative (as hereafter defined) in accordance with the Letter of Representations. Certificated Notes shall be serially numbered and shall have been executed by manual or facsimile signature of an Authorized Representative, with the principal amount, payee, date of issue, maturity date, amount of interest (if an interest-bearing Commercial Paper Note), and maturity value left blank. Pending receipt of instructions pursuant to this Agreement, the Bank will hold the Commercial Paper Notes in safekeeping for the account of DTC in accordance with the requirements of the Certificate Agreement or other such agreement prescribed by DTC and, in the event Certificated Notes are used, for the account of the City in accordance with its customary practice. The Certificated Notes shall be printed on a manifold that will produce one original and three non-negotiable copies.

Section 4. Authorized Representatives. From time to time, the City will furnish the Bank with a certificate or certificates, substantially in the form attached hereto as **Exhibit A**, certifying the incumbency and specimen signatures of officers or agents of the City authorized to execute Commercial Paper Notes on behalf of the City by manual or facsimile signature and/or to take other action hereunder on behalf of the City (each an "Authorized Representative"). Until the Bank receives a subsequent incumbency certificate of the City, it shall be entitled to conclusively rely upon the last such certificate delivered to the Bank for purposes of determining the Authorized Representatives. The Bank shall not have any responsibility to the City to

determine by whom or by what means a facsimile signature may have been affixed on the Commercial Paper Notes, or to determine whether any facsimile or manual signature resembles the specimen signature(s) filed with the Bank by a duly authorized officer of the City. Any Commercial Paper Notes bearing the manual or facsimile signature of a person who is an Authorized Representative on the date such signature is affixed shall be binding on the City after the authentication thereof by the Bank notwithstanding that such person shall have died or shall have otherwise ceased to hold his office on the date such Commercial Paper Note is countersigned or delivered to the Bank.

Section 5. Completion, Authentication, and Delivery of Commercial Paper Notes. (a) instructions for the issuance of Commercial Paper Notes (the "Instructions") will be given via SPANS (the "System"), as such System is substantially described herein in Section 6, if available, or in writing (which may be by facsimile or electronic message) either by an Authorized Representative, or by any officer or employee of a Dealer who has been designated by an Authorized Representative in writing to the Bank as a person authorized to give such Instructions hereunder (each an "Authorized Dealer Representative"), provided that Instructions may be given in writing if the System is unavailable or is inoperative, and provided further that the Bank will not issue Commercial Paper Notes in an amount that would cause the total amount of the Commercial Paper Notes previously issued and currently outstanding (after taking into account the Commercial Paper Notes paid or to be paid on such proposed issuance date) plus interest to accrue thereon to exceed the Stated Amount (as defined in the Reimbursement Agreement) as in effect on the date of such proposed issuance and that would mature less than three (3) Business Days (as defined in the Ordinance) prior to the expiration of the Reimbursement Agreement. Provided, that should there be any extension of the Reimbursement Agreement, the Bank shall be given written notice of such extension within ten (10) Business Days of the agreement upon such extension. Upon receipt of Instructions as described in this Section, the Bank will withdraw the necessary Commercial Paper Note(s) from safekeeping and, in accordance with such Instructions, shall, (i) in the case of Book-Entry Notes, cause the issuance of such Book-Entry Notes in the manner set forth in, and take such other actions as are required by, the Letter of Representations and the Certificate Agreement, or other such agreement, or, (ii) in the case of Certificated Notes:

(1) complete each Certificated Note as to principal amount (which shall not be less than \$100,000 and integral multiples of \$1,000 in excess of such amount or which, collectively with the outstanding Commercial Paper Notes (in any form) will not exceed \$80,000,000 in principal), payee, date of issue, maturity date (which shall not be more than 270 days from the date of issue), amount of interest (calculated at a rate of interest that shall never exceed the maximum interest rate allowed by Texas Government Code, Chapter 1204, as amended, and which statutory maximum interest rate is, as of the date of this Agreement, a net effective interest rate of fifteen percent (15.00%) per annum), and maturity value; and

(2) manually countersign each Certificated Note by any one of the Bank's officers or employees who are duly authorized and designated for such purpose; and

(3) deliver the Certificated Note(s) to the appropriate Dealer or its agent within the Borough of Manhattan and the State of New York, which delivery shall be against receipt for payment as herein provided or as otherwise provided in such Instructions. (If such instructions do not provide for such receipt, such Dealer shall nevertheless pay the purchase price for the Certificated Note(s) (in accordance

with Section 7 hereof.)) Of the three (3) non-negotiable copies of each Commercial Paper Note, two shall be retained by the Bank and one shall be sent promptly to the City.

(b) Instructions given via the System must be entered by 11:00 A.M., New York time, for physical issuance and 11:30 A.M., New York time, for book-entry issuance, and Instructions delivered in writing (which may be by facsimile or electronic message) must be received by the Bank by 11:30 A.M., New York time, if the Commercial Paper Note(s) are to be delivered the same day. The City understands and agrees that the Bank shall have no obligation to act on Instructions, deliver Commercial Paper Notes, or take any other action on any day that the Bank is not open for business.

(c) The City understands that although the Bank has been instructed to deliver Commercial Paper Notes against payment, delivery of Certificated Notes will, in accordance with the custom prevailing in the commercial paper market, be made before receipt of payment in immediately available funds. Therefore, once the Bank has delivered a Certificated Note to a Dealer or its agent as provided in Section 5(a)(3) hereof, the City shall bear the risk that a Dealer or its agent fails to remit payment for the Certificated Note to the Bank. It is understood that each delivery of Commercial Paper Notes hereunder shall be subject to the payment, clearance, and settlement rules of the New York Clearing House Association L.L.C. in effect at the time of such delivery.

(d) If the Bank, at its option, acts upon Instructions transmitted after the times specified in Section 5(b) hereof on the day on which the Instructions are to be operative, the City understands and agrees that (i) such Instructions shall be acted upon, on a best efforts basis, by the Bank pursuant to the custom and practice of the commercial paper market, and (ii) the Bank makes no representations or warranties that the issuance and delivery of any Commercial Paper Note(s) pursuant to Section 5 hereof shall be completed prior to the close of business on the issue date specified in the Instructions.

Section 6. The SPANS System of Instruction Transmittal. The City is granted a personal, non-transferable and nonexclusive right to use the reporting communication service SPANS ("SPANS") to receive information from the Issuing and Paying Agent. The City, by separate agreement between the City and the Dealer may authorize the Dealer (in each case other than the Issuing and Paying Agent) to directly access SPANS for the purposes of obtaining reports with respect to the Commercial Paper Notes.

The City acknowledges that (a) some or all of the services utilized in connection with SPANS are furnished by Open Information System ("OIS") and the Issuing and Paying Agent, (b) SPANS is provided to the City "AS IS" without warranties or representations of any kind whatsoever by OIS or the Issuing and Paying Agent, and (c) SPANS is proprietary and confidential property disclosed to the City in confidence and only on the terms and conditions and for the purposes set forth in this Agreement.

By this Agreement, the City acquires no title, ownership or sublicensing rights whatsoever in SPANS or in any trade secret, trademark, copyright or patent of the Issuing and Paying Agent or OIS now or to become applicable to SPANS. The City may not transfer, sublicense, assign, rent, lease, convey, modify, translate, convert to a programming language, decompile, disassemble, recirculate, republish or redistribute SPANS for any purpose without the prior written consent of the Issuing and Paying Agent and, where necessary, OIS.

To permit the use by the City of SPANS to obtain reports with respect to the Commercial Paper Notes, the Issuing and Paying Agent will supply the City with an identification number and initial passwords. From time to time thereafter, the City may change its passwords directly through SPANS. To the extent permitted by law, the City will keep all information relating to its identification number and passwords strictly confidential and will be responsible for the maintenance of adequate security over its customer identification number and passwords. For security purposes, the City should change its passwords at least once a year.

Section 7. Accounts and Funds; Proceeds of Sale of the Commercial Paper Notes. Contemporaneously with the execution and delivery of this Agreement, and for the purposes of this Agreement, the City will establish pursuant to Section 2.09 of the Ordinance a clearing account designated as the "City of Garland, Texas Electric Utility Note Clearance Account" (the "Note Clearance Account"). As set forth in Section 2.09 of the Ordinance, by 2:00 p.m. (New York City time) on each Calculation Date (as defined in the Ordinance), the City shall cause to be credited to the Note Clearance Account from proceeds received from the sale of Commercial Paper Notes or Bonds and, to the extent needed, Net Revenues (as defined in the Ordinance) an amount necessary to (i) first, reimburse the Liquidity Provider for any Drawing under the Reimbursement Agreement to pay the principal of and interest on the Commercial Paper Notes on such date, (ii) second, pay the principal of and interest on any Commercial Paper Notes due on such date to the extent such payments have not been made from the proceeds received from the sale of Commercial Paper Notes or Bonds or from a Drawing under the Reimbursement Agreement, (iii) third, repay any Advances (as defined in the Reimbursement Agreement), and (iv) fourth, pay any other amounts due the Liquidity Provider.

The Bank agrees to establish and maintain at the Bank for the benefit of the City, the Liquidity Provider, and the holder of any Commercial Paper Note, a "City of Garland, Texas Electric Utility Note Payment Interest and Sinking Fund" (the "Note Payment Fund"). No later than 10:00 A.M., New York time, on the date that any Commercial Paper Notes shall mature and become payable (or the corresponding next Business Day if the date of maturity is not a Business Day), the City shall cause proceeds of the sale of Commercial Paper Notes or Bonds on deposit in the Note Clearance Account to be transferred to the Note Payment Fund, which moneys shall be used, together with amounts, if any, drawn under the Reimbursement Agreement as provided in Section 8 hereof to pay, when due, interest on and, to the extent necessary, principal of the maturing Commercial Paper Notes.

In accordance with the Dealer Agreement (currently between the Dealer and the City and dated as of June 21, 2018, but meaning any Dealer Agreement as may be entered into from time to time by the City and a Dealer and with respect to the Commercial Paper Notes), by 10:00 A.M., New York time, on the date that Commercial Paper Notes are maturing and new Commercial Paper Notes are to be issued to pay the principal of and, to the extent necessary, interest on the maturing Commercial Paper Notes (if such date is a Business Day and if not then on the next corresponding Business Day), the Dealer or its agent shall either (i) confirm in writing to the Bank and the City the sale of Commercial Paper Notes (to an investor other than the Dealer or to the Dealer) and shall cause the Bank's account with DTC (or the Bank's agent's account, if the Bank does not have or ceases to have an account with DTC) to be credited in an amount equal to the proceeds of the sale of the Commercial Paper Notes, or (ii) provide written notice to the Bank and the City of the Dealer's inability to sell any or all of the Commercial Paper Notes intended to be issued, sold and delivered that day.

The Bank shall, in response to the confirmation in (i) in the preceding paragraph of this Section 7 and the Instructions, issue Commercial Paper Notes as set forth in Section 5 hereof (or

pursuant to any succeeding procedures which may be developed and agreed to by the parties) or shall, under the circumstances described in (ii) in the preceding paragraph of this Section 7, above, submit a draw request to the Liquidity Provider as set forth in the Reimbursement Agreement and in Section 8(b) hereof.

On each day on which a Dealer or its agent receives Commercial Paper Notes (whether through the facilities of DTC in the manner set forth in the Letter of Representations, or other agreement relating to the book-entry-only system, or by delivery in accordance with Section 5(a)(3) hereof), the Bank, upon receipt of funds from the Dealer, shall deposit the proceeds of sale of the Commercial Paper Notes ("Proceeds") in immediately available funds to the credit of the Note Payment Fund. As set forth in the Ordinance, Proceeds (net of all expenses and costs of sale and issuance) shall be applied by the Bank for any or all of the following purposes, in the following order: (i) first, for the payment and redemption of outstanding Commercial Paper Notes at or before maturity and (ii) second, for the repayment of any borrowing (evidenced by the Bank Note, as defined in the Ordinance) or other amounts due under the Reimbursement Agreement. Proceeds not withdrawn from the Note Payment Fund and expended as provided in (i) and (ii) above minus any moneys remaining in the Note Payment Fund as a result of an owner's failure to present a Commercial Paper Note for payment at maturity shall, on the next Business Day following the Payment Date (as defined herein), be transferred and deposited to the "City of Garland, Texas Electric Utility System Commercial Paper Notes, Series 2018, Note Construction Account" (the "Note Construction Account") (created and established pursuant to the Ordinance) and used and applied by the City in accordance with the provisions of the Ordinance. Provided, that the foregoing sequence shall not apply to the City's initial issuance of Commercial Paper Notes ("Initial Draw"); such Proceeds of such Initial Draw (net of all expenses and costs of sale and issuance) shall be immediately transferred and deposited to the City's Note Construction Account. Proceeds deposited to the Note Payment Fund and allocated for the repayment of Drawings made under the Reimbursement Agreement and any funds received by the Bank pursuant to a draw request made pursuant to the Reimbursement Agreement shall be separately accounted for in a subaccount within the Note Payment Fund hereby created and to be known as the "Credit Account" and shall be held therein uninvested until such amounts are disbursed for the payment of the Commercial Paper Notes or, as applicable, for the repayment of any Drawing.

Section 8. Payment of Matured Commercial Paper Notes. (a) By 10:00 A.M., New York time, on the date that any Commercial Paper Notes are scheduled to mature (or the corresponding next Business Day if the date of maturity is not a Business Day), the Dealer shall have confirmed in writing to the Bank and the City the amount of Proceeds that shall be credited to the account of Bank, on behalf of the City, on the books of DTC (or to the account of the Bank's agent, if the Bank does not have or ceases to have an account on the books of DTC), which Proceeds shall be used to pay, to the extent necessary, principal of and interest on, the Commercial Paper Notes maturing on such date as provided in the preceding paragraph. Pursuant to a timely transmitted draw request for payment (as described in the Reimbursement Agreement and in Section 8(b) hereof), to the extent necessary, and by 1:30 P.M., New York time, on the date that any Commercial Paper Notes are scheduled to mature, the Liquidity Provider shall have transferred to the Bank for deposit in the Note Payment Fund in immediately available funds an amount together with the anticipated Proceeds from the sale of Commercial Paper Notes on such date as set forth above, if any, at least equal to the principal amount of and accrued interest on the Commercial Paper Notes maturing on such date. When any matured Commercial Paper Note is presented to the Bank for payment by a nominee of DTC pursuant to the Certificate Agreement, the payment of the principal thereof and interest thereon shall be made from and

charged to the Note Payment Fund to the extent funds sufficient to effect such payment are available in said account.

(b) While the Commercial Paper Notes are secured by the Reimbursement Agreement, the Bank shall make timely payments of the principal of and interest due on the Commercial Paper Notes from funds available in the Note Payment Fund, which balance on deposit therein shall consist of (i) deposits representing Proceeds from the sale of Commercial Paper Notes issued pursuant to the Ordinance for the purpose of making payment of the principal of and, to the extent necessary, interest on maturing Commercial Paper Notes; (ii) deposits representing proceeds from the sale of Bonds (defined in the Ordinance) issued for the purpose of making payment of the principal due on Commercial Paper Notes; (iii) if at any time necessary, Drawings made under the Reimbursement Agreement for the purpose of paying principal of and interest on maturing Commercial Paper Notes; and (iv) transfers of funds that had remained on deposit in the Note Construction Account after payment of all Project Costs (as defined in the Ordinance). In connection with the timely payment of the principal of and interest on the maturing Commercial Paper Notes, the Bank acting as the agent of the City, shall make demands for payment under the Reimbursement Agreement, which payments by the Liquidity Provider are referred to therein and herein as "Drawings," in strict conformity with the Reimbursement Agreement, on or before each date any Commercial Paper Notes are to mature (the "Payment Date"), if and only if funds are not available in the Note Payment Fund from any of the sources (i), (ii), (iii), or (iv) identified and described above, to enable the Liquidity Provider under the Reimbursement Agreement to receive such demands for payment before 10:30 a.m., New York time on or before such Payment Date in accordance with the Reimbursement Agreement. All Drawings received under the Reimbursement Agreement pursuant to any demand for payment thereunder shall be deposited into the Note Payment Fund and applied solely to the payment of the principal amount of and, to the extent necessary and only to the extent necessary, interest accrued on the maturing Commercial Paper Notes. Funds representing any Drawing made under the Reimbursement Agreement and deposited to the Note Payment Fund shall be maintained in the Credit Account. After receipt of a Notice of No Issuance or Final Drawing Notice (as such terms are defined in the Reimbursement Agreement and attached in the forms as Annexes F and H, respectively, of Exhibit A to the Reimbursement Agreement) the Bank will not complete, authenticate and deliver any Commercial Paper Notes pursuant to Section 5 hereof unless and until the Bank receives a notice rescinding such Notice of No Issuance or Final Drawing Notice. Furthermore, upon receipt of a Final Drawing Notice, the Bank shall immediately make a draw request under the Reimbursement Agreement for the purpose of paying principal of and interest on maturing Commercial Paper Notes.

(c) If for any reason such funds in the Note Payment Fund are not disbursed on a scheduled Payment Date and are not to be transferred for deposit into the Note Construction Account (e.g., if moneys are remaining in the Note Payment Fund as a result of an owner's failure to present a Commercial Paper Note for payment at maturity), then such moneys in said Note Payment Fund retained therein shall be invested only in overnight repurchase agreements secured solely by direct obligations of the United States of America. Proceeds of investment shall be deposited to the Note Payment Fund for payment of the interest on and principal of matured Commercial Paper Notes. Amounts maintained in the Credit Account will be held uninvested until such amounts are disbursed for the payment of the maturing Commercial Paper Notes or the repayment of any Drawing made under the Reimbursement Agreement.

(d) The Bank shall have no obligation to pay, at maturity, the amount referred to in this Section 8 unless sufficient funds have been received by the Bank in collected funds. If the Bank, at its sole option, makes any such payment that results in an overdraft in any account of the City,

the amount of such overdraft shall be considered a loan to the City (a "Sufficiency Advance"). The City agrees to pay the Bank on demand interest on any Sufficiency Advance made at the rate charged by the Liquidity Provider for Drawings made by the Liquidity Provider under the Reimbursement Agreement until the City (or the Bank acting as the City's agent) can secure a Drawing under the Reimbursement Agreement or the City otherwise makes arrangements to repay the Sufficiency Advance.

Section 9. Reliance on Instructions. Except as otherwise set forth herein, the Bank shall incur no liability in acting hereunder upon written, facsimile, or electronic message Instructions contemplated hereby, including but not limited to Instructions received in connection with the issuance of Commercial Paper Notes, which the recipient thereof reasonably believed in good faith to have been given by an Authorized Representative or an Authorized Dealer Representative, as the case may be. In addition, in the event that the City currently or in the future utilizes a trading system that produces issuance instructions that do not include signatures or initials, the Bank may conclusively rely upon such instructions absent such signatures or initials.

Section 10. Cancellation of Commercial Paper Notes. After payment of any matured Book-Entry Note, the Bank shall annotate its records to reflect the face amount of Book-Entry Notes outstanding in accordance with the Letter of Representations. In the event Certificated Notes are issued, the Bank will in due course cancel and destroy Certificated Note(s) presented for payment and furnish the City with an affidavit of cancellation and destruction. Promptly upon the written request of the City, the Bank agrees to cancel and return to the City all unissued Commercial Paper Notes in its possession at the time of such request.

Section 11. Substitution of Reimbursement Agreement. The City hereby agrees to provide written notice of the proposed substitution of the Reimbursement Agreement to the Bank not less than 45 days in advance of such proposed substitution. The Bank hereby agrees to send written notice of such proposed substitution of the Reimbursement Agreement and its effective date by first class mail to all owners of any outstanding Notes to be secured by such substitute Reimbursement Agreement, DTC, and the Dealer within 30 days of the receipt of such notice from the City. A substitution of the Liquidity Provider will not be effective until the City obtains a confirmation of no rating change from the rating agencies then providing a rating on the Commercial Paper Notes.

Section 12. Notices; Addresses. (a) All communications by or on behalf of the City or a Dealer, relating to the completion, delivery, or payment of the Commercial Paper Note(s) are to be directed to the Bank's Commercial Paper Issuance Unit of the Corporate Trust Division (or such other department or division which the Bank shall specify in writing to the City and the Dealer), which address information and telephone/facsimile numbers are provided in Section 12(b), below. The City will send all Commercial Paper Notes to be completed and delivered by the Bank to its Commercial Paper Issuance Unit of the Corporate Trust Division (or such other department or divisions the Bank shall specify in writing to the City), which address information and telephone/facsimile numbers are provided in Section 12(b), below. The Bank will advise the City and the Dealer from time to time in writing of the individuals generally responsible for the administration of this Agreement and will from time to time certify incumbency and specimen signatures of officers or employees authorized to countersign Commercial Paper Notes.

(b) Notices and other communications hereunder, including issuance Instructions, shall (except to the extent otherwise expressly provided) be in writing (which may be by facsimile) and shall be addressed as follows, or to such other address as the party receiving such notice shall have previously specified to the party sending such notice:

if to the City, at:

concerning daily issuance of Commercial Paper Notes:

City of Garland, Texas
200 North Fifth
Garland, Texas 75040
Attention: Matthew Watson, Finance Director
Telephone Number: (972) 205-2355
Facsimile Transmission Number: (972) 205-2810

if to the Bank, at:

concerning daily issuance of Commercial Paper Notes and all other matters:

U.S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Wendy Kumar
Telephone Number: (212) 951-8561
Facsimile Transmission Number: (212) 509-3384

(c) Reasonable notice shall be given by the City to each and every rating agency then rating the Commercial Paper Notes of: the issuance of Commercial Paper Notes; the adoption or execution of any amendment to the Ordinance, the Reimbursement Agreement, or this Agreement; any change in any party to the Reimbursement Agreement, the Dealer Agreement or this Agreement or the addition of any Dealer; any termination or extension of the Reimbursement Agreement or the substitution of the Reimbursement Agreement with another credit facility or facilities; and any full or partial defeasance of Commercial Paper Notes made in accordance with the Ordinance. As of the date of this Agreement, the rating agencies rating or expected to be rating the Commercial Paper Notes are as follows:

Fitch Ratings, Inc.
111 Congress Avenue, Suite 2010
Austin, Texas 78701
Telephone Number: 512/_____
Facsimile Transmission Number: 512/_____

S&P Global Ratings, a division of S&P Global Inc.
500 N. Akard, Suite 3200
Dallas, Texas 75201
Telephone Number: 214/871-1401
Facsimile Transmission Number: 214/871-1409

Notices shall be deemed delivered when received at the address(es) specified above. For purposes of this paragraph, "when received" shall mean actual receipt (i) of an electronic communication by a telex machine, telecopier or issuance system specified in or pursuant to this Agreement; or (ii) of a written communication sent via facsimile or hand-delivered at the office specified in or pursuant to this Agreement.

Section 13. Additional Information. Upon the request of the City given at any time and from time to time, the Bank shall promptly provide the City with information with respect to the Commercial Paper Note(s) issued and paid hereunder. Such request shall be in written form and, to the extent known by the City, shall include the serial number, principal amount, date of issue,

maturity date and amount of interest, if any, of each Commercial Paper Note which has been issued or paid by the Bank and for which the request is being made.

Section 14. Liability. Neither the Bank nor any of the Bank's officers, employees, or agents shall be liable for any losses, damages, liabilities, or costs suffered or incurred by the City as a result of (a) the Bank's having executed Instructions, (b) the Bank's improperly executing or failing to execute any Instructions because of unclear Instructions, failure of communications media, or any other circumstances beyond the Bank's control, (c) the actions or inaction of DTC, any agent or any broker, dealer, cosignee, or agent not selected by the Bank, or (d) any other acts or omissions of the Bank (or any of its agents or correspondents) relating to this Agreement or the transactions or activities contemplated hereby, except in the case of negligence or willful misconduct as determined by the final judgment of a court of competent jurisdiction within the State of Texas, no longer subject to appeal or review. The Bank's duties and obligations and those of its officers and employees shall be determined by the express provisions of this Agreement, the Letter of Representations, and the Certificate Agreement (or other agreement executed in connection with the book-entry only system, including the documents referred to in such agreements), and they shall not be liable except for the performance of such duties and obligations as are specifically set forth herein and therein, and no implied covenants or obligations shall be read into any such document against them. Neither the Bank nor any of its officers or employees shall be required to ascertain whether any issuance or sale of Commercial Paper Note(s) (or any amendment or termination of this Agreement) has been duly authorized or is in compliance with any other agreement to which the City is a party (whether or not the Bank is a party to such other agreement).

Section 15. INDEMNIFICATION. TO THE EXTENT PERMITTED BY LAW, THE CITY AGREES TO INDEMNIFY AND DEFEND AND HOLD THE BANK AND ITS OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS HARMLESS FROM AND AGAINST ALL LIABILITIES, CLAIMS AND SUITS (REGARDLESS OF THEIR MERIT), DAMAGES, LOSSES, PENALTIES, STAMP AND OTHER SIMILAR TAXES, JUDGMENTS, COSTS, AND EXPENSES (INCLUDING REASONABLE LEGAL FEES AND EXPENSES) DIRECTLY OR INDIRECTLY RELATING TO OR ARISING OUT OF THEIR ACTIONS OR INACTION IN CONNECTION WITH THIS AGREEMENT, EXCEPT TO THE EXTENT THEY ARE CAUSED BY THE BANK OR ITS OFFICERS, AGENTS, OR EMPLOYEES, OR THEIR NEGLIGENCE OR WILLFUL MISCONDUCT. THIS INDEMNITY SHALL SURVIVE TERMINATION OF THIS AGREEMENT.

Section 16. Benefit of Agreement. This Agreement is solely for the benefit of the parties hereto and the Liquidity Provider, and no other person shall acquire or have any right under or by virtue hereof.

Section 17. Termination. This Agreement may be terminated at any time by either the Bank or the City by fifteen (15) days prior written notice to the other. If no successor issuing and paying agent shall have been selected by the City and accepted its appointment within fifteen (15) days after the giving of such notice of termination, the Bank may petition any court of competent jurisdiction for the appointment of a successor. Unless and until a successor issuing and paying agent is appointed, the Bank shall continue to perform all of its duties and functions under this Agreement. All rights, duties, and obligations of the Bank under the Ordinance, the Reimbursement Agreement, and this Agreement will be assigned to the successor. Such termination shall not affect the respective liabilities of the parties hereunder arising prior to such termination. Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Reimbursement Agreement, together with the other pertinent, documents, books

and records relating to the Commercial Paper Notes, to the successor issuing and paying agent designated and appointed by the City.

Section 18. Governing Law. This Agreement is to be delivered and performed in, and shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Texas; provided, however, that the Bank's obligations, rights, protections, immunities, and indemnities hereunder shall be governed by and construed in accordance with the internal laws of the State of New York, and as applicable, both the Bank and the City shall fully comply with the operating circulars of the Federal Reserve Bank, federal laws and regulations as amended, New York Clearing House Rules, the DTC Rules, and general commercial bank practices applicable to commercial paper issuance and payment, funds transfer, and related activities.

Section 19. Fees and Expenses. The Bank shall receive fees from the City for acting as Issuing and Paying Agent and as Registrar hereunder in such amounts as the Bank and the City shall agree to from time to time in writing. The City will pay or reimburse the Bank upon receipt of the Bank's invoice for all reasonable expenses, disbursements, and advances incurred or made by the Bank in good faith and in accordance with any of the provisions hereof or any other documents executed in connection herewith (including the reasonable expenses and disbursements of its counsel and of all persons not regularly in its employ). The City's obligations under this Section 19 to compensate the Bank and to pay or reimburse the Bank for reasonable expenses, disbursements and advances made in good faith shall survive the termination of this Agreement.

Section 20. Legal Counsel. The Bank may consult with legal counsel and the written advice or any opinion of legal counsel shall be full and complete authorization and protection with respect to any action taken, suffered or omitted by the Bank hereunder in good faith and in reliance thereon.

Section 21. Representations and Warranties of the City. The City represents and warrants as follows:

(a) The Ordinance is in full force and effect, and, accordingly, the City has taken all necessary action and has full power to enter into this Agreement and to issue and deliver the Commercial Paper Notes;

(b) This Agreement when executed and the Commercial Paper Notes when issued in accordance with the Instructions or otherwise pursuant to the terms of this Agreement will be legal, valid, and binding obligations of the City, enforceable against the City in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, other laws of general applicability relating to or affecting creditors' rights and to general equity principals, and any other laws including judge-made law generally or specifically applicable to the City which may limit the obligations of the City under the Ordinance, the Reimbursement Agreement, or this Agreement;

(c) This Agreement and the consummation of the transactions herein contemplated will not result in a breach or violation of, conflict with or constitute a default under any law, regulation, order, judgment, agreement or instrument to which the City is a party or by which the City or any of its property is bound;

(d) There are no consents, authorizations, or approvals of, or filings with, any Federal or State government authority (other than the City) required in connection with the issuance or sale by the City of the Commercial Paper Notes or the performance of its obligations thereunder except as may be required under state securities laws and those which have already been obtained or made or will be obtained or made prior to the initial delivery of the Commercial Paper Notes;

(e) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the best knowledge of the City, threatened against or affecting the City wherein an unfavorable decision, ruling or finding would adversely affect the validity of the Commercial Paper Notes and this Agreement, or any other agreement or instrument to which the City is a party and which has been executed in connection with the issuance of the Commercial Paper Notes;

(f) Each Commercial Paper Note or other obligation issued under this Agreement will be exempt from registration under the Securities Act of 1933, as amended; and

(g) Each Instruction by the City to issue Commercial Paper Notes under this Agreement shall be deemed a representation and warranty by the City as of the date thereof that the representations and warranties herein are true and correct as if made on and as of such date.

Section 22. Rights of the Bank.

(a) In the absence of bad faith on the part of the Bank, the Bank may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Bank which conform to the requirements of this Agreement.

(b) The Bank shall not be liable for any error of judgment made in good faith by an officer or officers of the Bank, unless it shall be conclusively determined by a court of competent jurisdiction located within the State of Texas that the Bank was negligent in ascertaining the pertinent facts.

(c) None of the provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it. Notwithstanding the foregoing, nothing (other than the limitation of the Initial Stated Amount) shall prevent the Bank from making a demand for payment pursuant to Section 8(b) hereof to the extent necessary to have sufficient moneys on deposit in the Note Payment Fund to pay when due interest on or principal of maturing Commercial Paper Notes (it being understood that the Bank shall have no liability in connection with its timely delivery of such demand for payment).

(d) The Bank may conclusively rely and shall be fully protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, paper, or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(e) Whenever in the administration of the provisions of this Agreement the Bank shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering

any action to be taken hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Bank, be deemed to be conclusively proved and established by a certificate signed by an Authorized Representative or Authorized Dealer Representative, as the case may be, and delivered to the Bank, and such certificate, in the absence of any negligence or bad faith on the part of the Bank, shall be full warrant to the Bank for any action taken, suffered, or omitted by it under the provisions of this Agreement upon the faith thereof.

(f) The Bank shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, or other paper or document.

(g) Except as set forth in Section 8(c) hereof, the Bank shall have no obligation to invest and reinvest any cash held by it. It is agreed and understood that the Bank may earn fees associated with the investments referenced in Section 8(c) hereof, which overnight repurchase agreements secured solely by direct obligations of the United States of America the Bank may select at its discretion. In no event shall the Bank be deemed an investment manager or advisor in respect of any selection of investments hereunder. In no event shall the Bank be liable for the selection of investments or for investment losses incurred thereon. The Bank shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity.

(h) The Bank may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or, by or through agents, custodians or nominees appointed with due care. Provided, however, if the City shall have given its prior approval of the agent, custodian or nominee selected by the Bank, such approval not unreasonably withheld or delayed, the Bank shall not be responsible for any willful misconduct or negligence on the part of any agent, custodian or nominee so appointed. Provided further, that if the City shall not have given its prior approval of the agent, custodian or nominee selected by the Bank, the Bank shall not be responsible for any willful misconduct or gross negligence on the part of any agent, custodian or nominee so appointed.

(i) Any corporation into which the Bank may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Bank shall be a party, or any corporation succeeding to the business of the Bank shall be the successor of the Bank hereunder without the execution or filing of any paper with any party hereto or any further act on the part of the parties hereto except when an instrument of transfer or assignment is required by law to effect such succession. Further provided that in any case in which any of the herein described events of succession would foreseeably result in any cessation, temporary or permanent, of the Bank's (or any successor entity's) ability to perform any of the trusts or powers or duties of the Bank (or of any successor entity) under this Agreement, then in such case written notice shall be transmitted to the City prior to any such reasonably foreseeable cessation of ability as herein described as would give the City fair opportunity to terminate this Agreement pursuant to Section 17 hereof.

(j) The City (for itself and any person or entity claiming through it) hereby releases, waives, discharges, exculpates and covenants not to sue the Bank for any action taken or omitted under this Agreement except to the extent caused by the Bank's negligence or willful misconduct.

(k) In no event shall the Bank be liable for any failure or delay in the performance of its obligations hereunder because circumstances beyond the Bank's control, including but not

limited to, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo, government action, including any laws, ordinances, regulations or the like which would restrict or prohibit the provision of the services contemplated by this Agreement.

(l) Anything in this Agreement to the contrary notwithstanding, in no event shall the Bank be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Bank has been advised of the likelihood of such loss or damage and regardless of the form of action.

(m) The Bank shall be entitled to conclusively assume, without any independent inquiry or investigation on its part, that the maximum rate of interest allowed by Texas Government Code, Chapter 1204, as amended, and which statutory maximum interest rate is, as of the date of this Agreement, a net effective interest rate of fifteen percent (15.00%) per annum is unchanged unless the City shall notify the Bank in writing pursuant to Section 12 herein that such statutory maximum rate has been changed or modified under applicable law.

Section 23. Miscellaneous.

(a) The City agrees that the Commercial Paper Notes issued or presented hereunder shall be denominated in United States dollars. The City further agrees that payment of any and all amounts due pursuant to the provisions of this Agreement shall be made solely in United States dollars.

(b) Under no circumstances shall funds representing Drawings made under the Reimbursement Agreement be used for any other purpose or retained by the Bank for any reason, such funds to be used only for the purpose of paying principal and interest due on Commercial Paper Notes.

(c) This Agreement may not be assigned by the City and may not be modified or amended or supplemented except by a writing or writings duly executed by the duly authorized representatives of the City and the Bank.

(d) This Agreement, the Ordinance, and the Reimbursement Agreement contain the entire understanding and agreement among the parties with respect to the subject matter hereof. All prior agreements, understandings, representations, statements, promises, inducements, negotiations, and undertakings and all existing contracts previously executed among said parties with respect to said subject matter are superseded hereby. The City agrees to deliver to the Bank, prior to or concurrently with the first issuance of any amount of Commercial Paper Notes, an executed copy of each of the Ordinance and the Reimbursement Agreement.

(e) With respect to all references herein to nouns, insofar as the context requires, the singular form shall be deemed to include the plural, and the plural form shall be deemed to include the singular.

Section 24. No Boycott of Israel (H.B. 89 85th Texas Legislature).

To the extent this Agreement is a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, the Bank hereby verifies that the Bank is a company which does not boycott Israel and will not boycott Israel through the term of this Agreement. For purposes of this verification, "company" and "boycott Israel" have the meanings ascribed to such terms by Chapter 808 of the Texas Government Code.

Section 25. Contracts with Companies Engaged in Business with Iran, Sudan or Foreign Terrorist Organizations Prohibited (S.B. 252 85th Texas Legislature).

Pursuant to Subchapter F, Chapter 2252, Texas Government Code, to the extent applicable to this Agreement, the Bank represents that it is not a company (as defined in Section 2270.0001(2), Texas Government Code) which is on a list prepared and maintained by the Comptroller of Public Accounts of the State of Texas under Sections 2270.0201 or 2252.153, Texas Government Code.

[remainder of page intentionally left blank]

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

U.S. BANK NATIONAL ASSOCIATION,
as Issuing and Paying Agent and Registrar

By: _____

Title: _____

[signature page to Issuing and Paying Agent Agreement – signatures continue on next page]

CITY OF GARLAND, TEXAS

By: _____
Mayor

Attest:

City Secretary

[signature page to Issuing and Paying Agent Agreement]

EXHIBIT A

CERTIFICATE OF AUTHORIZED REPRESENTATIVE

THE STATE OF TEXAS	§
	§
COUNTIES OF DALLAS, COLLIN	§
AND ROCKWALL	§
	§
CITY OF GARLAND	§

I certify that the persons listed below have been designated pursuant to the ordinance (the "Ordinance") authorizing the issuance of City of Garland, Texas, Electric Utility System Commercial Paper Notes, Series 2018 (the "Notes"), to act as Authorized Representative in connection with the issuance, sale and delivery of any Notes pursuant to the Ordinance and the carrying out of any matters relating to the Notes and any and all of the Reimbursement Agreement, the Issuing and Paying Agent Agreement and the Dealer Agreement (all as defined in the Ordinance).

Authorized Representative

Name: Lori Barnett Dodson
Title: Mayor

Signature: _____

Designees of Authorized Representative

<u>Name</u>	<u>Specimen Signature</u>
Bryan L. Bradford City Manager	_____
John Baker Assistant City Manager	_____
Matthew Watson Finance Director	_____
Steve Anderson Cash and Debt Manager	_____

Dated: _____

City Secretary, City of Garland, Texas

Exhibit E
DEALER AGREEMENT

\$80,000,000
CITY OF GARLAND, TEXAS
ELECTRIC UTILITY SYSTEM COMMERCIAL PAPER NOTES, SERIES 2018

COMMERCIAL PAPER DEALER AGREEMENT

June 21, 2018

City of Garland, Texas
200 North Fifth
Garland, Texas 75040

Dear Ladies and Gentlemen:

This Commercial Paper Dealer Agreement (the “*Agreement*”) confirms the agreement among the undersigned, Merrill Lynch, Pierce, Fenner & Smith Incorporated (“*Merrill Lynch*” or the “*Dealer*”) and the City of Garland, Texas (the “*Issuer*”) for the Dealer to act as exclusive dealer in connection with the execution and delivery of the Issuer’s \$80,000,000 Electric Utility System Commercial Paper Notes, Series 2018 (the “*Notes*”). The Notes are to be executed and delivered under and pursuant to an ordinance adopted by the Issuer on May 15, 2018 (the “*Ordinance*”) and will be authenticated by U.S. Bank National Association (the “*Paying Agent*”), pursuant to an Issuing and Paying Agent Agreement (the “*Issuing and Paying Agent Agreement*”) by and between the Issuer and the Paying Agent. All terms used herein and not defined herein shall have the meanings specified in the Ordinance.

The Notes are to be executed and delivered for the purposes described in the Ordinance. The aggregate principal amount of the Notes that may be outstanding at any one time and the aggregate amount of interest to maturity with respect to such Notes are limited as provided in the Ordinance. The holders from time to time of the Notes will be entitled to the benefits of a letter of credit issued by Bank of America, N.A. (the “*Bank*”) under and pursuant to a Reimbursement Agreement, dated as of May 1, 2018 (the “*Reimbursement Agreement*”), between the Issuer and the Bank. This Agreement, the Ordinance, the Issuing and Paying Agent Agreement and the Reimbursement Agreement are hereinafter referred to as the “*Issuer Documents*.”

The Issuer will, to the extent required by Rule 15c2-12 referenced in the Ordinance, undertake to provide annual reports and notices of certain events pursuant to the requirements of said Rule 15c2-12.

1. *Appointment of Dealer; Basic Responsibilities of Dealer.* (a) Subject to the terms and conditions herein contained, the Issuer hereby appoints the Dealer, and the Dealer hereby accepts such appointment, as exclusive dealer for the Issuer in connection with the offering, issuance and sale of the Notes.

(b) In its capacity as dealer, the Dealer shall exercise its best efforts to solicit purchases of the Notes, on such terms and conditions, including maturity dates and interest rates, as may prevail from time to time in the tax-exempt commercial paper market, subject to any limitations set forth in the Ordinance or the Issuing and Paying Agent Agreement. At or before 10:00 A.M., New York City time, on each day on which Notes, the purchase of which has been solicited by the Dealer, are to be executed and delivered, the Dealer will confirm in writing or by electronic means to the Bank, the Issuer, and the Paying Agent the amounts equal to the proceeds of sale or notice of the Dealer's inability to sell any or all of the Notes intended to be sold and delivered that day.

(c) It is understood and agreed that the Dealer's responsibilities hereunder will include (i) the soliciting of purchases of Notes from investors that customarily purchase commercial paper or tax-exempt securities in large denominations, (ii) effecting and processing such purchases, (iii) upon the written request of a Note purchaser or potential purchaser causing the furnishing, by mail or otherwise (at the Issuer's expense), of such materials as are described in Section 3 hereof, (iv) billing and receiving payment for Notes purchases, and (v) performing such other related functions as may be requested by the Issuer and agreed to by the Dealer in writing.

(d) The Dealer agrees that it will stop soliciting purchases of Notes upon receipt of a notice from the Issuing and Paying Agent that it has received a Notice of No Issuance from the Bank pursuant to Section 7.2 of the Reimbursement Agreement.

(e) The Dealer, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Notes, including, without limitation, any Notes offered and sold by the Dealer pursuant to this Agreement, and may join in any action which any owner of the Notes may be entitled to take with like effect as if it did not act in any capacity hereunder. The Dealer may sell any of the Notes in the secondary market at prices above or below par, at any time. The Dealer, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer and may act as depositary, account party, or agent for any committee or body of owners of the Notes or other obligations of the Issuer as freely as if it did not act in any capacity hereunder.

(f) Nothing in this Agreement shall be deemed to characterize the Dealer as an underwriter of the Notes or to obligate the Dealer to purchase any Notes for its own account at any time.

(g) While the Dealer has and shall have no obligation to purchase the Notes from the Issuer or to arrange any sale of the Notes for the account of the Issuer, the parties hereto agree that in any case where the Dealer purchases Notes from the Issuer, or arranges for the sale of Notes by the Issuer, such Notes will be purchased or sold by the Dealer in reliance on the representations, warranties, covenants and agreements of the Issuer contained herein and in the Issuer Documents or made pursuant hereto and on the terms and conditions and in the manner provided herein and in the Issuer Documents.

2. *The Notes.* As more fully described in the Ordinance, the Notes will be issuable in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess of such amount and will have maturities of not more than 270 days from their respective dates of execution and

delivery, but in all events maturing not less than five Business Days before the expiration of the then applicable Letter of Credit. The Notes may be executed and delivered in registered form, without coupons. All Notes will be delivered to The Depository Trust Company in accordance with the Issuing and Paying Agent Agreement. The Notes will be issued as interest-bearing obligations, maturing at such times as an Authorized Representative may designate upon authorizing the issuance thereof. Principal of and interest with respect to the Notes will be payable at maturity in immediately available funds through the facilities of The Depository Trust Company.

3. *Financial Statements.* (a) As long as the Notes are outstanding and Merrill Lynch is the Dealer, the Issuer shall deliver to the Dealer within six months after the end of each of its fiscal years, the audited financial statements of the Issuer or if audited financial statements are not then available, the financial statements as provided in Section 4(i) of this Agreement.

(b) Simultaneously with the furnishing thereof to the Bank, the Issuer shall furnish to the Dealer all financial statements, reports and information required to be furnished to the Bank pursuant to Section 5.2 of the Reimbursement Agreement.

4. *Representations, Warranties and Covenants of the Issuer.* The Issuer hereby represents, warrants and covenants to the Dealer that:

(a) it is a home rule city of the State of Texas, duly organized and validly existing under the applicable laws of such jurisdiction, and has full power and authority to execute and deliver the Issuer Documents;

(b) it is empowered to issue the Notes and to perform and observe the covenants and agreements on its part contained in the Issuer Documents and to carry out and consummate all transactions contemplated hereby and by the Issuer Documents;

(c) the making and performance by the Issuer of the Issuer Documents and the Notes have been duly authorized by all necessary action of the Issuer and the Issuer Documents constitute, and the Notes when duly issued, authenticated and delivered as provided in the Issuing and Paying Agent Agreement will constitute, legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except as enforceability may be limited by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) or by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally;

(d) no approval, permit, consent, authorization or order of any court or any governmental or public agency, authority or person not already obtained or that will be obtained prior to or concurrently with the date the first Notes are sold pursuant to the Ordinance (other than any approvals that may be required under the "blue sky" laws of any jurisdiction) is required with respect to the Issuer in connection with the issuance and sale of the Notes or the execution and delivery by the Issuer of, or in the performance by the

Issuer of its obligations under, the Issuer Documents or the Notes and the consummation of the transactions contemplated by the Issuer Documents;

(e) the Issuer is not now and has not ever been in breach of or in default under any applicable law or administrative regulation of the State of Texas or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Issuer is a party or is otherwise subject, the consequence of which or the correction of any of which materially and adversely affects the operations of the Issuer as of the date hereof;

(f) the adoption by the Issuer of the Ordinance and the making and performance by the Issuer of the other Issuer Documents and the Notes do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any ordinance, resolution, indenture, deed of trust, mortgage commitment, agreement or other instrument to which the Issuer is a party or by which the Issuer is bound, or any constitutional provision, existing law, administrative regulation, court order or consent decree to which the Issuer or its property is subject;

(g) except as otherwise described in the Offering Memorandum, there is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best of the knowledge of the undersigned, threatened against or affecting the Issuer and, to the best of the knowledge of the undersigned, there is no basis therefor, (i) which in any way questions the powers of the Issuer or the validity of the Issuer Documents or the Notes, (ii) wherein an unfavorable decision, ruling or finding would materially and adversely affect the transactions contemplated by the Issuer Documents or the Notes or the ability of the Issuer to perform its obligations thereunder, or would in any way affect adversely the validity or enforceability of the Issuer Documents or the Notes or (iii) which might reasonably be expected to result in a material adverse change in the condition (financial or otherwise), operations or business prospects of the Issuer or Issuer's Electric Utility System;

(h) any information relating to the Issuer and the Notes furnished by the Issuer pursuant to this Agreement, including but not limited to the Offering Memorandum, does not and will not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) (i) in connection with the Issuer's outstanding general obligation, water and sewer system and electric system debt issuances, the Issuer has entered into undertakings pursuant to Rule 15c2-12 to provide certain updated financial information and operating data within six months of the end of the Issuer's fiscal year (March 31) along with notices of specified material events at required times. In addition, the Issuer has agreed to provide audited financial statements within six months of the end of the fiscal year if the audited financial statements are available by such time. If audited financial statements are not available by the required time, the Issuer has agreed to provide unaudited financial statements or unaudited financial information, depending on the specific undertaking,

within six months of the end of the fiscal year, and audited financial statements when and if such audited financial statements become available;

(ii) the Issuer represents that there have been no instances in the last five years in which it has failed to comply in all material respects with any undertaking previously entered into by it pursuant to Rule 15c2-12[, except that during the previous five years, the Issuer has filed notices of downgrades of municipal bond insurers that insured the Issuer's outstanding obligations, but no assurance can be given that all the filings have been made or made in a timely manner];

(j) the Issuer will cooperate with the Dealer in arranging for the qualification of the Notes for sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Dealer may designate and will use its best efforts to continue such qualifications in effect so long as the Notes are being offered by the Dealer; *provided, however,* that the Issuer will not be required to execute a special or general consent to service of process or qualify to do business in connection with action taken under this subsection;

(k) the Issuer will immediately notify the Dealer (i) if any event shall have occurred or information shall become known as a result of which (A) the Offering Memorandum, as then amended or supplemented, would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading or (B) any representation or warranty of the Issuer under any of the Issuer Documents is or would become false in any material respect, (ii) of any material fact that the Issuer is aware of that may affect the issuance, offering or sale of the Notes or the marketability of the Notes including, but not limited to (A) any material adverse change in the financial condition, prospects (financial or otherwise) or general affairs of the Issuer, (B) any reduction or threatened reduction (by way of credit watch or similar rating agency action) in the ratings of the Notes, (C) any adverse change in the tax treatment of interest on the Notes received by the holders of the Notes or (D) any other material adverse change that may affect the issuance, offer and sale of the Notes or any fact or circumstance which constitutes, or with the passage of time would constitute, an event of default under the Issuer Documents and (iii) any proposed action the taking of which requires an opinion of Bond Counsel as to the tax status of any Notes under any Issuer Document;

(l) the Issuer will not permit to become effective any amendment to or modification of the Ordinance or the other Issuer Documents which could reasonably be expected to adversely affect the interest of the holder of any Notes then outstanding. The Issuer will give the Dealer written notice of any proposed amendment to or modification of the Issuer Documents prior to the effective date thereof and promptly provide the Dealer an execution copy of any amendment or modification to any Issuer Document;

(m) the Issuer will not sell Notes to the Dealer in the event that legal opinions provided by Bond Counsel delivered in connection with the initial issuance of the Notes have been withdrawn, adversely modified or retracted;

(n) the Issuer will take all actions within its control necessary to maintain the exclusion of interest on the Notes from the gross income of the holders thereof for federal income tax purposes; and

(o) the Issuer will not effect any Letter of Credit substitution pursuant to Section 4.03 of the Ordinance on any day other than a day when all Notes mature or on a day on which no Notes are then outstanding.

Each delivery of a Note to the Dealer or to a person whose purchase of such Note was arranged by the Dealer shall constitute a representation and warranty by the Issuer, as of the date thereof, that (i) the representations and warranties of the Issuer in this Section 4 are true and correct on and as of such date with the same effect as if made on and as of such date, (ii) the Notes issued on such date have been duly and validly issued and delivered in accordance with the Issuing and Paying Agent Agreement and (iii) the Issuer has complied or will comply, as the case may be, with all covenants contained in this Agreement. The Issuer shall not cause to be issued any Note unless such representations and warranties are true and correct.

5. *Conditions to Dealer's Obligations.* The obligations of the Dealer under this Agreement have been undertaken in reliance on, and shall be subject to, the due performance by the Issuer of its obligations and agreements to be performed hereunder and to the accuracy of and compliance with the respective representations, warranties, covenants and agreements of the Issuer contained herein, in each case on and as of the date of delivery of this Agreement and on and as of each date on which Notes are to be issued. The obligations of the Dealer hereunder with respect to each date on which Notes are to be issued are also subject, in the discretion of the Dealer, to the following further conditions precedent:

(a) The Issuer Documents shall be in full force and effect and the Notes to be issued on such date shall have the full benefits of all of the foregoing, and there shall be in full force and effect such additional ordinances, resolutions, agreements, instruments and certificates (including such certificates as may be required by Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel, regarding the exclusion from gross income of interest on the Notes from federal income tax) and such opinions of counsel, which ordinances, resolutions, agreements, certificates and opinions of counsel shall be satisfactory in form and substance to Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel, and there shall have been taken in connection therewith and in connection with the issuance of the Notes all such action as shall, in the opinion of the aforesaid Bond Counsel, be necessary in connection with the transactions contemplated hereby.

(b) There shall have been no material adverse change in the properties, business, condition (financial or other) or results of operations of the Issuer or the Bank since the date of the Offering Memorandum; and no Event of Default (as such term is defined in the Ordinance or the Reimbursement Agreement) shall have occurred and be continuing and no event shall have occurred and be continuing which with the passage of time or giving of notice or both, would constitute such an Event of Default.

(c) On or prior to the first date on which Notes are to be sold pursuant to the terms of the Ordinance and this Agreement, the Dealer shall have received, in each case, satisfactory in form and substance to the Dealer:

(i) executed copies of the Reimbursement Agreement and the Issuing and Paying Agent Agreement; a transcript of all proceedings relating to the authorization of the Notes will be provided for federal income tax purposes following the issuance of the Notes;

(ii) opinions dated such date of (a) Norton Rose Fulbright US LLP, Dallas, TX, Bond Counsel, and (b) Chapman and Cutler LLP, counsel to the Bank;

(iii) a certificate of the Issuer, executed by any duly authorized official of the Issuer, dated such date, as to the accuracy of and compliance with the representations, warranties, covenants and agreements of the Issuer contained in the Ordinance on and as of such date, which certificate may state that the certifications therein set forth are to the best knowledge and belief of such official;

(iv) a certificate of the Issuer, executed by any duly authorized official of the Issuer, dated such date, as to the accuracy of and compliance with the representations, warranties, covenants and agreements of the Issuer contained in the Reimbursement Agreement on and as of such date, which certificate may state that the certifications therein set forth are to the best knowledge and belief of such official;

(v) a certificate of the Bank, executed by a duly authorized representative of the Bank, dated such date, as to the correctness of information concerning the Bank which is contained in the Offering Memorandum;

(vi) a certificate of the Issuer executed by any duly authorized official of the Issuer, dated on or prior to such date, as to the correctness of information concerning the Issuer which is contained in the Offering Memorandum;

(vii) copies of all documents required by, and delivered pursuant to, Section 3.1 of the Reimbursement Agreement; and

(viii) copies of such other documents, certificates and opinions as the Dealer shall have reasonably requested.

6. *Term and Termination of This Agreement.* (a) This Agreement shall become effective upon execution by the Dealer and the Issuer and may be canceled by the Dealer or the Issuer at any time on written notice. To be effective, such written notice must be given no less than 30 days prior to such cancellation date with a copy to the Paying Agent and the Bank; *provided, however*, that upon the mutual agreement of the Dealer, the Bank, and the Issuer, such written notice may be given fewer than 30 days prior to such cancellation date. Notwithstanding any provision of the Issuer Documents or the Agreement to the contrary, the provisions of Section 7 and Section 8

hereof and the obligations of the Issuer and the Dealer thereunder shall survive any termination or expiration of this Agreement. The Issuer will use its best efforts to notify Fitch Ratings, Inc. ("*Fitch*") and S&P Global Ratings, a division of S&P Global Inc. ("*S&P*") (in the manner prescribed by Section 10(e) hereof) of the termination of this Agreement and any change in the dealer for the Notes.

(b) In addition, the Dealer may terminate its obligations under this Agreement or, at its option, may temporarily suspend its obligations hereunder at any time by notifying the Issuer and the Bank in writing or by telegram, telex or other electronic communication of its election to do so if:

(i) Legislation shall be favorably reported by a committee of the House of Representatives or the Senate of the United States or be introduced by committee by amendment or otherwise in, or be enacted by, the House of Representatives or the Senate or be recommended by the President of the United States to the Congress of the United States for passage by the Congress of the United States, or a decision by a court established under Article III of the Constitution of the United States, or the Tax Court of the United States, shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service or any other governmental entity having jurisdiction over the subject matter shall be made or proposed, having the purpose or effect of imposing federal income taxation, or any other event shall have occurred which results in the imposition of federal income taxation, upon interest received on obligations of the general character of the Note or the Notes;

(ii) Legislation shall be favorably reported by a committee of the House of Representatives or the Senate of the United States, or shall be introduced by committee by amendment or otherwise, or be introduced by the House of Representatives or the Senate or shall be recommended by the President of the United States to the Congress of the United States for passage by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the United States Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter should be made or proposed, to the effect that the offering or sale of obligations of the character of the Notes, as contemplated hereby, is or would be in violation of any provision of the Securities Act of 1933, as amended and as then in effect (the "*Securities Act*"), or the Securities Exchange Act of 1934 as amended and as then in effect (the "*Exchange Act*"), or that the Ordinance shall be required to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect (the "*Trust Indenture Act*"), or with the purpose or effect of otherwise prohibiting the offering for sale of obligations of the character of the Notes, or the Notes as contemplated hereby, without registration under the Securities Act or qualification of the Ordinance under the Trust Indenture Act;

(iii) The Dealer shall have determined that the adoption or implementation of, or any change in, any law, rule, regulation, or any policy, guideline or directive of, or any change in the interpretation or administration thereof by any court, central bank or other governmental authority (in each case, occurring after the date of this Agreement and

whether or not having the force of law), or compliance by the Dealer with any request or directive of any such court, central bank or other governmental authority, shall impose, modify or deem applicable any capital adequacy or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Dealer allocates capital resources related to the sale of commercial paper notes, including the Notes) that either (i) affects or would affect the amount of capital to be maintained by the Dealer or (ii) reduces or would reduce the rate of return on the Dealer's capital to a level below which it could have achieved but for such circumstances (taking into consideration the Dealer's policies with respect to capital adequacy);

(iv) Any information shall have become known which, in the Dealer's reasonable opinion, makes untrue any statement of a material fact contained in the Offering Memorandum or causes the Offering Memorandum, as supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements made therein, in the light of the circumstance under which they were made, not misleading;

(v) Except as provided in paragraphs (a) and (b) of this section, any legislation, resolution, ordinance, rule or regulation shall be introduced in, or be enacted by, any governmental body, department or agency of the United States or of the State of Texas, or a decision by any court of competent jurisdiction within the United States or the State of Texas shall be rendered, which, in the Dealer's reasonable opinion, materially adversely affects the marketability of the Notes or materially adversely affects the ability of the Dealer to continue to act as Dealer pursuant to this Agreement;

(vi) Additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities similar to the Notes by any governmental authority or by any national securities exchange which, in the Dealer's reasonable opinion, materially adversely affect the marketability of the Notes;

(vii) Any governmental authority shall impose, as to the Notes, or obligations of the character of the Notes, any material restrictions not now in force, or increase materially those now in force which, in the Dealer's reasonable opinion, materially adversely affect the marketability of the Notes;

(viii) A banking moratorium shall have been established by United States federal, Texas or New York State authorities;

(ix) The rating of the Notes shall have been downgraded to a rating below _____ by Fitch or _____ by S&P, or any such rating agency shall suspend or withdraw any ratings it may have in effect with respect to the Notes;

(x) A war involving the United States shall have been declared, or any existing conflict involving the armed forces of the United States shall have escalated, or any other national emergency relating to the effective operation of government of the financial

community shall have occurred, which, in the Dealer's reasonable opinion, materially adversely affects the marketability of the Notes;

(xi) Any event, including, without limitation, the bankruptcy or default of any issuer or obligor on tax-exempt securities, shall have occurred which, in the Dealer's reasonable opinion, makes the marketing of the securities of the character of the Notes impossible over an extended period of time;

(xii) The Ordinance, the Issuing and Paying Agent Agreement or the Reimbursement Agreement shall cease to be in full force and effect;

(xiii) An Event of Default under the Ordinance, the Issuing and Paying Agent Agreement or the Reimbursement Agreement shall have occurred and be continuing;

(xiv) A Notice of No Issuance shall have been given and remain in effect under the Reimbursement Agreement;

(xv) A general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange or the establishment of minimum or maximum prices on any such national securities exchange shall have occurred; or

(xvi) A material disruption in securities settlement, payment or clearance services applicable to the Notes shall have occurred which, in the Dealer's reasonable opinion, materially adversely affects the ability to effect the settlement, payment or clearance of the Notes.

7. *Payment of Fees and Expenses.* (a) In consideration of the services to be performed by the Dealer under this Agreement, the Issuer agrees to pay to the Dealer a fee in the amount of the product of (i) 0.035% divided by 365 or 366, as appropriate, and (ii) the sum of the principal amounts of the Notes outstanding on each day during the billing period (to which reference is made in the next succeeding sentence). It is understood and agreed that (i) payment of such fee shall be made by the Issuer quarterly on each _____ 1, _____ 1, _____ 1, and _____ 1, commencing _____ 1, 2018, upon receipt of an invoice therefor from the Dealer, and (ii) the obligation of the Issuer to pay such fee shall survive the termination or cancellation of this Agreement to the extent that such obligation related to Notes outstanding prior to such termination or cancellation.

(b) All reasonable expenses and costs of the Dealer in effecting the authorization, preparation, issuance, offering, delivery and sale of the Notes (including, without limitation, the expenses and costs of the preparation, printing, photocopying, execution and delivery of the Notes, the Offering Memorandum, the Reimbursement Agreement, the Issuing and Paying Agent Agreement, this Agreement and all other agreements and documents contemplated hereby and thereby, including amendments, modifications and supplements to any such agreements and documents at any time during the term of this Agreement) and reasonable fees and expenses of Bond Counsel, counsel to the Dealer and counsel to the Bank shall be paid or reimbursed by the

Issuer, unless and to the extent that such expenses and costs are paid out of or reimbursed from the proceeds of the Notes.

8. *Indemnity and Contribution.* To the extent permitted by law, the Issuer shall indemnify and hold harmless the Dealer and each director, trustee, partner, member, officer, official or employee thereof and each person, if any, who controls the Dealer (each herein called a “*Controlling Person*”) within the meaning of Section 15 of the Securities Act (any such person being herein sometimes called an “*Indemnified Party*”), against any and all losses, claims, damages or liabilities, joint or several, to which any such Indemnified Party may become subject, under statute or regulation, at law or in equity or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) an allegation or determination that the Notes should have been registered under the Securities Act or the Ordinance or any other Issuer Document should have been registered under the Trust Indenture Act or (ii) any untrue statement or alleged untrue statement of a material fact set forth in the Offering Memorandum or any amendment or supplement thereto or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or which is necessary to make the statements made therein not misleading in any material respect, in light of the circumstances under which they were made, but the Issuer will not be liable in any such case to the extent that any such loss, claim, damage or liability (including legal counsel fees and expenses) arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made or incorporated in the disclosure documents (x) under the caption “DEALER” or (y) relating to the Bank or the Reimbursement Agreement. This indemnity agreement will not limit any other liability to any Indemnified Party the Issuer otherwise may have; *provided* that in no event will the Issuer be obligated for double indemnification.

An Indemnified Party shall, promptly after the receipt of notice of a written threat of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against the Issuer, notify the Issuer in writing of the commencement thereof. Failure of the Indemnified Party to give such notice shall reduce the liability of the Issuer by the amount of damages attributable to the failure of the Indemnified Party to give such notice to the Issuer, but the omission to notify the Issuer of any such action shall not relieve the Issuer from any liability that it may have to such Indemnified Party otherwise than under this Section. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Issuer of the commencement thereof, the Issuer may, or if so requested by such Indemnified Party shall, participate therein or assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Party and the Issuer (it being understood that, except as hereinafter provided, the Issuer shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from the Issuer to such Indemnified Party of an election so as to assume the defense thereof, the Issuer shall not be liable to such Indemnified Party under this Section for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation; *provided, however,* that unless and until the Issuer assumes the defense of any such action at the request of such Indemnified Party, the Indemnified Party shall have the right to participate at its own expense in the defense of any such action. If the Issuer shall not have employed counsel to have charge of the defense of any such action or if an Indemnified Party shall have reasonably concluded that there may be defenses available to it and/or other Indemnified Parties that are different from or

additional to those available to the Issuer (in which case the Issuer shall not have the right to direct the defense of such action on behalf of such Indemnified Party) or to other Indemnified Parties, legal and other expenses, including the expense of separate counsel, incurred by such Indemnified Party shall be borne by the Issuer.

In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Section 8 hereof is due in accordance with its terms but, for any reason, is unavailable on grounds of policy or otherwise, the Issuer and the Dealer will contribute to the total losses, claims, damages and liabilities (including legal or other expenses of investigation or defense) to which such Indemnified Party may be subject in such proportion so that the Dealer is responsible for that portion represented by the percentage that the fee to be paid to the Dealer pursuant to Section 7(a) hereof bears to the then-outstanding principal amount of the Notes and the Issuer is responsible for the balance. In no case, however, will the Indemnified Party be responsible for any amount in excess of the aggregate fee paid by the Issuer to the Dealer under this Agreement for the one-year period immediately preceding the application of this provision. Notwithstanding the foregoing, no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

9. *No Advisory or Fiduciary Role.* The Issuer and the Dealer acknowledge and agree that: (i) the transactions contemplated by this Agreement are arm's length, commercial transactions between the Issuer and the Dealer in which the Dealer is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to Issuer and that the Dealer has financial and other interests that differ from those of the Issuer; (ii) the Dealer has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Dealer or its affiliates have provided other services or is currently providing other services to the Issuer on other matters); (iii) the only obligations the Dealer has to the Issuer with respect to the transactions contemplated hereby expressly are set forth in this Agreement; and (iv) the Issuer has consulted its own municipal, legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

10. *Miscellaneous.* (a) All notices, demands and formal actions under this Agreement shall be in writing and mailed, telecopied or delivered to:

The Dealer:

Merrill Lynch, Pierce, Fenner & Smith Incorporated
One Bryant Park, Ninth Floor
New York, New York 10036
Attention: Tax Exempt Money Market Desk
Telephone: (212) 449-5101
Facsimile Transmission Number: (646) 736-6960
Email: DGTEMM@BAML.com

The Issuer:

City of Garland
200 North Fifth
Garland, Texas 75040
Attention: Director of Financial Services
Telephone: (972) 205-2355
Facsimile Transmission Number: (972) 205-2810
Email: mwatson@garlandtx.gov

The Bank:

Bank of America, N.A.
211 North Robinson, 2nd Floor
OK1-100-02-30
Oklahoma City, Oklahoma 73102
Attention: Brent Riley, Senior Vice President
Telephone: (405) 230-1711
Facsimile Transmission Number: (866) 681-1873

provided, however, that all notices pursuant to, or contemplated by, the provisions of Section 1 of this Agreement shall be given by telephonic communication between or among authorized representatives of the parties to this Agreement and shall be confirmed in writing and mailed, telecopied or delivered to such parties on the later of the Business Day following the settlement, if any, of the respective transactions to which such notices relate or the Business Day following the telephonic communication. The Dealer and the Issuer may, by notice given under this Agreement, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed;

(b) Any certificate authorized by the Issuer, signed by any authorized official or officials of the Issuer and delivered to the Dealer, shall be deemed a representation by the Issuer to the Dealer as to the statements made therein;

(c) This Agreement will inure to the benefit of and be binding upon the Issuer and the Dealer and their respective successors and assigns, and will not confer any rights upon any other person, partnership, association or corporation other than the Indemnified Parties and the Bank. The term “successors” and “assigns” shall not include any purchaser of any of the Notes merely because of such purchase. The Issuer and the Dealer hereby agree that the Dealer may, with notice to but without consent of the Issuer, assign its rights and obligations under this Agreement to BofAML Securities, Inc.;

(d) All of the representations, warranties and covenants of the Issuer and the Dealer in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Dealer, (ii) delivery of any payment for any Notes hereunder or (iii) the termination or cancellation of this Agreement;

(e) The Issuer shall use its best efforts to notify Fitch and S&P, of any modification of or amendment to this Agreement. Notice shall be sent by first class mail, postage prepaid;

(f) Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement;

(g) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions, because it conflicts with any provisions of any constitution, statute, or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever;

(h) This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which constitute one and the same document. This Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page;

(i) This Agreement shall be governed by and construed in accordance with the law of the State of New York without regard to choice of law rules (other than New York General Obligations Laws Section 5-1401 and 5-1402); *provided, however*, that the obligations of the Issuer shall be governed by, and construed and interpreted in accordance with the laws of the State of Texas. Any claim, action or proceeding, directly or indirectly, arising out of, or relating to this Agreement or the Notes or the offer and sale of the Notes may be brought in the U.S. federal courts located in the Borough of Manhattan, or the courts of the State of New York located in the Borough of Manhattan, and, in connection with any such claim, action or proceeding, submit to the exclusive jurisdiction of, and venue in, federal or state courts located in the County of New York;

(j) This Agreement and each provision hereof shall not be waived, altered, modified, amended or supplemented in any manner whatsoever except by written instrument signed by each of the parties hereto;

(k) ANY RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM, ACTION OR PROCEEDING, DIRECTLY OR INDIRECTLY, ARISING OUT OF, OR RELATING TO, THIS AGREEMENT ARE EXPRESSLY AND IRREVOCABLY WAIVED BY THE PARTIES HERETO; and

(l) The Issuer acknowledges and agrees that the Dealer shall have no obligation under this Agreement to provide any services, provide any advice or take any other action to the extent that the Dealer determines, in its sole discretion, would cause the Dealer to be considered a “municipal advisor” as defined under Section 15B of the Exchange Act and SEC Rule 15Ba1-1.

11. *Israel Boycott.* Pursuant to Section 2270.002, Texas Government Code, the Dealer hereby represents that it does not Boycott Israel (as defined in Section 2270.002, Texas

Government Code) and, except to the extent required or otherwise permitted by applicable federal law, including, without limitation, 50 U.S.C. Section 4607, the Dealer agrees not to Boycott Israel during the term of this Agreement.

12. *No Engagement with Terrorist Nations.* The Dealer hereby acknowledges that as of the date of this Agreement, to the extent this Agreement constitutes a governmental contract within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the extent required or otherwise permitted by applicable federal law, neither the Dealer nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Dealer is an entity listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code as available to the public on the following website: <https://comptroller.texas.gov/purchasing/publications/divestment.php>.

Execution Page

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By: _____

CITY OF GARLAND, TEXAS

By: _____
Mayor



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

9.

Meeting Date: May 15, 2018

Item Title: Bond Refunding - Electric Utility System Commercial Paper Notes & Revenue Refunding Bonds

Submitted By: Matt Watson, Finance Director

Summary of Request/Problem

At the April 2, 2018 Work Session, Council considered authorizing the refunding of approximately \$30 million of Electric Utility System Commercial Paper Notes, Series 2014 and approximately \$6 million of Electric Utility System Revenue Bonds, Series 2008 with Electric System Revenue Refunding Bonds, Series 2018. The purpose of this transaction is to refund a portion of variable rate commercial paper notes with fixed rate long-term debt and to generate savings in debt service.

Recommendation/Action Requested and Justification

Approve the sale of Electric Utility System Revenue Refunding Bonds, Series 2018.

Attachments

Garland Electric Ordinance with Exhibits

ORDINANCE NO. ____

AN ORDINANCE authorizing the issuance of "CITY OF GARLAND, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, NEW SERIES 2018", pledging the net revenues of the City's electric utility system to the payment of the principal of and interest on said bonds; specifying the terms and conditions of such bonds; resolving other matters incident and related to the issuance, payment, security, sale and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement and a Purchase Agreement; and the approval and distribution of a Preliminary Official Statement and an Official Statement; and providing an effective date.

WHEREAS, the City Council (the "Council") of the City of Garland, Texas (the "City") has heretofore issued, sold, and delivered, and there is currently outstanding, obligations of the following issue or series, to wit: "City of Garland, Texas, Electric Utility System Revenue Bonds, Series 2008" dated June 15, 2008, scheduled to mature on March 1 in each of the years 2019 through 2028, inclusive, and aggregating in the principal amount of \$5,845,000 (hereinafter referred to as the "Refunded Bonds");

WHEREAS, the City Council of the City, in accordance with the provisions of Texas Government Code, Chapter 1371, has heretofore authorized by ordinance and provided for the issuance of "City of Garland, Texas Electric Utility System Commercial Paper Notes, Series 2014" (the "Notes") in an aggregate principal amount not to exceed \$60,000,000 for the purpose of financing additions, improvements and extensions to the City's Electric Utility System (the "System");

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

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

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

WHEREAS, the Council hereby finds and determines that the Refunded Bonds should be refunded at this time, and the refunding of the Refunded Bonds will result in the City saving

approximately \$_____ in debt service payments on such indebtedness and further provide a net present value savings of approximately \$_____; and

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

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

SECTION 1. Authorization - Designation - Principal Amount - Purpose. Revenue bonds of the City shall be and are hereby authorized to be issued in the aggregate principal amount of \$_____ to be designated and bear the title "CITY OF GARLAND, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, NEW SERIES 2018" (the "Bonds"), for the purpose of refunding certain outstanding obligations payable from revenues of the City's Electric Utility System (identified in the preamble hereof as the "Refunded Bonds" and the "Refunded Notes") and paying costs of issuance, all in conformity with the Constitution and laws of the State of Texas, including Texas Government Code, Chapter 1207, as amended.

SECTION 2. Fully Registered Obligations - Authorized Denominations - Stated Maturities - Interest Maximum Rate - Bond Date. The Bonds shall be in fully registered form, without coupons; dated May 15, 2018 (the "Bond Date"); shall be in denominations of \$5,000 or integral multiples thereof; and shall become due and payable on March 1 or September 1 in each of the years in the principal amounts (the "Stated Maturities") and bear interest at the per annum rate(s) in accordance with the following schedule:

<u>Stated Maturity</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate(s) (%)</u>
September 1, 2019		
March 1, 2020		
March 1, 2021		
March 1, 2022		
March 1, 2023		
March 1, 2024		
March 1, 2025		
March 1, 2026		
March 1, 2027		
March 1, 2028		
March 1, 2029		
March 1, 2030		
March 1, 2031		
March 1, 2032		
March 1, 2033		
March 1, 2034		
March 1, 2035		
March 1, 2036		
March 1, 2037		
March 1, 2038		
March 1, 2039		
March 1, 2040		
March 1, 2041		
March 1, 2042		

<u>Stated Maturity</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate(s) (%)</u>
March 1, 2043		
March 1, 2044		
March 1, 2045		
March 1, 2046		
March 1, 2047		
March 1, 2048		

The Bonds shall bear interest on the unpaid principal amounts from the date of initial delivery of the Bonds at the rate(s) per annum shown above in this Section (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on March 1 and September 1 of each year commencing September 1, 2019, until maturity or prior redemption.

SECTION 3. Payment of the Bonds - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity or otherwise, shall be payable only to the registered owners or holders of the Bonds (hereinafter called the "Holders") appearing on the books and records relating to the registration, payment, exchange and transfer of the Bonds (the "Security Register") maintained by the Paying Agent/Registrar, and the payment thereof shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

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

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

Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a non-payment of interest on one or more maturities on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment for such maturity or maturities (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder of such maturity or maturities appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 4. Redemption.

(a) Optional Redemption. The City reserves the right and option to redeem the Bonds maturing on and after March 1, 2029, in whole or in part, before their respective scheduled maturity dates, on March 1, 2028, or on any date thereafter at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest from the most recent interest payment date on which interest has been paid or duly provided for to the date fixed for redemption.

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

(b) Selection of Bonds for Redemption. If less than all Outstanding Bonds of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall treat such Bonds as representing the number of Bonds Outstanding, which is obtained by dividing the principal amount of such Bonds by \$5,000, and shall select the Bonds to be redeemed within such Stated Maturity by lot.

(c) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Bond to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount thereof to be redeemed, shall become due and

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

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

SECTION 5. Registration - Transfer - Exchange of Bonds - Predecessor Bonds. A Security Register relating to the registration, payment, and transfer or exchange of the Bonds shall at all times be kept and maintained by the City at the Designated Payment/Transfer Office of the Paying Agent/Registrar, as provided herein and in accordance with the provisions of an agreement with the Paying Agent/Registrar and such rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each Holder of the Bonds issued under and pursuant to the provisions of this Ordinance, or if appropriate, the nominee thereof. Any Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for Bonds of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender of any Bond (other than the Initial Bond(s) referenced in Section 8 hereof) for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bond(s) referenced in Section 8 hereof) may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds to the Holder requesting the exchange.

All Bonds issued in any transfer or exchange of Bonds shall be delivered to the Holders at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States Mail, first class, postage prepaid to the Holders, and, upon the registration and delivery thereof, the same shall be the valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered, and delivered in lieu thereof pursuant to the provisions of Section 31 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange to an assignee of the owner of the Bonds any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption of such Bond; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered Holder of the unredeemed balance of a Bond called for redemption in part.

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

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

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the City covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the

Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 3, 4 and 5 hereof.

If, at any time, DTC ceases to hold the Bonds as securities depository, all references herein to DTC shall be of no further force or effect.

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

No Bond shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 9(c), manually executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 9(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate upon any Bond duly signed shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered, and delivered.

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

SECTION 9. Form of Bonds.

(a) **Forms Generally.** The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other

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

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

(b) Form of Definitive Bonds.

REGISTERED
NO. ____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF GARLAND, TEXAS
ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND
NEW SERIES 2018

Bond Date:	Stated Maturity:	Interest Rate:	CUSIP No.:
May 15, 2018	_____	_____ %	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Garland (the "City"), in the State of Texas, for value received, hereby promises to pay to the Registered Owner named above (the "Holder") or its registered assigns, solely from the revenues hereinafter identified, on the Stated Maturity specified above, the Principal Amount hereinabove stated (or so much thereof as shall not have been paid upon prior redemption), and to pay interest on such unpaid principal amount from the later of the date of initial delivery of the Bonds or the most recent interest payment date to which interest has been paid or duly provided for, semiannually on March 1 and September 1 in each year, commencing September 1, 2019, until maturity or prior redemption, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30 day months. The principal of this Bond is payable upon presentation and surrender of this Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. The interest payable on any interest payment date will be paid to the Holder of this Bond whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date" for such interest, which shall be the fifteenth (15th) day of the month next preceding such interest payment date. If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized by law or executive order to close, and payment on such date shall have the same force and effect as if made on the original date

payment was due. All such payments may be made by the Paying Agent/Registrar by check dated as of the interest payment date and mailed to such Holder at the address appearing in the register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar, requested in writing by, and at the risk and expense of, the Holder hereof. All payments of principal of, premium, if any, and interest on this Bond shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, without exchange or collection charges to the Holder of this Bond.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$_____ (herein referred to as the "Bonds") for the purpose of refunding certain outstanding obligations payable from revenues of the City's Electric Utility System (identified and defined in the Ordinance hereinafter referenced) and paying costs of issuance, all under and in strict conformity with the Constitution and laws of the State of Texas, including Texas Government Code, Chapter 1207, as amended, and an Ordinance adopted by the governing body of the City (herein referred to as the "Ordinance").

The Bonds maturing on and after March 1, 2029, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on March 1, 2028, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

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

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

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

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

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

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

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

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

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

Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Holder of this Bond by the acceptance hereof hereby assents, for (1) definitions of terms; (2) the description of and the nature and extent of the security for the payment of the Bonds; (3) the properties constituting the System; (4) the Net Revenues pledged to the payment of the principal of and interest on the Bonds; (5) the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; (6) the terms and conditions for the issuance of additional revenue obligations; (7) the terms and conditions relating to the transfer or exchange of this Bond; (8) the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; (9) the rights, duties, and obligations of the City and the Paying Agent/Registrar; (10) the terms and provisions upon which the liens, pledges, charges, and covenants made therein may be discharged at or prior to the maturity of this Bond, and this

Bond deemed to be no longer Outstanding thereunder; and (11) for the other terms and provisions contained therein. Capitalized terms used herein have the same meanings assigned in the Ordinance.

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

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

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

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

Mayor

COUNTERSIGNED

City Secretary

(City Seal)

(Social Security or other identifying number: _____)
 _____) the within Bond and all rights thereunder, and hereby
 irrevocably constitutes and appoints _____
 attorney to transfer the within Bond on the books kept for registration thereof, with full power of
 substitution in the premises.

DATED: _____

Signature guaranteed: _____

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

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

Heading and first paragraph shall read as follows:

REGISTERED
 NO. T-1

REGISTERED
 \$ _____

UNITED STATES OF AMERICA
 STATE OF TEXAS
 CITY OF GARLAND, TEXAS
 ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND
 NEW SERIES 2018

Bond Date: May 15, 2018

Registered Owner: _____

Principal Amount: ____ MILLION ____ THOUSAND DOLLARS

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

<u>MATURITY</u>	<u>PRINCIPAL INSTALLMENTS (\$)</u>	<u>INTEREST RATES (%)</u>
-----------------	--	-------------------------------

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

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on
 such unpaid principal amount from the later of the date of initial delivery of the Bonds or the most
 recent interest payment date to which interest has been paid or duly provided for, semiannually
 on March 1 and September 1 in each year, commencing September 1, 2019 until maturity or prior
 redemption, at the per annum rate of interest specified above, computed on the basis of a 360-
 day year of twelve 30-day months. The principal of this Bond is payable to the registered owner

hereof by ZB, National Association dba Amegy Bank, Houston, Texas (the "Paying Agent/Registrar"), upon its presentation and surrender, at its designated offices, initially in Salt Lake City, Utah, or, with respect to a successor paying agent/registrar, at the designated office of such successor (the "Designated Payment/Transfer Office"). The interest payable on any interest payment date will be paid to the Holder of this Bond whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the Record Date for such interest, which shall be the fifteenth (15th) day of the month next preceding such interest payment date. If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized by law or executive order to close, and payment on such date shall have the same force and effect as if made on the original date payment was due. All such payments may be made by the Paying Agent/Registrar by check dated as of the interest payment date and mailed to such Holder at the address appearing in the register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar, requested in writing by, and at the risk and expense of, the Holder hereof. All payments of principal of, premium, if any, and interest on this Bond shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, without exchange or collection charges to the Holder of this Bond.

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

(a) The term "Additional Bonds" shall mean the additional parity revenue obligations authorized to be issued in accordance with the terms and conditions prescribed in Section 21 hereof.

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

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

(2) Balloon Debt. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Debt due (or payable in respect of any required purchase of such Debt by the City) in any Fiscal

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

(3) Consent Sinking Fund. In the case of Balloon Debt (as defined in clause (2) above), if the City Manager or the Finance Director or a designee of either shall deliver to the City a certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (3) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule; and provided further that this clause (3) shall not apply where the City has elected to apply the rule set forth in clause (2) above;

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

(5) Variable Rate.

(i) Except as hereinafter provided in this subparagraph, the rate of interest on Variable Rate Obligations then proposed to be issued shall be deemed to be the average for the then immediately preceding five (5) years of the SIFMA Index, plus twenty (20) basis points; provided, however, that (i) if, after the issuance of the Variable Rate Obligations then proposed to be issued, more than 20% of the aggregate of the Bonds Similarly Secured Outstanding will bear interest at a variable rate and (ii) any Bond Similarly Secured is then insured by a Bond Insurer, the rate of interest on Variable Rate Obligations then proposed to be issued shall be deemed to be the greater of (x) the most recently announced thirty (30) year Revenue Bond Index published by The Bond Buyer, a financial journal published, as of the date the Ordinance was adopted, in the City of New York, New York or (y) 1.25 times the average variable rate borne by any Variable Rate Obligations then Outstanding during the then immediately preceding twelve-month period, and

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

(6) Guarantee. In the case of any guarantee, as described in clause (2) of the definition of Debt, no obligation will be counted if the City does not anticipate in its annual budget that it will make any payments on the guarantee. If however, the City is making payments on a guarantee or anticipates doing so in its annual budget, such obligation shall be treated as Parity Bonds and calculations of annual debt service requirements with respect to such guarantee shall be made assuming that the City will make all additional payments due under the guaranteed obligation. If the entity whose obligation is guaranteed cures all defaults and the City no longer anticipates making payments under the guarantee, the guaranteed obligations shall not be included in the calculation of Annual Debt Service Requirements;

(7) Commercial Paper. With respect to any Bonds Similarly Secured issued in the form of commercial paper with maturities not exceeding 270 days, the interest on such Bonds Similarly Secured shall be calculated in the manner provided in clause (5) of this definition and the maturity schedule shall be calculated in the manner provided in clause (2) of this definition; and

(8) Credit Agreement Payments. If the City has entered into a Credit Agreement in connection with an issue of Debt, payments due under the Credit Agreement (other than payments made by the City in connection with the termination or unwinding of a Credit Agreement), from either the City or the Credit Provider, shall be included in such calculation except to the extent that the payments are already taken into account under (1) through (7) above and any payments otherwise included above under (1) through (7) which are to be replaced by payments under a Credit Agreement, from either the City or the Credit Provider, shall be excluded from such calculation.

(c) The term "Bonds" shall mean the "City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2018," dated May 15, 2018, authorized by this Ordinance.

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

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

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

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

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

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

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

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

(2) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the City, or that is in effect guaranteed, directly or indirectly, by the City through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

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

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

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

(l) The term "Gross Revenues" shall mean those revenues, income, and receipts derived or received by the City from the operation and ownership of the System, including interest income and earnings from the investment or deposit of money in any Fund created by the Ordinance or another ordinance or authorizing document associated with the Bonds or Additional Bonds or maintained by the City in connection with the System, and money transferred to the System Fund, other than those amounts subject to the payment of the United States of America as rebate pursuant to Section 148 of the Code. The term "Gross Revenues", however, does not include refundable meter deposits, restricted gifts, grants in aid of construction or "transition charges" or similar charges imposed pursuant to the Texas Utilities Code, Subchapter G of Chapter 39, as amended, or similar law imposed for the payment of "transition bonds".

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

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

(o) The term "Net Revenues" shall mean for any period of time the Gross Revenues of the System less the Operation and Maintenance Expenses incurred during such period.

(p) The term "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.

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

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

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

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

(r) 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.

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

(t) The term "Previously Issued Bonds" includes (i) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2014, dated June 1, 2014, (ii) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2015, dated February 1, 2015, (iii) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2016A, dated November 15, 2016 and (iv) City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, New Series 2016B, dated November 15, 2016.

(u) The term "Prior Lien Bonds" includes (i) "City of Garland, Texas, Electric Utility System Revenue Bonds, Series 2008," dated June 15, 2008 (the 2019-2028 maturities to be refunded by the Bonds), (ii) "City of Garland, Texas, Electric Utility System Revenue Bonds, Series 2009," dated May 15, 2009, (iii) "City of Garland, Texas, Electric Utility System Revenue Bonds, Series 2011," dated June 15, 2011, (iv) "City of Garland, Texas Electric Utility System Revenue Refunding Bonds, Series 2011A," dated November 1, 2011 and (v) "City of Garland, Texas, Electric Utility System Revenue Refunding Bonds, Series 2013" dated May 1, 2013.

(v) 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.

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

(x) 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.

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

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

SECTION 11. Pledge of Revenues. The City hereby covenants and agrees that, subject only to the prior lien on and pledge of the Net Revenues of the System to the payment and security of the Prior Lien Bonds (including the establishment and maintenance of the special funds created for the payment and security thereof) under the terms and conditions of the ordinances and proceedings pertaining to their authorization, the Net Revenues of the System, with the exception of those in excess of the amounts required for the payment and security of the Outstanding Bonds Similarly Secured, are hereby irrevocably pledged to the payment and security of the Outstanding Bonds Similarly Secured, including the maintenance of the special funds herein created in connection with the issuance of the Bonds, all as hereinafter provided, and it is hereby ordained that the Bonds Similarly Secured, and the interest thereon, shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the System and be valid and binding without any filing or recording except for the filing of this Ordinance in the records of the City.

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

SECTION 12. Rates and Charges. The City hereby covenants and agrees with the Holders of the Bonds that rates and charges for electric utility services afforded by the System will be established and maintained to provide Gross Revenues, including the money transferred to the System Fund for the sole purpose of compliance with this Section 12, sufficient at all times to:

- (a) Pay for all operation, maintenance, depreciation, replacement, and betterment charges of said System;
- (b) Maintain the Bond Fund;
- (c) Maintain the Reserve Fund at the Required Reserve Amount; and
- (d) Pay all other outstanding indebtedness against said System as and when the same becomes due.

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

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

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

(c) City of Garland, Texas New Series Electric Utility System Revenue Reserve Fund, hereinafter called the "Reserve Fund," which Reserve Fund, if required to be established and maintained as set forth herein or as set forth in an ordinance of the City relating to the issuance of Additional Bonds, shall be kept and maintained at a City depository, and moneys or instruments or any combination of both deposited in the Reserve Fund shall be used to pay principal of and interest on any Outstanding Bonds Similarly Secured falling due at any time when there is insufficient money available in the Bond Fund for such purpose.

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

The City reserves the right to establish and maintain additional funds and accounts in connection with payment or support of the Outstanding Bonds Similarly Secured and the money on deposit in any such fund or account on the last day of the Fiscal Year may be used for any lawful purpose related to the Outstanding Bonds Similarly Secured and any proposed obligations

which would be Bonds Similarly Secured when issued, including being applied to any Net Revenue calculations associated with Additional Bonds.

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

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

SECTION 16. Reserve Fund. (a) Establishment. A Reserve Fund shall not be required to be established or maintained by the City for the payment of the Bonds or any other Bonds Similarly Secured so long as the Net Revenues of the System for a Fiscal Year equal or exceed one hundred fifty per cent (150%) of the annual debt service requirements of Bonds Similarly Secured due and payable in such Fiscal Year. If for any Fiscal Year such Net Revenues do not exceed 150% of the annual debt service requirements of the Bonds Similarly Secured, the City shall be obligated to establish and maintain on the books of the City a separate fund or account designated as the Reserve Fund. Upon being established and except as provided below, the amount on deposit to the credit of the Reserve Fund shall be maintained for the benefit of the owners of the Bonds Similarly Secured. The amounts deposited to the credit of the Reserve Fund shall be in a special fund maintained at a depository of the City. Monies or investments held in the Reserve Fund shall be used for the purpose of retiring the last of the Bonds Similarly Secured as they become due or paying principal of and interest on the Bonds Similarly Secured when and to the extent the amounts in the Bond Fund are insufficient for such purpose.

When a Reserve Fund is required to be established as noted above and while the same is required to be maintained, the Required Reserve Amount to be accumulated and maintained in such Fund shall be determined and re-determined as follows:

(1) ten per cent (10%) of the average annual debt service requirement for all Bonds Similarly Secured if the Net Revenues for the previous Fiscal Year were less than 150% of the annual debt service requirement for such Fiscal Year;

(2) twenty per cent (20%) of the average annual debt service requirement for all Bonds Similarly Secured if the Net Revenues for the previous Fiscal Year were less

than 140% of the annual debt service requirement for such Fiscal Year, but greater than or equal to 130% of the annual debt service requirement for such Fiscal Year;

(3) thirty per cent (30%) of the average annual debt service requirement for all Bonds Similarly Secured then Outstanding if the Net Revenues for the previous Fiscal Year were less than 130% of the annual debt service requirement for such Fiscal Year, but greater than or equal to 120% of the annual debt service requirement for such Fiscal Year;

(4) forty per cent (40%) of the average annual debt service requirement for all Bonds Similarly Secured if the Net Revenues for the previous Fiscal Year were less than 120% of the annual debt service requirement for such Fiscal Year, but greater than or equal to 110% of the annual debt service requirement for such Fiscal Year; and

(5) fifty per cent (50%) of the average annual debt service requirement for all Bonds Similarly Secured if the Net Revenues for the previous Fiscal Year were less than 110% of the annual debt service requirement for such Fiscal Year.

The City shall review the amount, if any, on deposit in the Reserve Fund within thirty (30) days of the receipt of the audited financial statements applicable to the System for the preceding Fiscal Year to determine compliance with the provisions of subparagraph (i), (ii), (iii), (iv) and (v) of subsection (a) of this Section 16. If at any time the City is required to fund the Required Reserve Amount, or to increase the Required Reserve Amount, the Required Reserve Amount or increase in the Required Reserve Amount, as applicable, shall be funded as provided in subsection (b) of this Section 16 in not more than sixty (60) substantially equal consecutive monthly deposits commencing not later than the month following the receipt of audited financial statements for the System for the preceding Fiscal Year.

(b) Funding. The Required Reserve Amount shall be established and maintained with Net Revenues of the System, transfer(s) of funds from refunded obligations, proceeds of sale of Bonds Similarly Secured, or by depositing to the credit of the Reserve Fund, to the extent permitted by law, one or more surety bonds or insurance policies issued by a company or institution which at the time of such deposit has a rating in one of the two highest rating categories by two nationally recognized rating agencies or services, or any combination thereof. The City hereby covenants and agrees to accumulate in the Reserve Fund the Required Reserve Amount either by depositing, from Net Revenues, in not more than sixty (60) substantially equal monthly payments, which initial fractional payment thereof shall be made on or before the fifteenth (15th) day of the month next following the determination that additional amounts need to be accumulated in the Reserve Fund to satisfy the Required Reserve Amount or by funding the Reserve Fund in the Required Reserve Amount from funds received from the transfer of funds from refunded obligations, from proceeds of sale of Bonds Similarly Secured, or by depositing one or more surety bonds or insurance policies issued by a company or companies meeting the aforesaid criteria, or any combination of the foregoing.

Concurrently with the delivery of a series of Additional Bonds, the appropriate City officials shall determine the Required Reserve Amount as well as the amount then held in the Reserve Fund, and the amount of such difference shall be deposited in the said Reserve Fund (i) by depositing to the credit of the Reserve Fund (concurrently with the delivery of the then proposed Additional Bonds) cash or an additional surety bond or insurance policy or revised surety bond or revised insurance policy with coverage in an amount sufficient to provide for the new Required Reserve to be fully or partially funded, or (ii) at the option of the City, in not more than sixty (60)

substantially equal consecutive monthly payments, cash, the initial payment to be made on or before the fifteenth (15th) day of the month next following the month in which such Additional Bonds are delivered (or 1/60th of the balance of the additional amount not deposited immediately in cash or provided by a surety bond or insurance policy).

When and so long as the cash and investments in the Reserve Fund and/or coverage afforded by a surety bond or insurance policy held for the account of the Reserve Fund total not less than the Required Reserve Amount, no deposits need be made to the credit of the Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Required Reserve Amount (or so much thereof as shall then be required to be contained therein if Additional Bonds have been issued and the City has elected to accumulate all or a portion of the Required Reserve Amount with Net Revenues), the City covenants and agrees to cause monthly deposits to be made to the Reserve Fund on or before the fifteenth (15th) day of each month (beginning the month next following the month the deficiency in the Required Reserve Amount occurred by reason of a draw on the Reserve Fund or as a result of a reduction in the market value of investments held for the account of the Reserve Fund) from Net Revenues of the System in an amount equal to either (i) one-sixtieth (1/60th) of the Required Reserve Amount until the total Required Reserve Amount then required to be maintained in said Fund has been fully restored or (ii) the amounts to pay principal of and interest on Bonds Similarly Secured held by an insurer, or evidenced by an instrument of assignment entitling an insurer to payment of principal of and interest on Bonds Similarly Secured, as a result of payments or draws made on a surety bond or insurance policy held for the account of the Reserve Fund, and such payments will result in (x) the principal of and/or interest on such Bonds Similarly Secured to be paid and (y) the restoration and replenishment of the surety bond or insurance policy coverage representing all or a portion of the Required Reserve Amount.

During such time as the Reserve Fund contains the total Required Reserve Amount, the City may, at its option, withdraw all surplus in the Reserve Fund over the Required Reserve Amount and deposit such surplus in the System Fund. Any such amount to be withdrawn that is allocated to proceeds of Bonds Similarly Secured shall be deposited to the Bond Fund or otherwise used for only such purposes as other bond proceeds may be used.

If the Reserve Fund is required to be established as provided in (a) above, and for two consecutive Fiscal Years, the Net Revenues of the System for a Fiscal Year equal or exceed one hundred fifty per cent (150%) of the annual debt service requirements of Bonds Similarly Secured due and payable in such Fiscal Year, then the Reserve Fund does not need to be maintained and the amounts in the Reserve Fund may be deposited to the Bond Fund or otherwise used for only such purposes as other bond proceeds may be used.

SECTION 17. Deficiencies in Funds. If in any month the City shall, for any reason, fail to pay into the Bond Fund or Reserve Fund the full amounts above stipulated, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available and unallocated Net Revenues of the System for the following month or months, and such payments shall be in addition to the amounts otherwise required to be paid into said Funds during such month or months.

SECTION 18. Excess Revenues. Any Net Revenues in excess of those required to establish and maintain the special Funds as herein required may be used for any other lawful purpose.

SECTION 19. Security of Funds. All moneys deposited in the Funds referred to in this Ordinance shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and shall be used only for the purposes permitted by this Ordinance and the ordinances authorizing the issuance of other Bonds Similarly Secured.

SECTION 20. No Additional Obligations to be Issued on a Parity with the Prior Lien Bonds - Obligations of Inferior Lien and Pledge. The City will not hereafter issue any additional obligations with a lien on and pledge of the Net Revenues on a parity with the lien on and pledge of the Net Revenues associated with the Prior Lien Bonds or create or issue evidences of indebtedness for any purpose possessing a lien on the Net Revenues of the System superior to that to be possessed by the Bonds Similarly Secured. The City, however, retains the right to create and issue evidences of indebtedness whose lien on and pledge of the Net Revenues of the System shall be subordinate to that possessed by the Bonds Similarly Secured.

SECTION 21. Issuance of Additional Bonds. In addition to the right to issue obligations of inferior lien as authorized by the laws of the State of Texas, the City hereby reserves the right to issue additional parity obligations. The Additional Bonds, when issued, shall be payable from and secured by a lien on and pledge of the Net Revenues of the System in the same manner and to the same extent as the Outstanding Bonds Similarly Secured, and the Outstanding Bonds Similarly Secured and any Additional Bonds shall in all respects be of equal dignity. The Additional Bonds may be issued in one or more installments, provided, however, that none shall be issued unless and until the following conditions have been met:

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

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

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

issuance of the proposed Additional Bonds, then, in such event, the coverage specified in the first sentence of this subparagraph (c) shall not be required for the period specified, and such accountant's certificate will be sufficient if accompanied by a Consultant's certificate to the above effect. The term Net Revenues, as used in this subparagraph (c), shall mean the Net Revenues of the System, but excluding and not deducting any charges or disbursements which under standard accounting practice should be charged to capital expenditures;

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

(e) The ordinance authorizing the issuance of such Additional Bonds provides that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased by an additional amount not less than the applicable percentage of the average annual debt service requirements for the Bonds Similarly Secured, taking into account the proposed Additional Bonds and that such additional amount shall (i) be so accumulated within sixty (60) months from the date of the Additional Bonds by the deposit in the Reserve Fund of the necessary sums in substantially equal consecutive monthly installments; or (ii) be deposited therein transfers of lawfully available funds, proceeds of sale of Bonds Similarly Secured or depositing to the credit of the Reserve Fund one or more surety bonds or insurance policies as provided in this Ordinance; provided, however, that the aggregate amount to be accumulated in the Reserve Fund shall never be required to exceed the applicable percentage of the average annual debt service requirements for all Bonds Similarly Secured taking into account the series of Additional Bonds then proposed to be issued; and

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

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

SECTION 22. Maintenance and Operation - Insurance. The City covenants and agrees that the System shall be maintained in good condition and operated in an efficient manner and at reasonable cost. So long as any of the Bonds are Outstanding, the City agrees to maintain insurance on the System of a kind, including self-insurance by the City, and in an amount not less than, customarily carried by municipal corporations in the State of Texas engaged in a similar type of business. Nothing in this Ordinance shall be construed as requiring the City to expend any funds which are derived from sources other than the operation of the System, but nothing herein shall be construed as preventing the City from doing so.

SECTION 23. Records - Accounts - Accounting Reports.

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

(b) Expenses incurred in making the audits above referred to are to be regarded as maintenance and operating expenses of the System and paid as such. Copies of the aforesaid annual audit shall be immediately furnished to the Executive Director of the Municipal Advisory Council of Texas at his or her office in Austin, Texas, and, upon written request to the Purchasers and any subsequent Owners of the Bonds.

SECTION 24. Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in payments to be made to the Bond Fund and Reserve Fund as required by this Ordinance or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, the Holder or Holders of any Bond shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

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

SECTION 25. Special Covenants. The City hereby further covenants as follows:

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

(b) That, other than for the payment of the Prior Lien Bonds, the Previously Issued Bonds and the Bonds, the Net Revenues of the System have not in any manner been pledged to the payment of any debt or obligation of the City or of the System that is on a parity with the pledge of the Net Revenues to Bonds Similarly Secured. The Net Revenues have been pledged to the City's Electric Utility System Commercial Paper Notes, Series 2014 (which are being discharged with proceeds of the Bonds and proceeds of the City's Electric Utility System Commercial Paper Notes, Series 2018 which are being issued concurrently with the Bonds) and

the City's draw down notes entitled City of Garland, Texas Electric Utility System Notes, Series 2016, 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, the Bonds Similarly Secured 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 Bonds, the City may sell or exchange at any time and from time to time any properties and facilities constituting the System if the City shall have received a certificate executed by the Finance Director stating that the sale or exchange of such property or facilities will not materially adversely affect the financial condition of the City or its ability to satisfy the System's rate covenants. The proceeds of any such sale or exchange shall be used by the City, at the option of the City, (i) to acquire additional System facilities; (ii) to purchase, defease, or redeem System Debt; or (iii) for any other lawful purpose. Additionally, the portion of property comprising personal property or machinery, properties, and equipment which has become obsolete or otherwise unneeded in the operation of the System may be sold or otherwise disposed in any manner deemed appropriate by the City acting through the City Manager, the Finance Director or a designee of either of such City representatives.

To the extent that it legally may, the City further covenants and agrees that, so long as any of the Bonds Similarly Secured, or any interest thereon, are Outstanding, no franchise shall be granted for the installation or operation of any competing electric utility system other than that owned by the City.

SECTION 26. Bonds are Special Obligations. The Bonds are special obligations of the City payable from the pledged Net Revenues of the System, and the Holders thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

SECTION 27. Bonds are Negotiable Instruments. That each of the Bonds shall be deemed and construed to be a "security," and as such a negotiable instrument, within the meaning of Texas Business and Commerce Code, Chapter 8, as amended.

SECTION 28. Investments. Moneys in the Bond Fund and the Reserve Fund may at the option of the City be invested or reinvested from time to time in direct obligations of the United States of America, or other obligations permitted by the Texas Public Funds Investment Act, as amended.

SECTION 29. Payment of Bond. While any of the Bonds are Outstanding, the Mayor, the Finance Director and the City Secretary, individually or jointly, are hereby authorized to transfer

or cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Bond Fund and, if necessary, in the Reserve Fund, amounts sufficient to fully pay and discharge promptly each installment of interest on and principal of the Bonds as the same accrue or mature or come due; such transfer of funds to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds on or before the date of payment for the Bonds.

SECTION 30. Registered Owners, Notices, Waiver. The City, the Paying Agent/Registrar and any agent of either of them may treat the person in whose name any Bond is registered as the Holder of such Bond for the purpose of receiving payment of the principal of and interest on such Bond and for all other purposes whatsoever, and to the extent permitted by law, neither the City, the Paying Agent/Registrar, nor any agent of either of them shall be affected by notice to the contrary.

Wherever this Ordinance provides for notice to the Holder of a Bond of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first class postage prepaid, to the address of such Holder as it appears in the register kept by the Paying Agent/Registrar at the close of business on the business day next preceding the mailing of such notice.

In any case in which notice to the Holders of the Bonds is given by mail, neither the failure to mail such notice to any Holder of a Bond, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by any Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders of the Bond shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 31. Mutilated, Destroyed, Lost, and Stolen Bonds. (a) If (i) any mutilated Bond is surrendered to the Paying Agent/Registrar or the City or the Paying Agent/Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond and (ii) there is delivered to the City and the Paying Agent/Registrar such security or indemnity as may be required by the Paying Agent/Registrar to save and hold each of them harmless, then, in the absence of notice to the City or the Paying Agent/Registrar that such Bond has been acquired by a bona fide purchaser, the City shall execute and upon its request the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same stated maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the City, in its discretion may, instead of issuing a new Bond, pay such Bond if it has become due and payable, or may pay such Bond when it becomes due and payable.

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

(d) Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Bond shall constitute a replacement of the prior obligation of the City, whether or not the mutilated, destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds.

(e) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

SECTION 32. Cancellation. All Bonds surrendered for payment, transfer, exchange or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be disposed of as directed by the City.

SECTION 33. Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms have the following meanings:

“*Closing Date*” means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

“*Code*” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“*Computation Date*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Gross Proceeds*” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

“*Investment*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Nonpurpose Investment*” means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“*Rebate Amount*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Regulations*” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of the Bonds:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds (including property financed with Gross Proceeds of the Refunded Bonds and the Refunded Notes), and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Refunded Bonds and the Refunded Notes), other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or

use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

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

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

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the construction fund, other appropriate fund or, if permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the Bond Fund, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time

thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and the rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on the Bonds not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, Finance Director, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

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

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

SECTION 34. Sale of Bonds; Purchase Agreement and Official Statement Approval. The Bonds authorized by this Ordinance are hereby sold by the City to Wells Fargo Bank, National Association and Bank of America, N.A. (collectively, the "Purchasers") in accordance with the Bond Purchase Agreement, dated May 15, 2018, substantially in the form attached hereto as **Exhibit B** and incorporated herein by reference as a part of this Ordinance for all purposes, and the City has determined and does determine that the terms of such Purchase Agreement are in the City's best interests. The Mayor or Mayor Pro Tem are hereby authorized and directed to execute said Purchase Agreement for and on behalf of the City and as the act and deed of the Council, and in regard to the approval and execution of the Purchase Agreement, the Council hereby finds, determines, and declares that the representations, warranties, and agreements of the City contained therein are true and correct in all material respects and shall be honored and performed by the City.

Furthermore, the use of the Preliminary Official Statement by the Purchasers in connection with the public offering and sale of the Bonds is hereby ratified, confirmed and approved in all respects. The final Official Statement, which reflects the terms of sale (together with such changes approved by the Mayor, Mayor Pro Tem, City Manager, Finance Director or City Secretary, any one or more of said officials), shall be and is hereby in all respects approved and the Purchasers are hereby authorized to use and distribute said final Official Statement, dated May 15, 2018, in the reoffering, sale and delivery of the Bonds to the public. The Mayor or Mayor Pro Tem and City Secretary are further authorized and directed to cause to be delivered for and on behalf of the City copies of said Official Statement in final form as may be required by the

Purchasers, and such final Official Statement shall be deemed to be approved by the Council and constitute the Official Statement authorized for distribution and use by the Purchasers.

SECTION 35. Legal Opinion. The Purchasers' obligation to accept delivery of the Bonds herein authorized is subject to their being furnished a final opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel to the City, approving the Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Bonds. A true and correct reproduction of said opinion or an executed counterpart thereof shall accompany the global Bonds deposited with DTC, or a reproduction thereof may be printed on or attached to the definitive Bonds in the event the book-entry only system shall be discontinued.

SECTION 36. Proceeds of Sale. Immediately following the delivery of the Bonds, proceeds of sale in the amount of \$_____ shall be deposited with U.S. Bank National Association (the current issuing and paying agent for the Refunded Notes) for the payment and discharge of the Refunded Notes and proceeds of sale in the amount of \$_____ shall be deposited with ZB, National Association dba Amegy Bank (the current paying agent/registrar for the Refunded Bonds) for the refunding of the Refunded Bonds. The balance of the proceeds of sale of the Bonds shall be expended to pay costs of issuance and any excess amount budgeted for such purpose shall be deposited in the Bond Fund.

[Additionally, on or immediately prior to the date of the delivery of the Bonds, the Finance Director or other appropriate City official shall cause to be transferred in immediately available funds (i) to the paying agent/registrar for the Refunded Bonds from moneys on deposit in the interest and sinking fund maintained for the payment of the Refunded Bonds the sum of \$_____ to accomplish the refunding of the Refunded Bonds and (ii) to the issuing and paying agent for the Refunded Notes from moneys on deposit in the interest and sinking fund maintained for the payment for the Refunded Notes the sum of \$_____ to accomplish the refunding of the Refunded Notes.]

SECTION 37. Redemption of Refunded Bonds.

The Refunded Bonds shall be redeemed and the same are hereby called for redemption on June 21, 2018, at the price of par and accrued interest to the date of redemption. The City Secretary is hereby authorized and directed to file a copy of this Ordinance, together with a suggested form of notice of redemption to be sent to holders of the Refunded Bonds, with ZB, National Association dba Amegy Bank (the current paying agent/registrar for the Refunded Bonds and successor to The Bank of New York Mellon Trust Company, N.A.), in accordance with the redemption provisions applicable to such obligations; such suggested form of notice of redemption being substantially in the form attached hereto as **Exhibit C** and incorporated herein by reference as a part of this Ordinance for all purposes.

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

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

SECTION 39. Payment and Discharge. (a) If the City shall pay or cause to be paid or there shall otherwise be paid to the Holders of the Bonds, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Ordinance, then the pledge of the Net Revenues of the System under this Ordinance and all covenants, agreements and other obligations of the City to the Holders of the Bonds shall thereupon cease, terminate, and become void and be discharged and satisfied.

(b) Bonds or any principal amount thereof and interest installments for which money shall have been set aside in full payment to maturity thereof and held in trust by the Paying Agent/Registrar (through deposit by the City of funds for such payment) shall be deemed to have been paid within the meaning and with the effect expressed above in this Section. All Outstanding Bonds shall be deemed to have been paid, prior to their stated maturity within the meaning and with the effect expressed above in this Section if there shall have been deposited with the Paying Agent/Registrar or an authorized escrow agent either money in an amount which shall be sufficient, or Government Obligations which have been certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to pay when due the principal of, premium, if any, and interest to become due on such Bonds on and prior to the stated maturity. The City covenants that no deposit of moneys or Government Obligations will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or any regulations or published rulings adopted pursuant thereto. Neither Government Obligations nor moneys deposited with the Paying Agent/Registrar or an escrow agent pursuant to this Section, nor principal or interest payments on any such Government Obligations, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on the Bonds. Any cash received from such principal of and interest on such Government Obligations deposited with the Paying Agent/Registrar or such escrow agent, if not needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations (which may be non-interest bearing) maturing at times and in amounts sufficient to pay when due the principal of, premium, if any, and interest on such Bonds on and prior to the stated maturity thereof, and interest earned from such reinvestments shall be paid over to the City as received by the Paying Agent/Registrar or escrow agent, free and clear of any trust, lien or pledge. Any payment for Government Obligations purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Government Obligations.

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

SECTION 40. Ordinance a Contract; Amendments. This Ordinance shall constitute a contract with the Holder of any Bond from time to time, be binding on the City, and shall not be

amended or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section and in Section 42 hereof. The City, may, without the consent of or notice to any Holders of Bonds, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders of any Bond, including the curing of any ambiguity, inconsistency or formal defect or omission herein. In addition, the City may, with the written consent of the Holders of Bonds owning a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition or rescission shall (a) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (b) give any preference to any Bond over any other Bond or (c) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition or rescission.

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

SECTION 42. Continuing Disclosure Undertaking.

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

“MSRB” means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports. The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year, beginning in or after 2018, financial information and operating data with respect to the City of the general type included in Tables 1 through 10 in the Official Statement and (2) within twelve months after the end of each fiscal year ending in or after 2018, audited financial statements of the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in Appendix B to the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not available by the required time, the City will file unaudited financial statements within such twelve-month period and audited financial statements when and if such audited financial statements become available.

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

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

(c) Notice of Certain Events. The City shall provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For these purposes, any event described in the immediately preceding subsection (c)(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 (b) of this Section by the time required by such Section.

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

(e) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the City in any event will give the notice required by subsection (c) of this Section of any Bond calls and defeasance that cause the City to be no longer such an “obligated person.”

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

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

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

Notwithstanding anything herein to the contrary, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid,

but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 43. Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar, and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar, and the Holders.

SECTION 44. Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

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

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

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

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

SECTION 49. Further Procedures. Any one or more of the Mayor, Mayor Pro Tem, City Manager, Finance Director and City Secretary are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the issuance, sale and delivery of the Bonds. In addition, prior to the delivery of the Bonds, the Mayor, Mayor Pro Tem, City Manager, Finance Director or Bond Counsel to the City are each hereby authorized and directed to approve any changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any ambiguity, formal defect, or omission in this Ordinance or such other document, or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Bonds by the Attorney General. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 50. Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Texas Government Code, Chapter 551, as amended.

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

[remainder of page intentionally left blank]

PASSED AND ADOPTED this May 15, 2018.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

(City Seal)

EXHIBIT A

PAYING AGENT/REGISTRAR AGREEMENT

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT is entered into as of May 15, 2018 (this "Agreement"), by and between ZB, National Association dba Amegy Bank, a national banking association organized and existing under the laws of the United States of America and authorized to transact business in the State of Texas (the "Bank") and the City of Garland, Texas (the "Issuer").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "City of Garland, Texas Electric Utility System Revenue Refunding Bonds, New Series 2018" (the "Securities"), such Securities scheduled to be delivered to the initial purchasers thereof on or about June 12, 2018; and

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

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

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01 Appointment. The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the "Authorizing Document" (hereinafter defined). The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the "Authorizing Document".

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

Section 1.02 Compensation. As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A attached hereto.

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

ARTICLE TWO DEFINITIONS

Section 2.01 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

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

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

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

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

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

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

“Redemption Date”, when used with respect to any Security to be redeemed, means the date fixed for such redemption pursuant to the terms of the Authorizing Document.

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

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

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

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

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

ARTICLE THREE PAYING AGENT

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

ZB, National Association dba Amegy Bank
One South Main Street, 17th Floor
Salt Lake City, UT 84133

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

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

ARTICLE FOUR REGISTRAR

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

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

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02 Securities. The Issuer shall provide additional Securities when needed to facilitate transfers or exchanges thereof. The Bank covenants that such additional Securities, if and when provided, will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03 Form of Security Register. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

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

Section 4.04 List of Security Holders. The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register, provided the Bank is not prohibited from providing such notice.

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

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

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

Section 4.07 Transaction Information to Issuer. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE THE BANK

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

Section 5.02 Reliance on Documents, Etc.

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

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

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

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in

a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by the Issuer.

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

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

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

Section 5.03 Recitals of Issuer. The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

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

Section 5.04 May Hold Securities. The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05 Moneys Held by Bank - Paying Agent Account/Collateralization. A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of moneys received from the Issuer under this Agreement for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such paying agent account shall be made by check drawn on such account unless the owner of the Securities shall, at its own expense and risk, request an alternative method of payment.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal of, premium (if any), or interest on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Texas Property Code, as amended. The Bank shall have no liability by virtue of actions taken in compliance with this provision.

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

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

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the state and county where the administrative office of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08 DTC Services. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, and in the event the Bank has the capability to comply with the "Operational Arrangements", which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls, the Bank will comply with the "Operational Arrangements".

ARTICLE SIX MISCELLANEOUS PROVISIONS

Section 6.01 Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03 Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature pages hereof.

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

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

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

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

Section 6.08 Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

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

Section 6.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

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

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

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

Section 6.12 No Boycott of Israel. To the extent this Agreement is a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, the Bank hereby verifies that the Bank is a company which does not boycott Israel and will not boycott Israel through the term of this Agreement. For purposes of this verification, "company" and "boycott Israel" have the meanings ascribed to such terms by Chapter 808 of the Texas Government Code.

Section 6.13 Iran, Sudan and Foreign Terrorist Organizations. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, to the extent applicable to this Agreement, the Bank represents that it is not a company (as defined in Section 2270.0001(2), Texas Government Code) which is on a list prepared and maintained by the Comptroller of Public Accounts of the State of Texas under Sections 2270.0201 or 2252.153, Texas Government Code.

Section 6.14 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[Remainder of page left blank intentionally.]

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

ZB, NATIONAL ASSOCIATION DBA AMEGY BANK

By: _____

Title: _____

Attest:

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

Title: _____

[signature page to Paying Agent/Registrar Agreement]

CITY OF GARLAND, TEXAS

By: _____
Mayor

Address: 200 North Fifth Street
Garland, Texas 75040

Attest:

City Secretary

[signature page to Paying Agent/Registrar Agreement]

ANNEX A
TO PAYING AGENT/REGISTRAR AGREEMENT

BANK'S FEES AND CHARGES



Paying Agent and Registrar

Schedule of Fees

**City of Garland Electric Utility System Revenue Refunding
Bonds, Series 2018**

Acceptance Fee:

WAIVED

Covers document review, acceptance and set-up of the Paying Agent account. One time fee payable at closing.

Annual Administration Fee:

\$400.00

To administer the account per terms of the agreement including maintenance, disbursement of principal and interest payments and other matters detailed in the agreement. (Payable at closing and on each anniversary date thereafter without pro-ration.)

Out of pocket:

At Cost

Amegy Bank's philosophy is for our quoted fees to be all inclusive, where possible. We will not charge for customary expenses incurred in the ordinary administration of accounts but will bill at cost for out-of-pocket charges such as DTC charges, travel for closings, publications, or legal costs incurred as required or authorized during the acceptance and administration of the trust, etc. Overnight delivery charges will be billed at \$15/minimum or at cost if over \$15.00. Periodic tenders, sinking fund, optional or extraordinary call redemptions will be assessed an additional \$250.00 per event.

Extraordinary:

By Appraisal

Performance of any extraordinary service(s) or incurring extraordinary expenses, such as, but not limited to, those in connection with any default, account resignation, special tax reporting or legal counsel charges, will be billed in addition to the stated per annum fees.

EXHIBIT B
PURCHASE AGREEMENT

§ _____
CITY OF GARLAND, TEXAS
ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS,
NEW SERIES 2018

PURCHASE AGREEMENT

May 15, 2018

Mayor and City Council
City of Garland, Texas
P.O. Box 469002
Garland, Texas 75046

Ladies and Gentlemen:

The undersigned, Wells Fargo Bank, National Association (hereinafter sometimes called the “Representative”), acting on its own behalf and on behalf of the other underwriters listed on Schedule I hereto (the Representative and such other underwriters being collectively called the “Underwriters”), and not acting as a fiduciary or agent for you, offers to enter into the following agreement (the “Agreement”) with the City of Garland, Texas (“Issuer”) which, upon the Issuer’s written acceptance of this offer, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer’s written acceptance hereof on or before 10:00 p.m., Central time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Ordinance (as defined herein) or in the Official Statement (as defined herein). The Representative represents and warrants to the Issuer that it has been duly authorized to act on behalf of itself and the other Underwriters to enter into this Agreement and to take all actions, on behalf of the Underwriters, required or contemplated to be performed by the Underwriters under this Agreement.

1. ***Purchase and Sale of the Bonds.*** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer’s Electric Utility System Revenue Refunding Bonds, New Series 2018 (the “Bonds”).

The principal amount of the Bonds to be issued, the maturities, sinking fund (to the extent applicable) and optional redemption provisions and interest rates per annum are set forth in Schedule II hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the ordinance adopted by the Issuer’s City Council (the “Council”) on May 15, 2018 (the “Ordinance”).

The purchase price for the Bonds shall be \$_____ (representing \$_____ original principal amount of the Bonds, plus a [net] premium on the Bonds of \$_____, less an underwriting discount of \$_____).

Delivered to the Issuer herewith as a good faith deposit is a corporate check of the Representative payable to the order of the Issuer in the amount of \$336,450. In the event the Issuer accepts this Agreement, such check shall be held by the Issuer as security for the performance of the Underwriters of their obligation to purchase, accept delivery of and pay for the Bonds under this Agreement. Such check shall be held uncashed by the Issuer until the time of Closing, at which time such check shall be returned uncashed to the Representative. In the event that the Issuer does not accept this Agreement, such check will be immediately returned to the Representative. Should the Issuer fail to deliver the Bonds at the Closing, or should the Issuer be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds, as set forth in this Agreement (unless waived by the Representative), or should such obligations of the Underwriters be terminated for any reason permitted by this Agreement, such check shall immediately be returned to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, such check shall be cashed and the amount thereof shall be retained by the Issuer as and for fully liquidated damages, and not as a penalty for such failure of the Underwriters, and for any defaults hereunder on the part of the Underwriters. Acceptance by the Issuer of such check or check shall constitute a full release and discharge of all claims and damages for such failure and/or any and all such defaults, and the Issuer shall have no further action for damages, specific performance, or any other legal or equitable relief against the Underwriters. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this Agreement shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters. The Representative hereby agrees not to stop payment on the checks, or cause payment on the checks to be stopped, unless the Issuer has breached any of the terms of this Agreement.

Each Underwriter represents and warrants that it is exempt from the requirements of Section 2252.908 of the Texas Government Code, as amended, pursuant to subsection (c)(4) thereof. Accordingly, the Underwriters are not required to file a Certificate of Interested Parties Form 1295.

2. *Public Offering and Establishment of Issue Price of the Bonds.*

(a) Public Offering. The Underwriters agree to make a bona fide public offering of all of the Bonds and will, at or before Closing, execute and deliver to Norton Rose Fulbright US LLP, Dallas, Texas ("Bond Counsel"), an issue price certificate for the Bonds, prepared by Bond Counsel, and in accordance with paragraph (b) below (the "Issue Price Certificate").

(b) Establishment of Issue Price of the Bonds. Notwithstanding any provision of this Agreement to the contrary, the following provisions related to the establishment of the issue price of the Bonds apply:

(1) The Representative, on behalf of the Underwriters, agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an Issue Price Certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the Issuer under this section to establish the issue price of the Bonds may be taken on behalf of the Issuer by the Issuer's municipal advisor identified herein and any notice or report to be provided to the Issuer may be provided to the Issuer's municipal advisor.

(2) Except as otherwise set forth in Schedule II attached hereto, the Issuer will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Agreement, the Representative shall report to the Issuer the price or prices at which the Underwriters have sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Representative agrees to promptly report to the Issuer the prices at which Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

(3) The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date of this Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein.

Schedule I also sets forth, as of the date of this Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Issuer and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative shall promptly advise the Issuer when the Underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The Issuer acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Issuer further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(4) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Representative or the underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each

case if and for so long as directed by the Representative or the underwriter and as set forth in the related pricing wires.

(5) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

3. ***The Official Statement.***

(a) The Issuer previously has delivered copies of the Preliminary Official Statement dated May 8, 2018 (the “Preliminary Official Statement”), to the Underwriters in a “designated electronic format,” as defined in the Municipal Securities Rulemaking Board’s (“MSRB”) Rule G-32 (“Rule G-32”). The Issuer will prepare or cause to be prepared a final Official Statement relating to the Bonds, which will be (1) dated the date of this Agreement, (2) complete within the meaning of the United States Securities and Exchange Commission’s Rule 15c2-12, as amended (the “Rule”), (3) substantially in the form of the most recent version of the Preliminary Official Statement provided to the Underwriters before the execution hereof with only such changes permitted by the Rule and (4) in both a “designated electronic format” consistent with the requirements of Rule G-32 and in a printed format. Such final Official Statement, including the cover page thereto, all exhibits, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and

supplements thereto that may be authorized for use with respect to the Bonds, is herein referred to as the “Official Statement.” Until the Official Statement has been prepared and is available for distribution, the Issuer shall make the Preliminary Official Statement available in order to satisfy the obligation of the Underwriters under the Rule with respect to distribution to each potential customer, upon request, of a copy of the Preliminary Official Statement.

(b) The Preliminary Official Statement has been prepared for use by the Underwriters in connection with the public offering, sale and distribution (in an electronic format) of the Bonds. The Issuer hereby represents and warrants that the Preliminary Official Statement was “deemed final” by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of the Rule.

(c) The Issuer represents that it has reviewed and approved the information in the Preliminary Official Statement and the Issuer hereby authorizes the distribution and use of the Official Statement, and the information therein contained, by the Underwriters in connection with the public offering and the sale of the Bonds. The Issuer ratifies and consents to the distribution and use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering and sale of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer’s acceptance of this Agreement (but, in any event, not later than within seven business days after the Issuer’s acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriters (i) in a “designated electronic format” consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Representative shall reasonably request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB. The Issuer hereby confirms that it does not object to the distribution of the Preliminary Official Statement or the Official Statement in electronic form.

(d) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the “end of the underwriting period” for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Representative (and for the purposes of this clause provide the Representative with such information as it may from time to time reasonably request), and if, in the reasonable opinion of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer’s own expense (in a form and manner approved by the Representative), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to

state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law; provided, however, that for all purposes of this Agreement and any representation, warranty or covenant made herein, or any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York (“DTC”), or its book-entry-only system. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may deem reasonably necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. The Issuer shall provide any such amendment or supplement, or cause any such amendment or supplement to be provided, (i) in a “designated electronic format” consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Representative shall reasonably request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB.

(e) The Representative hereby agrees to timely file, or cause to be filed, the Official Statement (and any amendment or supplement to the Official Statement prepared in accordance with Section 3(d) above) with (i) the MSRB or its designee (including the MSRB’s Electronic Municipal Market Access System) or (ii) other repositories approved from time to time by the SEC (either in addition to or in lieu of the filing referred to in clause (i) above). Unless otherwise notified in writing by the Representative, the Issuer can assume that the “end of the underwriting period” for purposes of the Rule is the date of the Closing.

(f) To the knowledge and belief of the Issuer, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Bonds.

4. ***Representations, Warranties, and Covenants of the Issuer.*** The Issuer hereby represents and warrants to and covenants with the Underwriters that on the date hereof and on the date of Closing:

(a) The Issuer is a municipal corporation, a political subdivision of the State of Texas (the “State”) and a body politic and corporate, duly created, organized and existing under the Constitution and general laws of the State. The Issuer has full legal right, power, and authority pursuant to the Constitution and general laws of the State, including, Chapter 1207, Texas Government Code, as amended (the “Act”) and at the date of the Closing will have full legal right, power and authority under the Act and the Ordinance (i) to adopt the Ordinance and to enter into, execute and deliver this Agreement, and the Undertaking (as defined in Section 6(i)(3) hereof), and all documents required under the Ordinance, this Agreement or the Undertaking to be executed and delivered by the Issuer (this Agreement, the Ordinance and the Undertaking and the other documents referred to in this clause are hereinafter referred to as the “Issuer Documents”), (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iii) to carry out and consummate the transactions described in the Issuer Documents and the Official Statement, and the Issuer has complied, and will be in compliance in all respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions.

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Ordinance and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents, (iii) the approval, distribution and use of the Preliminary Official Statement and the approval, execution, distribution and use of the Official Statement for use by the Underwriters in connection with the public offering of the Bonds and (iv) the consummation by it of all other transactions described in the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement.

(c) This Agreement constitutes a legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium, sovereign immunity of political subdivisions, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the other Issuer Documents, when duly executed and delivered, will constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium, sovereign immunity of political subdivisions and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Ordinance and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Ordinance and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium, sovereign immunity of political subdivisions, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights. Upon the issuance, authentication and delivery of the Bonds as aforesaid, the Ordinance will provide for the benefit of the holders of the Bonds, the legally valid and binding pledge of the Net Revenues of the Issuer's Electric Utility System (the "System") and liens they purport to create as set forth in the Ordinance.

(d) The Issuer is not in breach of or in default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States relating to the issuance of the Bonds or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets is otherwise subject, and no event which would have a material and adverse effect upon the business or financial condition of the Issuer has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Ordinance and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a material breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the

property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Ordinance.

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the approval or adoption, as applicable, of the Issuer Documents, the issuance of the Bonds or the due performance by the Issuer of its obligations under the Issuer Documents, and the Bonds, have been duly obtained, except for (i) the approval of the Bonds by the Attorney General of the State of Texas (and the registration of the Bonds by the Comptroller of Public Accounts of the State of Texas); and (ii) for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds.

(f) The Bonds and the Ordinance conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement under the caption "THE BONDS"; the proceeds of the sale of the Bonds will be applied generally as described in the Preliminary Official Statement and the Official Statement under the caption "PLAN OF FINANCING" and the Undertaking conforms to the description thereof contained in the Preliminary Official Statement and the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION."

(g) Except to the extent disclosed in the Preliminary Official Statement and the Official Statement, there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the knowledge of the Issuer, threatened against the Issuer: (i) affecting the existence of the Issuer or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the charge, collection, or payment of the Net Revenues of the System pledged to the payment of principal of and interest on the Bonds pursuant to the Ordinance, (iii) in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, (iv) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, (v) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (vi) contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Ordinance or the execution and delivery of the Issuer Documents, nor, to the knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents.

(h) The Preliminary Official Statement, as of its date and as of the date of this Agreement, did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(i) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the Official

Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading.

(k) The Issuer has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Ordinance and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriters, at no expense to the Issuer, as the Representative may reasonably request (A) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Representative immediately of receipt by the Issuer of any written notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(m) The financial statements of, and other financial information regarding the Issuer in the Preliminary Official Statement and in the Official Statement fairly present the financial position and results of the Issuer as of the dates and for the periods therein set forth. The financial statements of the Issuer have been prepared in accordance with generally accepted accounting principles consistently applied, and except as noted in the Preliminary Official Statement and in the Official Statement, the other historical financial information set forth in the Preliminary Official Statement and in the Official Statement has been presented on a basis consistent with that of the Issuer's audited financial statements included in the Preliminary Official Statement and in the Official Statement. Prior to the Closing, the Issuer will not take any action within or under its control that will cause any adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer. Except as described in the Preliminary Official Statement and in the Official Statement, the Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer would have a material adverse effect on the financial condition of the Issuer.

(n) Prior to the earlier of (i) receipt of notice from the Underwriters pursuant to Section 5(e) hereof that Final Official Statements are no longer required under the Rule or (ii) 25 days after the Closing, the Issuer shall provide the Representative with such information regarding its current financial condition and ongoing operations as the Issuer shall deem material and such other information concerning the Issuer as the Representative may reasonably request.

(o) The Issuer will not, prior to the Closing, offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, except in the ordinary course of business, payable from or secured by a pledge the Net Revenues of the System, without the prior approval of the Representative.

(p) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions described in this Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein.

(q) The Issuer covenants that between the date hereof and the Closing it will take no actions which will cause the representations and warranties made in this Section to be untrue as of Closing.

(r) The Issuer, to the extent heretofore requested by the Representative, has delivered to the Underwriters true, correct, complete, and legible copies of all information, applications, reports, or other documents of any nature whatsoever submitted to any rating agency for the purpose of obtaining a rating for the Bonds or to any municipal bond insurance company for the purpose of obtaining a commitment to issue a municipal bond insurance policy insuring payment of the principal or and interest on the Bonds and, in each instance, true, correct, complete, and legible copies of all correspondence or other communications relating, directly or indirectly, thereto.

(s) Except as disclosed in the Preliminary Official Statement and the Official Statement, the Issuer has complied with all undertakings made by it specified in paragraph (b)(5)(i) of Rule 15c2-12 within the last five years.

5. Closing.

(a) At 10:00 a.m. Central time, on June 12, 2018, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative (the “Closing”), the Issuer will, subject to the terms and conditions hereof, deliver to the Representative the initial Bond (the “Initial Bond”), registered in the name of the Representative, in temporary form, together with the other documents hereinafter mentioned, and will have available for immediate exchange definitive Bonds duly executed and authenticated in the form and manner described below, and the Representative will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds, as set forth in and in accordance with the provisions of Section 1 of this Agreement, in immediately available funds by federal funds wire transfer to or for the account of the Issuer (such events being referred to herein as the “Closing”). Payment for the Bonds as aforesaid shall be made at the offices of the Paying Agent/Registrar, or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Bonds in definitive form shall be made through the facilities of DTC's book-entry-only system. The definitive Bonds shall be delivered in fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds and registered in the name of Cede & Co., as nominee of DTC, all as provided in the respective Ordinance, and shall be made available to the Representative at least one business day before the Closing for purposes of inspection. Unless otherwise agreed to by the Representative, the Bonds will be delivered under DTC's FAST delivery system.

6. **Closing Conditions.** The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct in all material respects on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing.

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.

(c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and Underwriters' Counsel to deliver their respective opinions referred to hereafter.

(d) At or prior to the Closing, all official action of the Issuer relating to the Bonds and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented.

(e) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, in the Net Revenues or operations of the System by the Issuer, from that set forth in the Official Statement that in the reasonable judgment of the Representative, is material and adverse and that makes it, in the reasonable judgment of the Representative, impracticable to market the Bonds on the terms and in the manner described in the Official Statement.

(f) The Issuer shall not have been in default with respect to the timely payment of principal or interest when due on any of its outstanding obligations for borrowed money.

(g) Except as described in the Preliminary Official Statement and the Official Statement, no suit, action, investigation, or legal or administrative proceeding shall be threatened or pending before any court or governmental agency which is likely to result in the restraint, prohibition, or the obtaining of damages or other relief in connection with the issuance of the Bonds or the consummation of the transactions described herein, or which, in the reasonable judgment of the Representative, would have a materially adverse effect on the transactions described herein.

(h) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions described in this Agreement shall be reasonably satisfactory in legal form and effect to the Representative, Bond Counsel and counsel to the Underwriters.

(i) At or prior to the Closing, the Representative shall have received one copy of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, in (i) a “designated electronic format” that meets the requirements of Rule G-32 and (ii) in a printed format;

(2) The Ordinance certified by the City Secretary under the Issuer’s seal as having been duly adopted by the Issuer and as being in effect with such supplements or amendments as may have been agreed to by the Representative;

(3) The Continuing Disclosure Undertaking (the “Undertaking”) of the Issuer which satisfies the requirements of section (b)(5)(i) of the Rule, which Undertaking may be included in the Ordinance;

(4) A copy of the opinions or certificates, dated on or prior to the date of Closing, of the Attorney General of the State of Texas approving the Bonds as required by law and copies of the registration certificates of the Comptroller of Public Accounts of the State of Texas;

(5) The approving opinion of Bond Counsel with respect to the Bonds, in substantially the form attached to the Official Statement;

(6) The supplemental opinion of Bond Counsel addressed to the Underwriters, substantially to the effect that:

(i) the Issuer has duly adopted and enacted the Ordinance, and the Ordinance is in full force and effect;

(ii) the Bonds are exempted securities under the Securities Act of 1933, as amended (the “1933 Act”), and the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”) and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Ordinance under the Trust Indenture Act; and

(iii) except to the extent noted in the Preliminary Official Statement and the Official Statement, such firm has not assumed any responsibility with respect to the Preliminary Official Statement or the Official Statement or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions "PLAN OF FINANCING" (exclusive of the subcaptions "Use of Bond Proceeds", "THE BONDS" (exclusive of the second paragraph under the subcaption "Security and Sources of Payment" and the subcaptions "Book-Entry-Only System" and "Registered Owners' Remedies"), "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (exclusive of the subcaption "Compliance with Prior Undertakings"), "SELECTED PROVISIONS OF THE ORDINANCE" and the subcaptions "Legal Opinions" (except for the last sentence of the first paragraph thereof) "Registration and Qualification of Bonds for Sale" and "Legal Investments and Eligibility to Secure Public Funds in Texas" under the caption "OTHER INFORMATION" in the Preliminary Official Statement and the Official Statement and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Ordinance;

(7) An opinion, dated the date of the Closing and addressed to the Underwriters, of Counsel for the Underwriters in such form as agreed to between the Representative and Counsel to the Underwriters;

(8) A certificate, dated the date of Closing, signed by the Mayor and City Manager of the Issuer or other officials of the Issuer acceptable to the Representative to the effect that (i) the representations and warranties of the Issuer contained herein or in any certificate or document delivered by the Issuer pursuant to the provisions hereof are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) except as disclosed in the Preliminary Official Statement and the Official Statement, no litigation, action, suit or proceeding against the Issuer is pending or, to their knowledge, threatened in any court or administrative body nor, to its knowledge, is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents, (d) contest in any way the accuracy, completeness or fairness of the Preliminary Official Statement or the Official Statement, or (e) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from collecting the Net Revenues of the System pledged, to pay the principal of and interest on the Bonds, or the pledge thereof; (iii) the official actions of the Issuer authorizing the execution, delivery and/or performance of the Preliminary Official Statement, the Official Statement, the Bonds and Issuer Documents have been duly adopted by the Issuer, are in full force and effect and have not been modified, amended or repealed; (iv) to their knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements

and information therein, in light of the circumstances under which made, not misleading in any material respect as of the time of Closing, and the information contained in Preliminary Official Statement, as of its date and through the date of this Agreement and the Official Statement, as of its date and as of the date of Closing, was and is correct and does not and did not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (v) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the Issuer, and their activities contained in the Preliminary Official Statement and the Official Statement are concerned, such statements and data have been obtained from sources which the Issuer believes to be reliable and the Issuer has no reason to believe that they are untrue; and (vi) there has not been any materially adverse change in the financial condition of the Issuer since September 30, 2017, the latest date as of which audited financial information is available;

(9) Evidence satisfactory to the Representative that provision has been made for the Issuing and Paying Agent for the Refunded Notes to receive cash in an amount sufficient to effectuate the discharge and final payment of the Refunded Notes at their stated maturity;

(10) A certificate of the Refunded Obligations Paying Agent verifying the sufficiency of the cash deposited with the Refunded Obligations Paying Agent to pay the principal and interest on the Refunded Obligations on the Redemption Date;

(11) A certificate of the Issuer in form and substance satisfactory to Bond Counsel setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be “arbitrage bonds” or “private activity bonds” within the meaning of Section 148 and 141, respectively, of the Internal Revenue Code of 1986, as amended (the “Code”), and any applicable regulations (whether final, temporary or proposed) issued pursuant to the Code;

(12) Evidence in a form acceptable to the Representative that S & P Global Ratings, a division of S & P Global Inc. and Fitch Ratings, Inc. have assigned ratings of “A+” and “AA-” respectively, to the Bonds, without regard to credit enhancement, and that such ratings are in effect as of the date of Closing; and

(13) Such additional legal opinions, certificates, instruments and other documents as the Representative, Bond Counsel or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer’s representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance reasonably satisfactory to the Representative.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriters set forth in Sections 1 (with respect to the Good Faith Check), 4, 8 and 10 hereof shall continue in full force and effect.

Prior to the execution of this Agreement, the Representative received copies of the Ordinance which contains the Undertaking, and the Representative has reviewed the Undertakings as set forth in the Ordinance.

7. **Termination.** The Representative shall have the right to terminate the Underwriters' obligation under this Agreement (as evidenced by written notice delivered to the Issuer) to purchase, to accept delivery of and to pay for the Bonds if, after the execution hereof and prior to the Closing, the market price or marketability of the Bonds shall be materially adversely affected in the reasonable judgment of the Representative by the occurrence of any of the following:

(a) Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, or the interest on the Bonds as described in the Preliminary Official Statement or the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein.

(b) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the SEC, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Ordinance is not exempt from qualification under or other requirements of

the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Preliminary Official Statement or the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect.

(c) Any state blue sky or securities commission or other governmental agency or body in a state in which fifteen percent (15%) or more of the Bonds have been sold all have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto, provided that such withholding or stop order is not due to the malfeasance, misfeasance or nonfeasance of the Underwriters.

(d) A general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum or maximum prices on any such exchange, or the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange.

(e) A general banking moratorium declared by federal, State of New York, or the State of Texas officials authorized to do so.

(f) The New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters.

(g) Any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income, securities (or interest thereon), or the validity or enforceability of the collection of Net Revenues of the System to pay principal of and interest on the Bonds.

(h) Any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material respect any material statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(i) There shall have occurred since the date of this Agreement any material adverse change in the affairs or financial condition of the Issuer, except for changes which the Preliminary Official Statement and the Official Statement discloses are expected to occur.

(j) There shall have occurred (i) any new material outbreak of hostilities (including, without limitation, an act of terrorism), (ii) the escalation of hostilities existing prior to the date hereof or (iii) any other extraordinary event, material national or international calamity or crisis,

or any material adverse change in the financial, political or economic conditions affecting the United States or the Issuer.

(k) Any fact or event shall exist or have existed that, in the Representative's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement.

(l) There shall have occurred any downgrading or published negative credit watch or similar published information from a rating agency that at the date of this Agreement has published a rating (or has been asked to furnish a rating on the Bonds) on any of the Issuer's debt obligations that are secured in a like manner as the Bonds, which action occurs after the date of this Agreement and reflects a change or possible change, in the ratings accorded any such obligations of the Issuer (including any rating to be accorded the Bonds).

(m) A material disruption in securities settlement, payment or clearance services shall have occurred and shall be continuing on the Closing Date.

(n) A decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the 1933 Act, the Securities Exchange Act of 1934 and the Trust Indenture Act.

(o) The purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission and such prohibition shall occur subsequent to the date hereof, and is not the result of the Underwriters' acts or failure to act.

8. Expenses.

(a) The Underwriters shall have no obligation to pay and the Issuer will pay or cause to be paid all reasonable expenses incident to the performance of its obligations under this Agreement, including, but not limited to, mailing or delivery of the Bonds; costs of printing the Bonds, the Preliminary Official Statement and the Official Statement, and any amendment or supplement to the Preliminary Official Statement and the Official Statement; fees and disbursements of Bond Counsel, the Refunded Obligations Paying Agent; and the Issuing and Paying Agent for the Refunded Notes; any fees charged by investment rating agencies for the rating of the Bonds; any paying agent fees; fees and expenses of the Issuer's independent certified public accountants; fees related to the Attorney General's review of the transcript of proceedings related to the Bonds; fees and expenses of the Financial Advisor to the Issuer; advertising expenses (except any advertising expenses of the Underwriters as set forth below); the out-of-pocket, miscellaneous and closing expenses, including the cost of travel, lodging, and meals of the officers and employees, consultants, or counsel of the Issuer; and any other

expenses mutually agreed to by the Issuer and the Representative to be reasonably considered expenses of the Issuer which are incident to the transactions contemplated hereby.

(b) The Underwriters shall pay all advertising expenses in connection with the public offering of the Bonds, any “Blue Sky” or legal investment survey filing fees and expenses, and all other expenses incurred by them in connection with their public offering and distribution of the Bonds and other expenses incurred at the Representative’s discretion.

9. **Notices.** Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing at the address of the Issuer listed above, Attention: City Manager, and any notice or other communication to be given to the Representative under this Agreement may be given by delivering the same in writing to Wells Fargo Bank, National Association, 1445 Ross Avenue, Suite 2315, Dallas, Texas 75202, Attention: John Moore.

10. **Parties in Interest.** This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer’s representations and warranties contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Agreement, and (iii) any termination of this Agreement.

11. **Effectiveness.** This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. **Choice of Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

13. **Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. **Business Day.** For purposes of this Agreement, “business day” means any day on which commercial banks in New York, New York are open for business.

15. **Section Headings.** Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. **Counterparts.** This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and

hereto were upon the same document) and all of which shall constitute one and the same document.

17. ***No Personal Liability.*** None of the members of the City Council, nor any officer, agent, or employee of the Issuer, shall be charged personally by the Underwriters with any liability, or be held liable to the Underwriters under any term or provision of this Agreement, or because of execution or attempted executing, or because of any breach or attempted or alleged breach, of the Agreement.

18. ***Status of the Underwriters.*** (a) The Issuer acknowledges and agrees that (i) the primary role of the Underwriters, as underwriters, is to purchase securities for resale to investors in an arm's length transaction between the Issuer and the Underwriters; (ii) the Underwriters, as underwriters, have financial and other interests that differ from those of the Issuer; (iii) the Underwriters are not acting as a municipal advisor, financial advisor or fiduciary to the Issuer and have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided or are currently providing other services to the Issuer on other matters); (iv) the only obligations the Underwriters have to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement; (v) the Underwriters have provided to the Issuer prior disclosures under Rule G-17 of the MSRB, which have been received by the Issuer and (vi) the Issuer has consulted its own financial, municipal, legal, accounting, tax and/or other advisors, as applicable, to the extent it deems appropriate. The Issuer has a municipal advisor in this transaction.

(b) To the extent this Agreement is a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, the Representative, on behalf of the Underwriters, verifies that except to the extent otherwise required by applicable federal law, including, without limitation, 50 U.S.C. Section 4607, the Underwriters (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the Underwriters) do not boycott Israel and will not boycott Israel through the term of this Agreement. For purposes of this verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit contractual relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

(c) As of the date hereof, the Representative, on behalf of the Underwriters, represents that, to the extent this Agreement constitutes a "governmental contract" within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the extent otherwise required or permitted by or under applicable federal law, neither any of the Underwriters nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Underwriters is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201 or 2252.153 of the Texas Government Code as noted on a list identified in the following link: <https://comptroller.texas.gov/purchasing/publications/divestment.php>.

19. ***Entire Agreement.*** This Agreement represents the entire agreement between the Issuer and the Underwriters with respect to the preparation of the Preliminary Official Statement and the Official Statement, the conduct of the offering, and the purchase and sale of the Bonds.

[The remainder of this page is intentionally left blank.]

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Representative. This Agreement shall become a binding agreement between you and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Representative of the
Underwriters listed on Schedule I

By: _____
Authorized Officer

APPROVED AND ACCEPTED as of the date hereof at _____ o'clock a.m./p.m.

CITY OF GARLAND, TEXAS

By: _____
Mayor

SCHEDULE I
UNDERWRITERS

Wells Fargo Bank, National Association

Bank of America Merrill Lynch, Pierce & Fenner, Inc.

SCHEDULE II

\$ _____
CITY OF GARLAND, TEXAS
ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS,
NEW SERIES 2018

<u>Stated Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield</u>
Sep 1, 2019			
Mar 1, 2020			
Mar 1, 2021			
Mar 1, 2022			
Mar 1, 2023			
Mar 1, 2024			
Mar 1, 2025			
Mar 1, 2026			
Mar 1, 2027			
Mar 1, 2028			
Mar 1, 2029			
Mar 1, 2030			
Mar 1, 2031			
Mar 1, 2032			
Mar 1, 2033			
Mar 1, 2034			
Mar 1, 2035			
Mar 1, 2036			
Mar 1, 2037			
Mar 1, 2038			
Mar 1, 2039			
Mar 1, 2040			
Mar 1, 2041			
Mar 1, 2042			
Mar 1, 2043			
Mar 1, 2044			
Mar 1, 2045			
Mar 1, 2046			
Mar 1, 2047			
Mar 1, 2048			

(Interest accrues from date of delivery of the Bonds)

Bonds Optional Redemption: The City reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2029, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on March 1, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS – Bonds Optional Redemption”).

EXHIBIT C

NOTICE OF REDEMPTION

CITY OF GARLAND, TEXAS
ELECTRIC UTILITY SYSTEM REVENUE BONDS
SERIES 2008
Dated June 15, 2008

NOTICE IS HEREBY GIVEN that the bonds of the above series maturing on and after March 1, 2019, and aggregating in the principal amount of \$5,845,000, have been called for redemption on June 21, 2018 at the redemption price of par and accrued interest to the date of redemption, such bonds being identified as follows:

<u>Year of Maturity</u>	<u>Principal Amount (\$)</u>	<u>CUSIP Number</u>
2019	475,000	
2020	495,000	
2021	520,000	
2022	540,000	
2023	565,000	
2024	590,000	
2025	620,000	
2026	650,000	
2027	680,000	
2028	710,000	

ALL SUCH BONDS shall become due and payable on June 21, 2018 and interest thereon shall cease to accrue from and after said redemption date and payment of the redemption price of said bonds shall be paid to the registered owners of the bonds only upon presentation and surrender thereof to ZB, National Association dba Amegy Bank (successor to The Bank of New York Mellon Trust Company, N.A.) at its designated offices at the following address: One South Main Street, 17th Floor, Salt Lake City, UT 84133.

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

ZB, National Association dba Amegy Bank
1801 Main Street, Suite 850
Houston, Texas 77002



GARLAND
CITY COUNCIL ITEM SUMMARY SHEET

City Council Regular Session Agenda

10.

Meeting Date: May 15, 2018

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

Submitted By: Matt Watson, Finance Director

Summary of Request/Problem

At the April 2, 2018 Work Session, Council considered refunding approximately \$55 million of Water and Sewer Utility System Commercial Paper Notes, Series 2015 with Water and Sewer Utility Revenue Refunding Bonds, Series 2018. The purpose of this transaction is to refund a portion of variable rate commercial paper notes with fixed rate long-term debt.

Recommendation/Action Requested and Justification

Approve the sale of Water and Sewer Utility Revenue Refunding Bonds, Series 2018.

Attachments

Bond Refunding - Water and Sewer Utility System Commercial Paper Notes

ORDINANCE NO. _____

AN ORDINANCE authorizing the issuance of "CITY OF GARLAND, TEXAS, WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, NEW SERIES 2018", pledging net revenues of the City's Water and Sewer System to the security of and the payment of the principal of and interest on said bonds; specifying the terms and conditions of such bonds; resolving other matters incident and related to the issuance, payment, security, sale and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement and a Purchase Agreement; and the approval and distribution of a Preliminary Official Statement and an Official Statement; and providing an effective date.

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

WHEREAS, the Council hereby finds and determines \$55,000,000 in principal amount of the Notes should be refunded and refinanced into long term obligations at this time (such Notes being hereinafter collectively referred to as the "Refunded Notes") for the purpose of replacing such Refunded Notes with long-term fixed rate debt, and further finds and determines that the issuance of the bonds herein authorized is in the best interests of the City and that the manner in which the refunding is being executed does not make it practicable to make the determination required by Texas Government Code, Section 1207.008(a)(2); and

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

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

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

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

SECTION 1. Authorization - Designation - Principal Amount - Purpose. Revenue bonds of the City shall be and are hereby authorized to be issued in the aggregate principal amount of \$_____ to be designated and bear the title "CITY OF GARLAND, TEXAS, WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, NEW SERIES 2018" (the "Bonds"), for the purposes of (i) refunding certain outstanding obligations payable from revenues of the City's

Water and Sewer System (identified in the preamble hereof as the “Refunded Notes”) and (ii) paying costs of issuance, all in conformity with the Constitution and laws of the State of Texas, including Texas Government Code, Chapter 1207, as amended.

SECTION 2. Fully Registered Obligations - Authorized Denominations - Stated Maturities - Interest Maximum Rate - Bond Date. The Bonds shall be in fully registered form, without coupons; dated May 15, 2018 (the “Bond Date”); shall be in denominations of \$5,000 or integral multiples thereof; and shall become due and payable on March 1 in each of the years in the principal amounts (the “Stated Maturities”) and bear interest at the per annum rate(s) in accordance with the following schedule:

<u>Year of Stated Maturity</u>	<u>Principal Amount</u>	<u>Interest Rates</u>
2019	\$ _____,000	_____ %
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		

The Bonds shall bear interest on the unpaid principal amounts from the date of delivery to the initial purchasers at the rate(s) per annum shown above in this Section (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on March 1 and September 1 of each year commencing March 1, 2019, until maturity or prior redemption.

SECTION 3. Payment of the Bonds - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the registered owners or holders of the Bonds (hereinafter called the “Holders”) appearing on the books and records relating to the registration, payment, exchange and transfer of the Bonds (the “Security Register”) maintained by the Paying Agent/Registrar, and the payment thereof shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of ZB, National Association dba Amegy Bank, Houston, Texas, to serve as Paying Agent/Registrar for the Bonds is hereby approved and confirmed. The

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

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities or upon prior redemption thereof, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated offices, initially in Salt Lake City, Utah, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid to the Holders whose names appear in the Security Register at the close of business on the Record Date (the fifteenth (15th) day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a non-payment of interest on one or more maturities on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment for such maturity or maturities (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder of such maturity or maturities appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 4. Redemption.

(a) Optional Redemption. The City reserves the right and option to redeem the Bonds maturing on and after March 1, 2029, in whole or in part, before their respective scheduled maturity dates, on March 1, 2028, or on any date thereafter at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest from the most recent interest payment date on which interest has been paid or duly provided for to the date fixed for redemption.

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

(b) Selection of Bonds for Redemption. If less than all Outstanding Bonds of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall treat such Bonds as representing the number of Bonds Outstanding, which is obtained by dividing the principal amount of such Bonds by \$5,000, and shall select the Bonds to be redeemed within such Stated Maturity by lot.

(c) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Bond to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Bond is subject by its terms to prior redemption and has been called for redemption and notice of redemption thereof has been duly given as hereinabove provided, such Bond (or the principal amount thereof to be redeemed) shall become due and payable and interest thereon shall cease to accrue from and after the redemption date therefor; provided moneys sufficient for the payment of such Bond (or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

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

SECTION 5. Registration - Transfer - Exchange of Bonds - Predecessor Bonds. A Security Register relating to the registration, payment, and transfer or exchange of the Bonds shall at all times be kept and maintained by the City at the Designated Payment/Transfer Office of the Paying Agent/Registrar, as provided herein and in accordance with the provisions of an

agreement with the Paying Agent/Registrar and such rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each Holder of the Bonds issued under and pursuant to the provisions of this Ordinance, or if appropriate, the nominee thereof. Any Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for Bonds of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender of any Bond (other than the Initial Bond(s) referenced in Section 8 hereof) for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bond(s) referenced in Section 8 hereof) may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds to the Holder requesting the exchange.

All Bonds issued in any transfer or exchange of Bonds shall be delivered to the Holders at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States Mail, first class, postage prepaid to the Holders, and, upon the registration and delivery thereof, the same shall be the valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered, and delivered in lieu thereof pursuant to the provisions of Section 32 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

Neither the City nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of a Holder any Bond called for redemption, in whole or in part, within 45 days of the date fixed for the redemption of such Bond; provided, however, such limitation on transferability

shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond called for redemption in part.

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

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

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

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

No Bond shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 9(c), manually executed by the Comptroller of Public Accounts of the State of Texas, or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 9(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate duly signed upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered and delivered.

SECTION 8. Initial Bond(s). The Bonds herein authorized shall be initially issued either (i) as a single fully registered bond in the aggregate principal amount stated in Section 1 hereof

with principal installments to become due and payable as provided in Section 2 hereof and numbered T-1, or (ii) as multiple fully registered bonds, being one bond for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Bond(s) shall be the Bond(s) submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 9. Form of Bonds.

(a) Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends in the event the Bonds, or any maturities thereof, are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Bonds as evidenced by their execution. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

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

(b) Form of Definitive Bonds.

REGISTERED
NO. ____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF GARLAND, TEXAS
WATER AND SEWER SYSTEM REVENUE REFUNDING BOND
NEW SERIES 2018

Bond Date:
May 15, 2018

Stated Maturity:
March 1, 20__

Interest Rate:
_____ %

CUSIP No.:

Registered Owner:

Principal Amount:

DOLLARS

The City of Garland (the "City"), in the State of Texas, for value received, hereby promises to pay to the Registered Owner named above (the "Holder") or its registered assigns, solely from the revenues hereinafter identified, on the Stated Maturity specified above, the Principal Amount hereinabove stated (or so much thereof as shall not have been paid upon prior redemption), and to pay interest on such unpaid principal amount from the later of the date of delivery to the initial purchasers or the most recent interest payment date to which interest has been paid or duly provided for, semiannually on March 1 and September 1 in each year, commencing March 1, 2019, until maturity or prior redemption, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months. The principal of this Bond is payable upon presentation and surrender of this Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. The interest payable on any interest payment date will be paid to the Holder of this Bond whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date" for such interest, which shall be the fifteenth (15th) day of the month next preceding such interest payment date. If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized by law or executive order to close, and payment on such date shall have the same force and effect as if made on the original date payment was due. All such payments may be made by the Paying Agent/Registrar by check dated as of the interest payment date and mailed to such Holder at the address appearing in the register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar, requested in writing by, and at the risk and expense of, the Holder hereof. All payments of principal of, premium, if any, and interest on this Bond shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, without exchange or collection charges to the Holder of this Bond.

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

The Bonds maturing on and after March 1, 2029, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on March 1, 2028, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

At least thirty days prior to the date fixed for any redemption of Bonds, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of each Bond to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinance. If a Bond (or any portion of its principal sum) shall have been duly called for redemption and notice

of such redemption duly given, then upon such redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor; provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

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

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

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

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

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

As provided in the Ordinance, no additional obligations will be authorized or issued on a parity with the outstanding Prior Lien Bonds; and the Bonds, together with additional obligations hereafter issued on a parity therewith, will become obligations equally secured by a first lien on and pledge of the Net Revenues of the System at such time as the principal of and interest on the

Prior Lien Bonds have been fully paid or provision for the payment of said Prior Lien Bonds has been made in accordance with applicable law.

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

Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Holder of this Bond by the acceptance hereof hereby assents, for (1) definitions of terms; (2) the description of and the nature and extent of the security for the payment of the Bonds; (3) the properties constituting the System; (4) the Net Revenues pledged to the payment of the principal of and interest on the Bonds; (5) the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; (6) the terms and conditions for the issuance of additional revenue obligations; (7) the terms and conditions relating to the transfer or exchange of this Bond; (8) the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; (9) the rights, duties, and obligations of the City and the Paying Agent/Registrar; (10) the terms and provisions upon which the liens, pledges, charges, and covenants made therein may be discharged at or prior to the maturity or redemption of this Bond, and this Bond deemed to be no longer Outstanding thereunder; and (11) for the other terms and provisions contained therein. Capitalized terms used herein have the same meanings assigned in the Ordinance.

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

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

to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

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

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

Mayor

COUNTERSIGNED:

City Secretary

(City Seal)

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

THE STATE OF TEXAS
OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS

§
§
§

REGISTER NO. _____

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

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

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

CERTIFICATE OF PAYING AGENT/REGISTRAR

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

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

ZB, NATIONAL ASSOCIATION dba AMEGY BANK,
Houston, Texas, as Paying Agent/Registrar

Dated: _____

By: _____
Authorized Signatory

- (e) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto
(Print or typewrite name, address, and zip code of transferee:) _____

(Social Security or other identifying number: _____
_____) the within Bond and all rights thereunder, and hereby
irrevocably constitutes and appoints _____

attorney to transfer the within Bond on the books kept for registration thereof, with full power of
substitution in the premises.

Dated: _____

Signature guaranteed:

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

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

Heading and first paragraph shall read as follows:

REGISTERED
NO. T-1

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF GARLAND, TEXAS

WATER AND SEWER SYSTEM REVENUE REFUNDING BOND
NEW SERIES 2018

Bond Date: May 15, 2018

Registered Owner: BOK FINANCIAL SECURITIES, INC.

Principal Amount: ___ MILLION ___ HUNDRED ____ THOUSAND DOLLARS

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

YEAR OF
MATURITY

PRINCIPAL
INSTALLMENTS

INTEREST
RATES

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

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on such unpaid principal amount from the later of the date of delivery to the initial purchasers or the most recent interest payment date to which interest has been paid or duly provided for, semiannually on March 1 and September 1 in each year, commencing March 1, 2019, until maturity or prior redemption, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months. The principal of this Bond is payable to the registered owner hereof by ZB, National Association dba Amegy Bank, Houston, Texas (the "Paying Agent/Registrar"), upon its presentation and surrender, at its designated offices, initially in Salt Lake City, Utah, or, with respect to a successor paying agent/registrar, at the designated office of such successor (the "Designated Payment/Transfer Office"). The interest payable on any interest payment date will be paid to the Holder of this Bond whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the Record Date for such interest, which shall be the fifteenth (15th) day of the month next preceding such interest payment date. If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized by law or executive order to close, and payment on such date shall have the same force and effect as if made on the original date payment was due. All such payments may be made by the Paying Agent/Registrar by check dated as of the interest payment date and mailed to such Holder at the address appearing in the register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar, requested in writing by, and at the risk and expense of, the Holder hereof. All payments of principal of, premium, if any, and interest on this Bond shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, without exchange or collection charges to the Holder of this Bond.

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

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

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

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

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

(iii) Consent Sinking Fund. In the case of Balloon Debt (as defined in clause (ii) above), if the City Manager or the Finance Director or a designee of either shall deliver to the City a certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (iii) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule;

and provided further that this clause (iii) shall not apply where the City has elected to apply the rule set forth in clause (ii) above;

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

(v) Variable Rate.

(1) Except as hereinafter provided in this subparagraph, the rate of interest on Variable Rate Obligations then proposed to be issued shall be deemed to be the average for the then immediately preceding five (5) years of the SIFMA Index, plus twenty (20) basis points; provided, however, that (i) if, after the issuance of the Variable Rate Obligations then proposed to be issued, more than 20% of the aggregate of the Bonds Similarly Secured Outstanding will bear interest at a variable rate and (ii) any Bond Similarly Secured is then insured by a Bond Insurer, the rate of interest on Variable Rate Obligations then proposed to be issued shall be deemed to be the greater of (x) the most recently announced thirty (30) year Revenue Bond Index published by The Bond Buyer, a financial journal published, as of the date the Ordinance was adopted, in the City of New York, New York, (y) the rate of interest then borne by any Variable Rate Obligations then Outstanding, or (z) 1.25 times the average variable rate borne by any Variable Rate Obligations then Outstanding during the then immediately preceding twelve-month period; and

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

(vi) Guarantee. In the case of any guarantee, as described in clause (ii) of the definition of Debt, no obligation will be counted if the City does not anticipate in its annual budget that it will make any payments on the guarantee. If however, the City is making payments on a guarantee or anticipates doing so in its annual budget, such obligation shall be treated as Parity Bonds and calculations of annual debt service requirements with

respect to such guarantee shall be made assuming that the City will make all additional payments due under the guaranteed obligation. If the entity whose obligation is guaranteed cures all defaults and the City no longer anticipates making payments under the guarantee, the guaranteed obligations shall not be included in the calculation of Annual Debt Service Requirements;

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

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

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

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

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

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

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

(h) The term “Credit Facility” shall mean (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that a Rating Agency having an outstanding rating on Bonds Similarly Secured would rate the Bonds Similarly Secured fully insured by a standard policy issued by the issuer in its two highest generic rating categories for such obligations; and (ii) a letter or line of credit issued by any financial institution, provided that a Rating Agency having an outstanding rating on the Bonds Similarly Secured would rate the Bonds Similarly Secured in its two highest generic rating categories for such obligations if the letter or line of credit proposed to

be issued by such financial institution secured the timely payment of the entire principal amount of the Bonds Similarly Secured and the interest thereon; and, in any case, no lower than the rating assigned by a Rating Agency to the Bonds Similarly Secured.

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

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

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

(ii) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the City, or that is in effect guaranteed, directly or indirectly, by the City through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

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

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

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

(l) The term "Government Obligations", as used herein, shall mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized

investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State of Texas.

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

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

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

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

(ii) those Bonds or Bonds Similarly Secured for which payment has been duly provided by the City in accordance with the provisions of Section 37 hereof by the irrevocable deposit with the Paying Agent/Registrar of money or Government Obligations, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds or Bonds Similarly Secured are to be redeemed, notice of redemption thereof shall have been duly given pursuant to the ordinance authorizing the issuance of such Bonds or Bonds Similarly Secured or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived; and

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

(p) 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.

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

(r) The term "Previously Issued Bonds" includes the outstanding:

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

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

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

(s) The term "Prior Lien Bonds" includes the outstanding:

(i) "City of Garland, Texas, Water and Sewer System Revenue Bonds, Series 2009", dated May 15, 2009;

(ii) "City of Garland, Texas, Water and Sewer System Revenue Bonds, Series 2010", dated April 15, 2010;

(iii) "City of Garland, Texas, Water and Sewer System Revenue Bonds, Series 2011", dated June 15, 2011;

(iv) "City of Garland, Texas, Water and Sewer System Revenue Bonds, Series 2011A", dated November 1, 2011;

(v) "City of Garland, Texas, Water and Sewer System Revenue Bonds, Series 2012," dated June 1, 2012; and

(vi) "City of Garland, Texas, Water and Sewer System Revenue Refunding and Improvement Bonds, Series 2013" dated May 1, 2013.

(t) 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.

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

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

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

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

SECTION 11. Pledge of Revenues. The City hereby covenants and agrees that, subject only to the prior lien on and pledge of the Net Revenues of the System to the payment and security of the Prior Lien Bonds (including the establishment and maintenance of the special funds created for the payment and security thereof) under the terms and conditions of the ordinances and proceedings pertaining to their authorization, the Net Revenues of the System, with the exception of those in excess of the amounts required for the payment and security of the Outstanding Bonds Similarly Secured, are hereby irrevocably pledged to the payment and security of the Outstanding Bonds Similarly Secured, including the maintenance of the special funds herein created in connection with the issuance of the Bonds, all as hereinafter provided, and it is hereby ordained that the Bonds Similarly Secured, and the interest thereon, shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the System and be valid and binding without any filing or recording except for the filing of this Ordinance in the records of the City.

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

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

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

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

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

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

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

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

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

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

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

SECTION 16. Deficiencies in Funds. If in any month the City shall, for any reason, fail to pay into the Bond Fund the full amounts above stipulated, amounts equivalent to such deficiencies

shall be set apart and paid into said Fund from the first available and unallocated Net Revenues of the System for the following month or months, and such payments shall be in addition to the amounts otherwise required to be paid into said Fund during such month or months.

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

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

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

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

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

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

(c) A certificate is executed by a certified public accountant to the effect that, in his or her opinion, the Net Revenues of the System either for the last complete Fiscal Year of the City, or for any 12 consecutive calendar month period ending not more than 90 days prior to the passage of the ordinance authorizing the issuance of such Additional Bonds were, for the calculation period, at least 1.25 times the then current average annual principal and interest requirements for all then Outstanding Prior Lien Bonds and Outstanding Bonds Similarly Secured and for the installment or series of Additional Bonds then proposed to be issued and 1.00 times the maximum annual principal and interest requirements for all Outstanding Prior Lien Bonds and Outstanding Bonds Similarly Secured after giving effect to the issuance of the Additional Bonds then being issued. However, (i) should the certificate of the accountant certify that the Net Revenues of the System for the period covered thereby were less than required above, and (ii) a

change in the rates and charges for water and sewer services afforded by the System became effective at least 60 days prior to the last day of the period covered by the accountant's certificate, and (iii) a Consultant will certify that, had such change in rates and charges been effective for the entire period covered by the accountant's certificate, the Net Revenues of the System covered by the accountant's certificate would have been, in his or her opinion, equal to at least 1.25 times the then current average annual and 1.00 times the maximum annual principal and interest requirements (calculated on a Fiscal Year basis) of the Prior Lien Bonds and the Bonds Similarly Secured after giving effect to the issuance of the proposed Additional Bonds, then, in such event, the coverage specified in the first sentence of this subparagraph (c) shall not be required for the period specified, and such accountant's certificate will be sufficient if accompanied by a Consultant's certificate to the above effect. For purposes of the calculation in this subparagraph (c), Net Revenues as used in this subparagraph (c), shall mean the Net Revenues of the System, but excluding and not deducting any charges or disbursements which under standard accounting practice should be charged to depreciation, betterment or capital expenditures;

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

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

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

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

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

Fiscal Year it will cause an audit of such books and accounts to be made by an independent firm of certified public accountants or licensed public accountants.

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

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

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

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

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

(b) That, other than for the payment of the Outstanding Prior Lien Bonds, the Outstanding Previously Issued Bonds and the Bonds herein authorized, the Net Revenues of the System are not in any manner pledged to the payment of any debt or obligation of the City or of the System, except that, on a basis subordinate to that for the Prior Lien Bonds and the Bonds Similarly Secured, Net Revenues of the System have been pledged to the City's Water and Sewer System Commercial Paper Notes, Series 2015 and the Net Revenues have also been pledged in the amount of \$1,000 to the payment of the principal of and interest on the City's Combination Tax and Revenue Certificates of Obligation, Series 2018 (the "Certificates"), to be issued concurrently with the Bonds and the limited pledge of Net Revenues made in the ordinance authorizing the issuance of said Certificates for the payment of the Certificates constitutes a subordinate lien on the Net Revenues until such time as the City shall pay all of such \$1,000, after which time the pledge shall cease.

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

such encumbrance is made subordinate to the lien on and pledge of said Net Revenues to any Prior Lien Bonds or Bonds Similarly Secured.

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

(e) At such time as there are no Outstanding Prior Lien Bonds or Bonds Similarly Secured issued prior to the issuance of the Bonds, the City may sell or exchange at any time and from time to time any properties and facilities constituting the System if the City shall have received a certificate executed by the Finance Director stating that the sale or exchange of such property or facilities will not materially adversely affect the financial condition of the City or its ability to satisfy the System's rate covenants. The proceeds of any such sale or exchange shall be used by the City, at the option of the City, (i) to acquire additional System facilities; (ii) to purchase, defease, or redeem System Debt; or (iii) for any other lawful purpose. Additionally, the portion of property comprising personal property or machinery, properties, and equipment which has become obsolete or otherwise unneeded in the operation of the System may be sold or otherwise disposed in any manner deemed appropriate by the City acting through the City Manager, the Finance Director or a designee of either of such City representatives.

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

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

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

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

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

SECTION 29. Registered Owners, Notices, Waiver. The City, the Paying Agent/Registrar and any agent of either of them may treat the person in whose name any Bond is registered as the Holder of such Bond for the purpose of receiving payment of the principal of and interest on

such Bond and for all other purposes whatsoever, and to the extent permitted by law, neither the City, the Paying Agent/Registrar, nor any agent of either of them shall be affected by notice to the contrary.

Wherever this Ordinance provides for notice to the Holder of a Bond of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first class postage prepaid, to the address of such Holder as it appears in the register kept by the Paying Agent/Registrar at the close of business on the business day next preceding the mailing of such notice.

In any case in which notice to the Holders of the Bonds is given by mail, neither the failure to mail such notice to any Holder of a Bond, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by any Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders of the Bond shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 30. Mutilated, Destroyed, Lost, and Stolen Bonds. (a) If (i) any mutilated Bond is surrendered to the Paying Agent/Registrar or the City or the Paying Agent/Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond and (ii) there is delivered to the City and the Paying Agent/Registrar such security or indemnity as may be required by the Paying Agent/Registrar to save and hold each of them harmless, then, in the absence of notice to the City or the Paying Agent/Registrar that such Bond has been acquired by a bona fide purchaser, the City shall execute and upon its request the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same stated maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the City, in its discretion may, instead of issuing a new Bond, pay such Bond if it has become due and payable, or may pay such Bond when it becomes due and payable.

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

(d) Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Bond shall constitute a replacement of the prior obligation of the City, whether or not the mutilated, destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds.

(e) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

SECTION 31. Cancellation. All Bonds surrendered for payment, redemption, transfer, exchange or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be disposed of as directed by the City.

SECTION 32. Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms have the following meanings:

“*Closing Date*” means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

“*Code*” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“*Computation Date*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Gross Proceeds*” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

“*Investment*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Nonpurpose Investment*” means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“*Rebate Amount*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Regulations*” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“*Yield*” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to

become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of the Bonds:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds (including property financed with Gross Proceeds of the Refunded Notes), and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Refunded Notes), other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any

action which would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

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

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

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Bonds by the Purchasers (defined herein) and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the construction fund, other appropriate fund or, if permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the Bond Fund, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and the rulings thereunder, the City shall not, at any time prior to

the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on the Bonds not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager and Finance Director, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

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

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

SECTION 33. Sale of Bonds – Purchase Agreement Approval and Official Statement Approval. The Bonds authorized by this Ordinance are hereby sold by the City to BOK Financial Securities, Inc., Frost Bank and SMBC Nikko Securities America, Inc. (collectively, the "Purchasers") in accordance with the Bond Purchase Agreement, dated May 15, 2018, substantially in the form attached hereto as **Exhibit B** and incorporated herein by reference as a part of this Ordinance for all purposes, and the City has determined and does determine that the terms of such Purchase Agreement are in the City's best interests. The Mayor or Mayor Pro Tem are hereby authorized and directed to execute said Purchase Agreement for and on behalf of the City and as the act and deed of the Council, and in regard to the approval and execution of the Purchase Agreement, the Council hereby finds, determines, and declares that the representations, warranties, and agreements of the City contained therein are true and correct in all material respects and shall be honored and performed by the City.

Furthermore, the use of the Preliminary Official Statement by the Purchasers in connection with the public offering and sale of the Bonds is hereby ratified, confirmed and approved in all respects. The final Official Statement, which reflects the terms of sale (together with such changes approved by the Mayor, Mayor Pro Tem, City Manager, Finance Director or City Secretary, any one or more of said officials), shall be and is hereby in all respects approved and the Purchasers are hereby authorized to use and distribute said final Official Statement, dated May 15, 2018, in the reoffering, sale and delivery of the Bonds to the public. The Mayor or Mayor Pro Tem and City Secretary are further authorized and directed to cause to be delivered for and on behalf of the City copies of said Official Statement in final form as may be required by the Purchasers, and such final Official Statement shall be deemed to be approved by the Council and constitute the Official Statement authorized for distribution and use by the Purchasers.

SECTION 34. Proceeds of Sale. Immediately following the delivery of the Bonds, the proceeds of sale of the Bonds less costs of issuance shall be deposited with U.S. Bank National Association (the current issuing and paying agent for the Refunded Notes) for the payment and discharge of the Refunded Notes. The balance of the proceeds of sale shall be disbursed for

payment of costs of issuance in accordance with instructions from the City, and any proceeds of sale remaining after payment of the costs of issuance for the Bonds shall be deposited in the Bond Fund. All surplus proceeds of sale of the Bonds, including investment earnings, remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Bond Fund.

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

SECTION 35. Legal Opinion. The Purchasers' obligation to accept delivery of the Bonds herein authorized is subject to their being furnished a final opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel for the City, approving the Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Bonds. A true and correct reproduction of said opinion or an executed counterpart thereof shall accompany the global Bonds deposited with DTC, or a reproduction thereof may be printed on or attached to the definitive Bonds in the event the book-entry-only system shall be discontinued.

SECTION 36. CUSIP Numbers. CUSIP numbers may be printed on the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect in regard to the legality thereof and neither the City nor attorneys approving the Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

SECTION 37. Payment and Discharge. (a) If the City shall pay or cause to be paid or there shall otherwise be paid to the Holders of the Bonds, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Ordinance, then the pledge of the Net Revenues of the System under this Ordinance and all covenants, agreements and other obligations of the City to the Holders of the Bonds shall thereupon cease, terminate, and become void and be discharged and satisfied.

(b) Bonds or any principal amount thereof and interest installments for which money shall have been set aside in full payment to maturity or the redemption thereof and held in trust by the Paying Agent/Registrar (through deposit by the City of funds for such payment or redemption or otherwise) shall be deemed to have been paid within the meaning and with the effect expressed above in this Section. All Outstanding Bonds shall be deemed to have been paid, prior to their stated maturity within the meaning and with the effect expressed above in this Section if there shall have been deposited with the Paying Agent/Registrar or an authorized escrow agent either money in an amount which shall be sufficient, or Government Obligations which have been certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to pay when due the principal of, premium, if any, and interest to become due on such Bonds on and prior to the stated maturity or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. The City covenants that no deposit of moneys or Government Obligations will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or any regulations or published rulings adopted pursuant thereto. Neither Government Obligations nor

moneys deposited with the Paying Agent/Registrar or an escrow agent pursuant to this Section, nor principal or interest payments on any such Government Obligations, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on the Bonds. Any cash received from such principal of and interest on such Government Obligations deposited with the Paying Agent/Registrar or such escrow agent, if not needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations (which may be non-interest bearing) maturing at times and in amounts sufficient to pay when due the principal of, premium, if any, and interest on such Bonds on and prior to the stated maturity thereof, and interest earned from such reinvestments shall be paid over to the City as received by the Paying Agent/Registrar or escrow agent, free and clear of any trust, lien or pledge. Any payment for Government Obligations purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Government Obligations.

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

SECTION 38. Ordinance a Contract; Amendments. This Ordinance shall constitute a contract with the Holder of any Bond from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section and in Section 40 hereof. The City, may, without the consent of or notice to any Holders of Bonds, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders of any Bond, including the curing of any ambiguity, inconsistency or formal defect or omission herein. In addition, the City may, with the written consent of the Holders of Bonds owning a majority in aggregate principal amount of the Bonds then Outstanding, amend, add to or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition or rescission shall (a) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor or the rate of interest thereon or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (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 39. Control and Custody of Bonds. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending the delivery of the Bonds, and shall take and have charge and control of the Initial Bond(s) pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchasers.

SECTION 40. Continuing Disclosure Undertaking.

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

“MSRB” means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports. The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year, beginning in or after 2018, financial information and operating data with respect to the City of the general type included in Tables 1 through 13 in the Official Statement, and (2) within twelve months after the end of each fiscal year ending in or after 2018, audited financial statements of the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in Appendix B to the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not available within 12 months after the end of any fiscal year, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available.

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

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

(c) Notice of Certain Events. The City shall provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For these purposes, any event described in the immediately preceding subsection (c)(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 (b) of this Section by the time required by such Section.

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

(e) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the City in any event will give the notice required by subsection (c) of this Section of any Bond calls and defeasance that cause the City to be no longer such an “obligated person.”

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

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

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

Notwithstanding anything herein to the contrary, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 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 Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar, and the Holders.

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

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

SECTION 46. Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders.

SECTION 47. Further Procedures. Any one or more of the Mayor, Mayor Pro Tem, City Manager, Finance Director and City Secretary are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the issuance, sale and delivery of the Bonds. In addition, prior to the delivery of the Bonds, the Mayor, Mayor Pro Tem, City Manager, Finance Director or Bond Counsel to the City are each hereby authorized and directed to approve any changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any ambiguity, formal defect, or omission in this Ordinance or such other document, or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Bonds by the Attorney General. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 48. Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Texas Government Code, Chapter 551, as amended.

SECTION 49. Effective Date. This Ordinance shall take effect and be in full force from and after its adoption on the date shown below in accordance with Texas Government Code, Section 1201.028, as amended.

[Remainder of page left blank intentionally]

PASSED AND ADOPTED this May 15, 2018.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

(City Seal)

EXHIBIT A

PAYING AGENT/REGISTRAR AGREEMENT

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT is entered into as of May 15, 2018 (this "Agreement"), by and between ZB, National Association dba Amegy Bank, a national banking association organized and existing under the laws of the United States of America and authorized to transact business in the State of Texas (the "Bank") and the City of Garland, Texas (the "Issuer").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "City of Garland, Texas Water and Sewer System Revenue Refunding Bonds, New Series 2018" (the "Securities"), such Securities scheduled to be delivered to the initial purchasers thereof on or about June 12, 2018; and

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

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

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01 Appointment. The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the "Authorizing Document" (hereinafter defined). The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the "Authorizing Document".

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

Section 1.02 Compensation. As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A attached hereto.

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

ARTICLE TWO DEFINITIONS

Section 2.01 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

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

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

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

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

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

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

“Redemption Date”, when used with respect to any Security to be redeemed, means the date fixed for such redemption pursuant to the terms of the Authorizing Document.

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

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

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

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

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

ARTICLE THREE PAYING AGENT

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

ZB, National Association dba Amegy Bank
One South Main Street, 17th Floor
Salt Lake City, UT 84133

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

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

ARTICLE FOUR REGISTRAR

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

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

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02 Securities. The Issuer shall provide additional Securities when needed to facilitate transfers or exchanges thereof. The Bank covenants that such additional Securities, if and when provided, will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03 Form of Security Register. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

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

Section 4.04 List of Security Holders. The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register, provided the Bank is not prohibited from providing such notice.

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

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

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

Section 4.07 Transaction Information to Issuer. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE THE BANK

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

Section 5.02 Reliance on Documents, Etc.

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

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

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

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in

a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by the Issuer.

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

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

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

Section 5.03 Recitals of Issuer. The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

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

Section 5.04 May Hold Securities. The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05 Moneys Held by Bank - Paying Agent Account/Collateralization. A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of moneys received from the Issuer under this Agreement for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such paying agent account shall be made by check drawn on such account unless the owner of the Securities shall, at its own expense and risk, request an alternative method of payment.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal of, premium (if any), or interest on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Texas Property Code, as amended. The Bank shall have no liability by virtue of actions taken in compliance with this provision.

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

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

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the state and county where the administrative office of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08 DTC Services. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for “Depository Trust Company” services or equivalent depository trust services by other organizations, and in the event the Bank has the capability to comply with the “Operational Arrangements”, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls, the Bank will comply with the “Operational Arrangements”.

ARTICLE SIX MISCELLANEOUS PROVISIONS

Section 6.01 Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03 Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature pages hereof.

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

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

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

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

Section 6.08 Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

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

Section 6.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

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

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

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

Section 6.12 No Boycott of Israel. To the extent this Agreement is a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, the Bank hereby verifies that the Bank is a company which does not boycott Israel and will not boycott Israel through the term of this Agreement. For purposes of this verification, "company" and "boycott Israel" have the meanings ascribed to such terms by Chapter 808 of the Texas Government Code.

Section 6.13 Iran, Sudan and Foreign Terrorist Organizations. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, to the extent applicable to this Agreement, the Bank represents that it is not a company (as defined in Section 2270.0001(2), Texas Government Code) which is on a list prepared and maintained by the Comptroller of Public Accounts of the State of Texas under Sections 2270.0201 or 2252.153, Texas Government Code.

Section 6.14 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[Remainder of page left blank intentionally.]

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

ZB, NATIONAL ASSOCIATION DBA AMEGY BANK

By: _____

Title: _____

Attest:

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

Title: _____

[signature page to Paying Agent/Registrar Agreement]

CITY OF GARLAND, TEXAS

By: _____
Mayor

Address: 200 North Fifth Street
Garland, Texas 75040

Attest:

City Secretary

[signature page to Paying Agent/Registrar Agreement]

ANNEX A
TO PAYING AGENT/REGISTRAR AGREEMENT

BANK'S FEES AND CHARGES



Paying Agent and Registrar

Schedule of Fees

**City of Garland Water and Sewer System Revenue Refunding
Bonds, New Series 2018**

Acceptance Fee:

WAIVED

Covers document review, acceptance and set-up of the Paying Agent account. One time fee payable at closing.

Annual Administration Fee:

\$400.00

To administer the account per terms of the agreement including maintenance, disbursement of principal and interest payments and other matters detailed in the agreement. (Payable at closing and on each anniversary date thereafter without pro-ration.)

Out of pocket:

At Cost

Amegy Bank's philosophy is for our quoted fees to be all inclusive, where possible. We will not charge for customary expenses incurred in the ordinary administration of accounts but will bill at cost for out-of-pocket charges such as DTC charges, travel for closings, publications, or legal costs incurred as required or authorized during the acceptance and administration of the trust, etc. Overnight delivery charges will be billed at \$15/minimum or at cost if over \$15.00. Periodic tenders, sinking fund, optional or extraordinary call redemptions will be assessed an additional \$250.00 per event.

Extraordinary:

By Appraisal

Performance of any extraordinary service(s) or incurring extraordinary expenses, such as, but not limited to, those in connection with any default, account resignation, special tax reporting or legal counsel charges, will be billed in addition to the stated per annum fees.

EXHIBIT B
PURCHASE AGREEMENT

§ _____
CITY OF GARLAND, TEXAS
WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS
NEW SERIES 2018

BOND PURCHASE AGREEMENT

May 15, 2018

Mayor and City Council
City of Garland, Texas
P.O. Box 469002
Garland, Texas 75046

Ladies and Gentlemen:

The undersigned, BOK Financial Securities, Inc. (hereinafter sometimes called the “Representative”), acting on its own behalf and on behalf of the other underwriters listed on Schedule I hereto (the Representative and such other underwriters being collectively called the “Underwriters”), and not acting as a fiduciary or agent for you, offers to enter into the following agreement (the “Agreement”) with the City of Garland, Texas (“Issuer”) which, upon the Issuer’s written acceptance of this offer, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer’s written acceptance hereof on or before 10:00 p.m., Garland, Texas time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Ordinance (as defined herein) or in the Official Statement (as defined herein).

1. ***Purchase and Sale of the Bonds.*** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree, jointly and severally, to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer’s Water and Sewer System Revenue Refunding Bonds, New Series 2018 (the “Bonds”). The Representative represents and warrants to the Issuer that it has been duly authorized to act on behalf of itself and the other Underwriters to enter into this Agreement and to take all actions, on behalf of the Underwriters, required or contemplated to be performed by the Underwriters under this Agreement.

The Bonds are secured under the provisions of a bond ordinance authorizing their issuance and sale (the “Ordinance”) adopted by the City Council of the Issuer (the “City Council”) on May 15, 2018. The Bonds shall be dated, shall be in the aggregate principal

amount, shall have the maturities, shall bear interest from the dates and at the rates, shall be subject to redemption, and shall have the characteristics and terms as set forth in Schedule II attached hereto.

The purchase price for the Bonds shall be \$_____ (representing \$_____.00 original principal amount of the Bonds, plus a premium on the Bonds of \$_____ less an underwriting discount of \$_____) with no accrued interest.

Delivered to the Issuer herewith as a good faith deposit is a corporate check of the Representative payable to the order of the Issuer in the amount of \$510,800. In the event the Issuer accepts this Agreement, such check shall be held by the Issuer as security for the performance of the Underwriters of their obligation to purchase, accept delivery of and pay for the Bonds under this Agreement. Such check shall be held uncashed by the Issuer until the time of Closing, at which time such check shall be returned uncashed to the Representative. In the event that the Issuer does not accept this Agreement, such check will be immediately returned to the Representative. Should the Issuer fail to deliver the Bonds at the Closing, or should the Issuer be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of, and pay for the Bonds, as set forth in this Agreement (unless waived by the Representative), or should such obligations of the Underwriters be terminated for any reason permitted by this Agreement, such check shall immediately be returned to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of, and pay for the Bonds at the Closing as herein provided, such check shall be cashed and the amount thereof retained by the Issuer as and for fully liquidated damages, and not as a penalty for such failure of the Underwriters and for any defaults hereunder on the part of the Underwriters. Acceptance of such check by the Issuer shall constitute a full release and discharge of all claims and damages for such failure and/or any and all such defaults, and the Issuer shall have no further action for damages, specific performance, or any other legal or equitable relief against the Underwriters. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this Agreement shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters. The Representative hereby agrees not to stop payment on the check, or cause payment on the check to be stopped, unless the Issuer has breached any of the terms of this Agreement.

Each Underwriter represents and warrants that it is exempt from the requirements of Section 2252.908 of the Texas Government Code, as amended, pursuant to subsection (c)(4) thereof. Accordingly, the Underwriters are not required to file a Certificate of Interested Parties Form 1295.

2. *Public Offering and Establishment of Issue Price of the Bonds.*

(a) Public Offering. The Underwriters agree to make a bona fide public offering of all of the Bonds and will, at or before Closing, execute and deliver to Norton Rose Fulbright US LLP, Dallas, Texas ("Bond Counsel"), an issue price certificate for the Bonds, prepared by Bond Counsel, in accordance with paragraph (b) below and substantially in the form attached hereto as Exhibit A (the "Issue Price Certificate").

(b) Establishment of Issue Price of the Bonds. Notwithstanding any provision of this Agreement to the contrary, the following provisions related to the establishment of the issue price of the Bonds apply:

(1) Definitions. For purposes of this Section, the following definitions apply:

(i) “Public” means any person (including an individual, trust, estate, partnership, association, company or corporation) other than a Participating Underwriter or a Related Party to a Participating Underwriter.

(ii) “Participating Underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the Representative to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public).

(iii) “Related Party” means any two or more persons who are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another) or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(iv) “Sale Date” means the date of execution of this Agreement by all parties.

(2) Issue Price Certificate. The Representative, on behalf of the Participating Underwriters, agrees to assist the Issuer in establishing the issue price of the Bonds and to execute and deliver to the Issuer at Closing an Issue Price Certificate together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Issuer and Bond Counsel, to accurately reflect, as applicable, the initial offering price (the “Initial Offering Price”) or prices or the sales price or prices to the Public of the Bonds.

(3) Substantial Amount Test. The Issuer will treat the Initial Offering Price at which at least ten percent (a “Substantial Amount”) in principal amount of each maturity of the Bonds is sold to the Public as of the Sale Date (the “Substantial Amount Test”) as the issue price of that maturity (or each separate CUSIP number within that maturity). Those maturities of the Bonds which do not satisfy the Substantial Amount Test (the

“Hold-the-Price Maturities”) will be identified in the Issue Price Certificate and will be subject to the Hold-the- Price Restriction (as hereinafter defined). At or promptly after the execution of this Agreement, the Representative will report to the Issuer the price or prices at which the Participating Underwriters have offered and sold to the Public each maturity of the Bonds.

(4) Hold-The-Price Restriction. The Representative agrees, on behalf of the Participating Underwriters, that each Participating Underwriter will neither offer nor sell any of the Hold-the-Price Maturities to any person at a price that is higher than the applicable Initial Offering Price for such maturity during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the Participating Underwriters have sold a Substantial Amount of such Hold-the-Price Maturity to the Public at a price that is no higher than the Initial Offering Price of such Hold-the-Price Maturity (the “Hold-the-Price Restriction”). The Initial Offering Price of the Hold-the-Price Maturities shall be the issue price for such maturities.

The Representative shall promptly advise the Issuer when the Participating Underwriters have sold a Substantial Amount of each such Hold-The-Price Maturity to the Public at a price that is no higher than the applicable Initial Offering Price of such Hold-The-Price Maturity, if that occurs prior to the close of the fifth business day after the Sale Date.

The Issuer acknowledges that, in making the representation set forth in this subparagraph, the Representative will rely on (A) the agreement of each Participating Underwriter to comply with the Hold-The-Price Restriction, as set forth in an agreement among underwriters and the related pricing wires, (B) in the event a selling group has been created in connection with the sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the Hold-The-Price Restriction, as set forth in a selling group agreement and the related pricing wires, and (C) in the event that a Participating Underwriter is a party to a retail distribution agreement that was employed in connection with the sale of the Bonds, the agreement of each broker-dealer that is a party to such agreement to comply with the Hold-The-Price Restriction, as set forth in the retail distribution agreement and the related pricing wires. The Issuer further acknowledges that each Participating Underwriter will be solely liable for its failure to comply with its agreement regarding the Hold-the-Price Restriction and that no Participating Underwriter will be liable for the failure of any other Participating Underwriter to comply with its corresponding agreement regarding the Hold-The-Price Restriction as applicable to the Bonds.

(5) Agreements Among Participating Underwriters. The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement to which the Representative is a party relating to the initial sale of the Bonds to the Public, together with related pricing wires, contains or will contain language obligating each Participating Underwriter, each dealer who is a member of any selling group, and each broker-dealer that is a party to any such retail distribution agreement, as applicable, to

(A) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the Representative that either the Substantial Amount Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (B) comply with the Hold-the-Price Restriction, if applicable, in each case if and for so long as directed by the Representative and as set forth in the relating pricing wires, and

(ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with related pricing wires, contains or will contain language obligating each Participating Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the Representative or the applicable Participating Underwriter that either the Substantial Amount Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (B) comply with the Hold-the-Price Restriction, if applicable, in each case if and for so long as directed by the Representative or the applicable Participating Underwriter and as set forth in the relating pricing wires.

(6) Sale to Related Party not a Sale to the Public. The Participating Underwriters acknowledge that sales of any Bonds to any person that is a Related Party to a Participating Underwriter do not constitute sales to the Public for purposes of this Section. If a Related Party to a Participating Underwriter purchases during the initial offering period all of a Hold-The-Price Maturity, the related Participating Underwriter will take steps to confirm in writing that such Related Party will either (i) hold such Bonds for its own account, without present intention to sell, reoffer or otherwise dispose of such Bonds for at least five business days from the Sale Date, or (ii) comply with the Hold-The-Price Restriction.

3. ***The Official Statement.***

(a) The Preliminary Official Statement of the Issuer, dated May 8, 2018, including the cover page and Appendices thereto, relating to the Bonds (the “Preliminary Official Statement”), as amended to conform to the terms of this Agreement and with changes and amendments to the date hereof as have been mutually agreed to by the Issuer and the Representative, is referred to herein as the “Official Statement.”

(b) The Preliminary Official Statement has been prepared for use in connection with the public offering, sale and distribution of the Bonds by the Underwriters. The Issuer hereby represents and warrants that the Preliminary Official Statement previously delivered to the Underwriters (in a “designated electronic format,” as such term is defined in Rule G-32 of the MSRB (defined herein)) is deemed final by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Rule 15c2-12 under the Securities Exchange Act of 1934 (“Rule 15c2-12”). Until the Official Statement has been prepared and is available for distribution, the

Issuer shall provide to the Underwriters the Preliminary Official Statement, in a “designated electronic format,” to permit the Underwriters’ satisfaction of their obligations under Rule 15c2-12 with respect to distribution to each potential customer, upon request, of a copy of the Preliminary Official Statement.

(c) As soon as practicable after the date hereof, and in any event within seven business days after the acceptance of this Agreement by the Issuer and no later than two business days prior to Closing, the Issuer shall deliver or cause to be delivered to the Underwriters, without charge, in sufficient time to accompany any confirmation requesting payment from any customers of the Underwriters, a reasonable number of copies of the final Official Statement relating to the Bonds, which will be determined by an officer duly authorized by the Issuer to be a final Official Statement for purposes of Rule 15c2-12. The final Official Statement shall be in such printed or electronic form (including in a “designated electronic format”) as may be required by Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the “MSRB”), including but not limited to MSRB Rule G-32 regarding the requirement to file the final Official Statement through the MSRB’s “Electronic Municipal Market Access” system (“EMMA”) which is in a format that can be “saved, viewed, printed, and retransmitted by electronic means” and is “word-searchable.”

(d) The Issuer ratifies the use of the Preliminary Official Statement, in a “designated electronic format,” and authorizes the Official Statement to be used in connection with the offering of the Bonds.

(e) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in Rule 15c2-12) and (ii) the time when the Official Statement is available to any person through the MSRB, but in no case less than 25 days after the “end of the underwriting period” for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will promptly notify the Representative (and for the purposes of this clause provide the Representative with such information as it may from time to time reasonably request), and if, in the reasonable opinion of the Representative, such fact or event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer’s own expense (in a manner approved by the Representative), either amendments or supplements to the Official Statement so that the statements in the Official Statement, in a “designated electronic format” as so amended and supplemented will not, in the light of the circumstances when the Official Statement is delivered to a purchaser, be misleading or so that the Official Statement will comply with law; provided, however, that for all purposes of this Agreement and any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representation with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York (“DTC”) or its book-entry-only system. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative

may deem reasonably necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. The Issuer shall provide any such amendment or supplement, or cause any such amendment or supplement to be provided, (i) in a “designated electronic format” consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Representative shall reasonably request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB.

(f) The Representative hereby agrees to timely file, or cause to be filed, the Official Statement (and any amendment or supplement to the Official Statement prepared in accordance with Section 3(d) above) with (i) the MSRB or its designee (including the MSRB’s Electronic Municipal Market Access System) or (ii) other repositories approved from time to time by the SEC (either in addition to or in lieu of the filing referred to in clause (i) above). Unless otherwise notified in writing by the Representative, the Issuer can assume that the “end of the underwriting period” for purposes of the Rule is the date of the Closing.

4. ***Representations, Warranties, and Covenants of the Issuer.*** The Issuer hereby represents and warrants to and covenants with the Underwriters that on the date hereof and on the date of Closing:

(a) The Issuer is a municipal corporation, a political subdivision of the State of Texas (the “State”) and a body politic and corporate, duly created, organized and existing under the Constitution and general laws of the State. The Issuer has full legal right, power, and authority pursuant to the Constitution and general laws of the State, including, Chapter 1207, Texas Government Code, as amended (collectively, the “Act”) and at the date of the Closing will have full legal right, power and authority under the Act and the Ordinance (i) to adopt the Ordinance and to enter into, execute and deliver this Agreement and the Undertaking (as defined in Section 6(i)(3) hereof), and all documents required by the Ordinance, this Agreement or the Undertaking to be executed and delivered by the Issuer (this Agreement, the Ordinance the Undertaking and the other documents referred to in this clause are hereinafter referred to as the “Issuer Documents”), (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iii) to carry out and consummate the transactions described in the Issuer Documents and the Official Statement, and the Issuer has complied, and will be in compliance in all respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions.

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Ordinance and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents, (iii) the approval, distribution and use of the Preliminary Official Statement and the approval, execution, distribution and use of the Official Statement for use by the Underwriters in connection with the public offering of the Bonds and (iv) the consummation by it of all other transactions described in the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement.

(c) This Agreement constitutes a legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium, sovereign immunity of political subdivisions, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the other Issuer Documents, when duly executed and delivered, will constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium, sovereign immunity of political subdivisions and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Ordinance and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Ordinance and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium, sovereign immunity of political subdivisions, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Ordinance will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of the Net Revenues of the Issuer's Water and Sewer System (the "System") and the lien it purports to create as set forth in the Ordinance.

(d) The Issuer is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States relating to the issuance of the Bonds or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets is otherwise subject, and no event which would have a material and adverse effect upon the business or financial condition of the Issuer has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Ordinance and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Ordinance.

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the approval or adoption, as applicable, of the Issuer Documents, the issuance of the Bonds or the due performance by the Issuer of its obligations under the Issuer Documents, and the Bonds, have been duly obtained, except for (i) the approval of the Bonds by the Attorney General of the State of Texas (and the registration of the Bonds by the Comptroller of Public Accounts of the State of Texas); and (ii) for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds.

(f) The Bonds and the Ordinance conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement under the caption “THE BONDS”; the proceeds of the sale of the Bonds will be applied generally as described in the Preliminary Official Statement and the Official Statement under the subcaptions “PLAN OF FINANCING–Purpose of the Bonds” and “PLAN OF FINANCING–Use of Bond Proceeds,” and the Undertaking conforms to the description thereof contained in the Preliminary Official Statement and the Official Statement under the caption “CONTINUING DISCLOSURE OF INFORMATION.”

(g) Except to the extent disclosed in the Preliminary Official Statement and the Official Statement, there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the knowledge of the Issuer, threatened against the Issuer: (i) affecting the existence of the Issuer or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the charge, collection or payment of the Net Revenues of the System pledged to the payment of principal of and interest on the Bonds pursuant to the Ordinance, (iii) in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, (iv) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, (v) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (vi) contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Ordinance or the execution and delivery of the Issuer Documents, nor, to the knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents.

(h) The Preliminary Official Statement, as of its date and as of the date of this Agreement, did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) At the time of the Issuer’s acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which made, not misleading.

(k) The Issuer has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Ordinance and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriters, at no expense to the Issuer, as the Representative may reasonably request (A) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Representative immediately of receipt by the Issuer of any written notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(m) The financial statements of, and other financial information regarding the Issuer in the Preliminary Official Statement and in the Official Statement fairly present the financial position and results of the Issuer as of the dates and for the periods therein set forth. The financial statements of the Issuer have been prepared in accordance with generally accepted accounting principles consistently applied, and except as noted in the Preliminary Official Statement and in the Official Statement, the other historical financial information set forth in the Preliminary Official Statement and in the Official Statement has been presented on a basis consistent with that of the Issuer's audited financial statements included in the Preliminary Official Statement and in the Official Statement. Prior to the Closing, the Issuer will not take any action within or under its control that will cause any adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer. Except as described in the Preliminary Official Statement and in the Official Statement, the Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer would have a material adverse effect on the financial condition of the Issuer.

(n) Prior to the earlier of (i) receipt of notice from the Underwriters pursuant to Section 3(e) hereof that Final Official Statements are no longer required under the Rule or (ii) 25 days after the Closing, the Issuer shall provide the Representative with such information regarding its current financial condition and ongoing operations as the Issuer shall deem material and such other information concerning the Issuer as the Underwriters may reasonably request.

(o) The Issuer will not, prior to the Closing, offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent (except in the ordinary course of business), payable from or secured by a pledge of the Net Revenues of the System, without the prior approval of the Representative.

(p) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions described in this Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein.

(q) The Issuer covenants that between the date hereof and the Closing it will take no actions which will cause the representations and warranties made in this Section to be untrue as of Closing.

(r) The Issuer, to the extent heretofore requested by the Representative, has delivered to the Representative true, correct, complete, and legible copies of all information, applications, reports, or other documents of any nature whatsoever submitted to any rating agency for the purpose of obtaining a rating for the Bonds or to any municipal bond insurance company for the purpose of obtaining a commitment to issue a municipal bond insurance policy insuring payment of the principal or and interest on the Bonds and, in each instance, true, correct, complete, and legible copies of all correspondence or other communications relating, directly or indirectly, thereto.

(s) Except as disclosed in the Preliminary Official Statement and the Official Statement, the Issuer has complied with all undertakings made by it specified in paragraph (b)(5)(i) of Rule 15c2-12 within the last five years.

5. Closing.

(a) At 10:00 a.m. Garland, Texas time, on June 12, 2018, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative (the “Closing”), the Issuer will, subject to the terms and conditions hereof, deliver to the Representative the initial Bond registered in the name of the Representative, in temporary form, together with the other documents hereinafter mentioned, and will have available for immediate exchange definitive Bonds duly executed and authenticated in the form and manner described below, and the Representative will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds, as set forth in and in accordance with the provisions of Section 1 of this Agreement, in immediately available funds by federal funds wire transfer to or for the account of the Issuer (such events being referred to herein as the “Closing”). Payment for the Bonds as aforesaid shall be made at the offices of the Paying Agent/Registrar, or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Bonds in definitive form shall be made through the facilities of DTC’s book-entry-only system. The definitive Bonds shall be delivered in fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds and registered in the name of Cede & Co., as nominee of DTC, all as provided in the Ordinance, and shall be made available to the Representative at least one business day before the Closing for purposes of inspection. Unless otherwise agreed to by the Representative, the Bonds will be delivered under DTC’s FAST delivery system.

6. Closing Conditions. The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents

and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing.

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.

(c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and Underwriters' Counsel to deliver their respective opinions referred to hereafter.

(d) At or prior to the Closing, all official action of the Issuer relating to the Bonds and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented.

(e) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the Net Revenues or operations of the System by the Issuer, from that set forth in the Official Statement that in the reasonable judgment of the Representative, is material and adverse and that makes it, in the reasonable judgment of the Representative, impracticable to market the Bonds on the terms and in the manner described in the Official Statement.

(f) The Issuer shall not have been in default with respect to the timely payment of principal or interest when due on any of its outstanding obligations for borrowed money.

(g) Except as described in the Preliminary Official Statement and the Official Statement, no suit, action, investigation, or legal or administrative proceeding shall be threatened or pending before any court or governmental agency which is likely to result in the restraint, prohibition, or the obtaining of damages or other relief in connection with the issuance of the Bonds or the consummation of the transactions described herein, or which, in the reasonable judgment of the Representative, would have a materially adverse effect on the transactions described herein.

(h) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions described in this Agreement shall be

reasonably satisfactory in legal form and effect to the Representative, Bond Counsel and counsel to the Underwriters.

(i) At or prior to the Closing, the Representative shall have received one copy of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, in (i) a “designated electronic format” that meets the requirements of Rule G-32 and (ii) in a printed format;

(2) The Ordinance certified by the City Secretary under the Issuer’s seal as having been duly adopted by the Issuer and as being in effect with such supplements or amendments as may have been agreed to by the Representative;

(3) The Continuing Disclosure Undertaking (the “Undertaking”) of the Issuer which satisfies the requirements of section (b)(5)(i) of the Rule, which Undertaking may be included in the Ordinance;

(4) A copy of an opinion or certificate, dated on or prior to the date of Closing, of the Attorney General of the State of Texas approving the Bonds as required by law and a copy of the registration certificate of the Comptroller of Public Accounts of the State of Texas;

(5) The approving opinion of Bond Counsel with respect to the Bonds, in substantially the form attached to the Official Statement;

(6) A supplemental opinion of Bond Counsel addressed to the Underwriters, substantially to the effect that:

(i) the Issuer has duly adopted and enacted the Ordinance, and the Ordinance is in full force and effect;

(ii) the Bonds are exempted securities under the Securities Act of 1933, as amended (the “1933 Act”), and the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”) and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Ordinance under the Trust Indenture Act; and

(iii) except to the extent noted in the Preliminary Official Statement and the Official Statement, said firm has not assumed any responsibility with respect to the Preliminary Official Statement or the Official Statement or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions “PLAN OF FINANCING” (exclusive of the subcaption “Use of Bond Proceeds”), “THE BONDS” (exclusive of the second paragraph under “Security and Source of Payment,” and the subcaptions, “Book-Entry-Only System” and “Registered Owners’ Remedies”), “SELECTED PROVISIONS OF THE ORDINANCE,” “TAX MATTERS” and

“CONTINUING DISCLOSURE OF INFORMATION” (exclusive of the subcaption “Compliance with Prior Undertakings”) and the subcaptions “Legal Opinions” (except for the last sentence of the first paragraph thereof) “Registration and Qualification of Bonds for Sale” and “Legal Investments and Eligibility to Secure Public Funds in Texas” under the caption “OTHER INFORMATION” in the Preliminary Official Statement and the Official Statement and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Ordinance;

(7) An opinion, dated the date of the Closing and addressed to the Underwriters, of Counsel for the Underwriters in such form as agreed to between the Representative and Counsel to the Underwriters;

(8) A certificate, dated the date of Closing, signed by the Mayor and City Manager of the Issuer or other officials of the Issuer acceptable to the Representative to the effect that (i) the representations and warranties of the Issuer contained herein or in any certificate or document delivered by the Issuer pursuant to the provisions hereof are true and correct on and as of the date of Closing as if made on the date of Closing; (ii) except as disclosed in the Preliminary Official Statement and the Official Statement, no litigation, action, suit or proceeding against the Issuer is pending or, to their knowledge, threatened in any court or administrative body nor, to their knowledge, is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents, (d) contest in any way the accuracy, completeness or fairness of the Preliminary Official Statement or the Official Statement, or (e) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from collecting the Net Revenues of the System, including payments on the Bonds, pursuant to the Ordinance, to pay the principal of and interest on the Bonds, or the pledge thereof; (iii) the official actions of the Issuer authorizing the execution, delivery and/or performance of the Preliminary Official Statement, Official Statement, the Bonds and Issuer Documents have been duly adopted by the Issuer, are in full force and effect and have not been modified, amended or repealed; (iv) to their knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in the light of the circumstances under which made, not misleading in any respect as of the time of Closing, and the information contained in Preliminary Official Statement, as of its date and through the date of this Agreement and the Official Statement, as of its date and as of the date of Closing, was and is correct and does not and did not, contain any untrue statement of a fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; (v) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the Issuer, and their activities contained in the Preliminary Official Statement and the Official Statement are concerned, such statements

and data have been obtained from sources which the Issuer believes to be reliable and the Issuer has no reason to believe that they are untrue; and (vi) there has not been any materially adverse change in the financial condition of the Issuer since September 30, 2017, the latest date as of which audited financial information is available;

(9) A certificate of the Issuer in form and substance satisfactory to Bond Counsel setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be “arbitrage bonds” or “private activity bonds” within the meaning of Section 148 and 141, respectively, of the Internal Revenue Code of 1986, as amended (the “Code”), and any applicable regulations (whether final, temporary or proposed) issued pursuant to the Code;

(10) Evidence in a form acceptable to the Representative that S & P Global Ratings, a division of Standard & Poor’s Financial Services and Fitch Ratings, Inc. have assigned ratings of “AA-” and “AA” respectively, to the Bonds, without regard to credit enhancement, and that such ratings are in effect as of the date of Closing; and

(11) Evidence satisfactory to the Representative that provision has been made for the Issuing and Paying Agent for the Refunded Notes to receive cash in an amount sufficient to effectuate the discharge and final payment of the Refunded Notes at their stated maturity; and

(12) Such additional legal opinions, certificates, instruments and other documents as the Representative, Bond Counsel or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer’s representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance reasonably satisfactory to the Representative.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriters set forth in Sections 8 and 10 hereof shall continue in full force and effect.

Prior to the execution of this Agreement, the Representative received a copy of the Ordinance which contains the Undertaking, and the Representative has reviewed the Undertaking as set forth in the Ordinance.

7. **Termination.** The Representative shall have the right to terminate the Underwriters' obligation under this Agreement to purchase, to accept delivery of and to pay for the Bonds if, after the execution hereof and prior to the Closing, the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds shall be materially adversely affected in the reasonable judgment of the Representative by the occurrence of any of the following:

(a) Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein.

(b) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the SEC, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Ordinance is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect.

(c) Any state blue sky or securities commission or other governmental agency or body in a state in which fifteen percent (15%) or more of the Bonds have been sold all have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto, provided that such withholding or stop order is not due to the malfeasance, misfeasance or nonfeasance of the Underwriters.

(d) A general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum or maximum prices on any such exchange, the establishment of material restrictions (not in force as of the date hereof) upon

trading securities generally by any governmental authority or any national securities exchange, or any material increase of restrictions on the trading of securities now in force (including, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters).

(e) A general banking moratorium declared by federal, State of New York, or the State of Texas officials authorized to do so.

(f) The New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters.

(g) Any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income, securities (or interest thereon), or the validity or enforceability of the collection of Net Revenues of the System to pay principal of and interest on the Bonds.

(h) Any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) There shall have occurred since the date of this Agreement any material adverse change in the affairs or financial condition of the Issuer, except for changes which the Official Statement discloses are expected to occur.

(j) There shall have occurred (i) any new material outbreak of hostilities (including, without limitation, an act of terrorism), (ii) the escalation of hostilities existing prior to the date hereof or (iii) any other extraordinary event, material national or international calamity or crisis, or any material adverse change in the financial, political or economic conditions affecting the United States or the Issuer.

(k) Any fact or event shall exist or have existed that, in the Representative's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement.

(l) There shall have occurred any downgrading or published negative credit watch or similar published information from a rating agency that at the date of this Agreement has published a rating (or has been asked to furnish a rating on the Bonds) on any of the Issuer's debt obligations that are secured in a like manner as the Bonds, which action occurs after the date of this Agreement and reflects a change or possible change, in the ratings accorded any such obligations of the Issuer (including any rating to be accorded the Bonds).

(m) A material disruption in securities settlement, payment or clearance services shall have occurred.

(n) A decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the 1933 Act, the Securities Exchange Act of 1934 and the Trust Indenture Act.

(o) The purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission and such prohibition shall occur subsequent to the date hereof, and is not the result of the Underwriters' acts or failure to act.

8. ***Expenses.***

(a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds; (ii) the fees and disbursements of Bond Counsel and the Financial Advisor to the Issuer; (iii) the fees and disbursements of any other engineers, accountants, and other experts, consultants, or advisers retained by the Issuer; (iv) the fees for ratings of the Bonds; (v) the costs of preparing, printing, and mailing the Preliminary Official Statement and the Official Statement; (vi) the fees and expenses of the Paying Agent/Registrar and the Issuing and Paying Agent for the Refunded Notes; (vii) the fees of the Texas Attorney General; (viii) advertising expenses (except any advertising expenses of the Underwriters as set forth below); (ix) the out-of-pocket, miscellaneous and closing expenses, including the cost of travel, of the officers of the Issuer; and (x) any other expenses mutually agreed to by the Issuer and the Representative to be reasonably considered expenses of the Issuer which are incident to the transactions described herein. Notwithstanding that such fees are solely the legal obligation of the Underwriters, the Issuer acknowledges that the Underwriters will pay from the Underwriters' expense allocation of the underwriting discount the applicable per bond assessment charged by the Municipal Advisory Council of Texas, a non-profit corporation whose purpose it is to collect, maintain and distribute information relating to issuing entities of municipal securities.

(b) The Underwriters shall pay (from the expense allocation of the underwriting discount) (i) the cost of preparation and printing of this Agreement and the Blue Sky Survey and Legal Investment Memorandum, if any; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by the Underwriters in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriters.

(c) The Issuer acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

9. **Notices.** Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing at the address of the Issuer listed above, Attention: City Manager, and any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing to BOK Financial Securities, Inc. 333 West Campbell Road, Suite 350, Richardson, Texas 75080, Attention: Josh McLaughlin.

10. **Parties in Interest.** This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations and warranties contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Agreement, and (iii) any termination of this Agreement.

11. **Effectiveness.** This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. **Choice of Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

13. **Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. **Business Day.** For purposes of this Agreement, "business day" means any day on which commercial banks in New York, New York are open for business.

15. **Section Headings.** Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. **Counterparts.** This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

17. **No Personal Liability.** None of the members of the City Council, nor any officer, agent, or employee of the Issuer, shall be charged personally by any Underwriter with any

liability, or be held liable to any Underwriter under any term or provision of this Agreement, or because of execution or attempted executing, or because of any breach or attempted or alleged breach, of the Agreement.

18. ***Status of the Underwriters.*** (a) The Issuer acknowledges and agrees that (i) the primary role of the Underwriters, as underwriters, is to purchase securities for resale to investors in an arm's length transaction between the Issuer and the Underwriters; (ii) the Underwriters, as underwriters, have financial and other interests that differ from those of the Issuer; (iii) the Underwriters are not acting as a municipal advisor, financial advisor or fiduciary to the Issuer and have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided or are currently providing other services to the Issuer on other matters); (iv) the only obligations the Underwriters have to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement; (v) the Underwriters have provided to the Issuer prior disclosures under Rule G-17 of the MSRB, which have been received by the Issuer and (vi) the Issuer has consulted its own financial, municipal, legal, accounting, tax and/or other advisors, as applicable, to the extent it deems appropriate. The Issuer has a municipal advisor in this transaction.

(b) To the extent this Agreement is a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, the Representative, on behalf of the Underwriters, verifies that except to the extent otherwise required by applicable federal law, including, without limitation, 50 U.S.C. Section 4607, the Underwriters (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the Underwriters) do not boycott Israel and will not boycott Israel through the term of this Agreement. For purposes of this verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit contractual relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

(c) As of the date hereof, the Representative, on behalf of the Underwriters, represents that, to the extent this Agreement constitutes a "governmental contract" within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the extent otherwise required or permitted by or under applicable federal law, neither any of the Underwriters nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Underwriters is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201 or 2252.153 of the Texas Government Code as noted on a list identified in the following link: <https://comptroller.texas.gov/purchasing/publications/divestment.php>.

19. ***Entire Agreement.*** This Agreement represents the entire agreement between the Issuer and the Underwriters with respect to the preparation of the Preliminary Official Statement and the Official Statement, the conduct of the offering, and the purchase and sale of the Bonds.

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Representative. This Agreement shall become a binding agreement between you and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

BOK FINANCIAL SECURITIES, INC.,
as Representative for the Underwriters
Identified on Schedule I

By: _____
Authorized Officer

APPROVED AND ACCEPTED as of the date hereof at _____ o'clock a.m./p.m.

CITY OF GARLAND, TEXAS

By: _____
Mayor

SCHEDULE I
UNDERWRITERS

BOK Financial Securities, Inc.

Frost Bank

SMBC Nikko Securities America, Inc.

SCHEDULE II

\$ _____
CITY OF GARLAND, TEXAS
WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS
NEW SERIES 2018

<u>Stated Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield</u>
3/1/2019			
3/1/2020			
3/1/2021			
3/1/2022			
3/1/2023			
3/1/2024			
3/1/2025			
3/1/2026			
3/1/2027			
3/1/2028			
3/1/2029			
3/1/2030			
3/1/2031			
3/1/2032			
3/1/2033			
3/1/2034			
3/1/2035			
3/1/2036			
3/1/2037			
3/1/2038			

(Interest accrues from the date of delivery of the Bonds)

^(c) Yield shown is the yield to the first call date, March 1, 2028.

Optional Redemption: The Issuer reserves the right, at its option, to redeem Bonds having stated maturities on March 1, 2029, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on March 1, 2028, or any date thereafter, at the per value thereof plus accrued interest to the date of redemption.



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

11.

Meeting Date: May 15, 2018

Item Title: Amendment to Water and Sewer System Commercial Paper Program

Submitted By: Matt Watson, Finance Director

Summary of Request/Problem

At the April 2, 2018 Work Session, Council considered extending the Water and Sewer Commercial Paper Program, Series 2015 beyond the current expiration date to lock in favorable pricing. The existing Water and Sewer Utility System Commercial Paper Program has a capacity of \$90 million and is set to terminate on September 30, 2020. Liquidity facility is provided by Sumitomo Mitsui Bank and the City pays a .40% liquidity facility fee to Sumitomo. Sumitomo has agreed to extend the existing agreement to September 30, 2023 with the following changes in terms and conditions.

1. Existing pricing will remain in place until September 30, 2020 (0.40%).
2. New Pricing (.44%) will be effective October 1, 2020 to September 30, 2023.

Liquidity fees and short-term interest rates are anticipated to increase and this agreement provides the City an opportunity to lock in pricing for liquidity fees over the next five years. If market conditions change the City will have the ability to terminate this contract and issue an RFP for a more desirable rate.

Recommendation/Action Requested and Justification

Approve an ordinance authorizing a Standby Letter of Credit Extension and an Amended and Restated Fee Agreement associated with the Water and Sewer System Commercial Paper Notes, Series 2015.

Attachments

CP Extend Ordinance with Exhibit

ORDINANCE NO. _____

AN ORDINANCE approving a Standby Letter of Credit Extension and an Amended and Restated Fee Agreement relating to the "City of Garland, Texas, Water and Sewer System Commercial Paper Notes, Series 2015"; and resolving other matters incident and related thereto.

WHEREAS, the City Council of the City of Garland, Texas (the "City"), on August 18, 2015 adopted Ordinance No. 6796 (the "Ordinance") authorizing the "City of Garland, Texas, Water and Sewer System Commercial Paper Notes, Series 2015", in the aggregate principal amount of not to exceed \$90,000,000 (collectively, the "Notes") and in connection therewith executed a Standby Letter of Credit and Reimbursement Agreement dated as of September 1, 2015 (the "Reimbursement Agreement") by and between the City and Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "Bank");

WHEREAS, the City has requested the Bank to extend the Stated Expiration Date of the Bank's Letter of Credit No. LG/MIS/NY-085895 (the "Letter of Credit") to September 30, 2023;

WHEREAS, the Bank and the City have agreed to extend the Stated Expiration Date of the Letter of Credit to September 30, 2023 and to enter into that certain Amended and Restated Fee Letter Agreement, a substantial copy of which is attached hereto as **Exhibit A** (the "Amended Fee Letter Agreement") by and between the City and the Bank; now, therefore,

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

SECTION 1: The City hereby approves the extension of the Stated Expiration Date of the Letter of Credit to September 30, 2023 and further approves the Amended Fee Letter Agreement in substantially the form attached hereto as **Exhibit A**, with such changes or additions thereto as may be approved by the City Manager or the Finance Director of the City (upon advice of bond counsel to the City), as evidenced by their execution and delivery thereof, and the City Manager or the Finance Director of the City are each hereby authorized and directed, for and on behalf of the City, to execute the Amended Fee Letter Agreement, and such officers are hereby authorized to deliver the Amended Fee Letter Agreement to the Bank. Upon execution by the parties thereto and delivery thereof, the Amended Fee Letter Agreement shall be binding upon the City in accordance with the terms and provisions thereof.

SECTION 2: It is officially found, determined and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Texas Government Code, Chapter 551, as amended.

[Remainder of page intentionally left blank]

SECTION 3: This Ordinance shall be in force and effect from and after its passage on the date shown below.

PASSED AND ADOPTED, this May 15, 2018.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

(City Seal)

EXHIBIT A

AMENDED FEE LETTER AGREEMENT

Amended and Restated Fee Letter Agreement

This Amended and Restated Fee Agreement (the "Amended Fee Agreement") is entered into as of April __, 2018 between Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "Bank") and City of Garland, Texas (the "City"). Reference is hereby made to the Standby Letter of Credit and Reimbursement Agreement (the "Reimbursement Agreement"), dated as of September 1, 2015, by and between the Bank and the City relating to the City of Garland, Texas Water and Sewer System Revenue Commercial Paper Notes (the "Notes"). This Amended Fee Agreement amends and restates the Fee Agreement between the Bank and the City entered into as of September 30, 2015. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Reimbursement Agreement.

Simultaneously with the execution of this Amended Fee Agreement, the Bank at the request of the City, is extending the Stated Expiration Date of the Standby Letter of Credit to September 30, 2023 (the "Letter of Credit Extension").

The purpose of this Amended Fee Agreement is to set forth the agreement between the Bank and the City with respect to fees and rates payable to the Bank pursuant to the Reimbursement Agreement. This is the Fee Agreement referenced in the Reimbursement Agreement.

Article I. Fees

Section 1.1. Facility Fee. The City shall pay or cause to be paid to the Bank a non-refundable facility fee (the "Facility Fee ") accruing at a rate per annum (the "Facility Fee Rate") on the Stated Amount based on the current Ratings* as shown in Schedule I or Schedule II below, as applicable. Such Facility Fee shall be payable quarterly in arrears on the last Business Day of each March, June, September and December while the Stated Amount is in effect (based on the same schedule in effect prior to the Fee Letter Amendment) and on date of termination of the Letter of Credit (with any payment of the Facility Fee to be pro-rated for the actual number of days elapsed for a payment due for a period of time that is more than or less than a full quarterly payment period), and shall be calculated on the basis of the average daily amount of the Commitment and a year of 360 days for the actual number of days elapsed; *provided, however*, that the Facility Fee shall be increased or decreased as set forth in Schedule I or II below, as applicable, based on any change in the Ratings. If the Commitment is terminated in its entirety, the accrued but unpaid Facility Fee along with any amounts due pursuant to this Section 1.1 and Section 1.4 hereof shall be payable on the effective date of such termination. If the day upon which the Facility Fee is due and payable is not a Business Day, said Facility Fee shall be calculated through and including the last day of the period for which it is attributable and shall not include amounts representing any Facility Fee accrued through the date when said Facility Fee is actually paid to the Bank. The Bank's determination of the Facility Fee pursuant to this Section 1.1 and Schedule I or II, as applicable shall be conclusive absent manifest error. The parties acknowledge that on the date of this Amended Fee Agreement the Facility Fee Rate is 0.40% as shown in Schedule I, Level 1.

Prior to September 30, 2020, the Facility Fee Rate shall be as set forth in the following Schedule I:

Schedule I

Level	Ratings Fitch	Ratings S&P	Facility Fee Rate
Level 1	AA-or above	AA- or above	0.40%
Level 2	A+	A+	0.55%
Level 3	A	A	0.75%
Level 4	A-	A-	1.00%
Level 5	BBB+	BBB+	1.50%
Level 6	BBB	BBB	2.25%

Beginning September 30, 2020 and thereafter, the Facility Fee Rate shall be as set forth in the following Schedule II:

Schedule II

Level	Ratings Fitch	Ratings S&P	Facility Fee Rate
Level 1	AA-or above	AA- or above	0.44%
Level 2	A+	A+	0.59%
Level 3	A	A	0.79%
Level 4	A-	A-	1.04%
Level 5	BBB+	BBB+	1.54%
Level 6	BBB	BBB	2.29%

The Facility Fee Rate for any date shall be determined by reference to the Ratings* in Schedule I or II, as applicable. If the Ratings assigned by the Rating Agencies appear in more than one row (i.e., a split rating), the Facility Fee Rate will be based on the lowest of the two (2) ratings. If any Rating is withdrawn or suspended, then the Facility Fee Rate shall automatically, without notice, increase to 3.0% per annum until such Rating is restored. In addition to the foregoing, upon the occurrence of any Event of Default, and for so long as

* "Rating" shall mean the long-term unenhanced credit rating assigned to the City's New Series Bonds by each of the Rating Agencies.

said Event of Default has not been cured or waived by the Bank, the Facility Fee Rate shall automatically (without notice) increase to 3.0% per annum until such Event of Default has been cured. Each change in the Facility Fee Rate resulting from a change in the Rating shall become effective on the date of the announcement or publication by the respective Rating Agency of a change in such rating or, in the absence of such announcement or publication, on the effective date of such changed Rating.

References to the Ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, each of the Ratings from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect.

Section 1.2. Amendment/Transfer Fee/Waiver. The City shall pay, or cause to be paid, in connection with the written request by the City or the Issuing and Paying Agent of any amendment, transfer, supplement, modification, waiver or consent relating to Reimbursement Agreement or any document requiring any action on the part of the Bank or any transfer of the rights and obligations under the Reimbursement Agreement or Standby Letter of Credit by the City or the Issuing and Paying Agent, an amount equal to \$5,000, plus the reasonable fees and expenses of the Bank's counsel.

Section 1.3. Draw Fee. The City shall pay to the Bank a draw fee in an amount equal to \$300 for each draw on the Standby Letter of Credit, which amount shall be payable on the date of such draw.

Section 1.4. Termination Fee. The City may terminate, replace or reduce the Standby Letter of Credit upon thirty (30) days written notice to the Bank subject to payment of a Termination Fee or Reduction Fee as described below.

To the extent the Standby Letter of Credit is terminated or replaced prior to the second anniversary of the date of the Amended Fee Letter, Facility Fees equal to 24 months (calculated based upon the initial Stated Amount) less amounts paid to the date of termination will be charged (from the date of termination) (the "Termination Fee") except in the event of either (1) or (2) below.

In the event the City elects to reduce the Stated Amount of the Standby Letter of Credit prior to the second anniversary of the date of this Amended Fee Letter, the City shall pay to the Bank Facility Fees equal to the product of (A) the Facility Fee Rate in effect on the date of such reduction, (B) the difference between the Stated Amount (without regard to any temporary reductions thereof) prior to such reduction and the Stated Amount (without regard to any temporary reductions thereof) after such reduction, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such reduction to and including the second anniversary of the closing date, and the denominator of which is 360 (the "Reduction Fee"). Such Reduction Fee shall not be due in the case of (1) or (2) below.

(1) Two or more of the Bank's short term ratings from the Rating Agencies are lowered to "A-2" or lower by S&P, "P-2" or lower by Moody's or "F-2" or lower Fitch or ;

(2) The Bank charges the City increased costs pursuant to Section 2.15 of the Reimbursement Agreement.

All Facility Fees and any other amounts owed to the Bank will be due and payable prior to any termination or reduction.

Section 1.5. Audit Fee. The City shall pay to the Bank a \$50 fee for any Audit Confirmation requested by the City or its auditor and presented to the Bank.

Section 1.6. Legal Fees. As a condition to closing on the Letter of Credit Extension and this Amended Fee Letter, the City shall pay, or caused to be paid, the legal fees of Orrick, Herrington and Sutcliffe LLP in the amount not to exceed \$2,500 for preparation of the Letter of Credit Extension and this Amended Fee Agreement.

Section 1.7. Past Due Amounts. Any past due amounts under this Fee Agreement or the Credit Agreement shall accrue interest at the Default Rate.

Section 1.8. Interest Calculation. All fees payable under the Reimbursement Agreement and this Amended Fee Agreement shall be computed on the basis of a year of 360 days and the actual number of days elapsed; provided, interest accrued at the Default Rate shall be calculated on the basis of the actual number of days elapsed in a 365/366 year.

Section 1.9. Non-refundable. All fees required to be paid under this Amended Fee Agreement and the Credit Agreement shall, upon payment, be nonrefundable.

Article II. Miscellaneous.

Section 2.1. Amendments. No amendment to this Amended Fee Agreement shall become effective without the prior written consent of the Bank and the City.

Section 2.2. Governing Law. This Amended Fee Agreement shall be governed by and construed in accordance with the laws of *the* State of Texas; provided, however, that the Bank's obligations hereunder shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 2.3. Counterparts. This Amended Fee Agreement may be executed in two or more counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument.

Section 2.4. Severability. Any provision of this Amended Fee Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 2.5. *Confidentiality.* The City agrees not to disclose the information in this Amended Fee Agreement to third parties except to the extent it is legally necessary to do so. The City also agrees to give the Bank reasonable prior notice of such disclosure to the extent possible, and in no uncertain terms shall the City notify the Bank any later than five (5) Business Days after the City's release of the information herein to a third-party.

Section 2.6. *Representations.* The City hereby represents and warrants to Bank that (i) the execution, delivery and performance of this Amended Fee Letter and the Letter of Credit Extension have each been authorized by all requisite action on the part of City, and (ii) no Event of Default has occurred and is continuing and no event or condition has occurred that with the giving of notice or lapse of time or both would be an Event of Default.

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IN WITNESS WHEREOF, the parties hereto have caused this Amended Fee Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

CITY OF GARLAND, TEXAS

By: _____

Name:

Title:

SUMITOMO MITSUI BANKING
CORPORATION, ACTING THROUGH ITS
NEW YORK BRANCH

By: _____

Name:

Title:

Signature Page to City of Garland Fee Agreement



GARLAND
CITY COUNCIL ITEM SUMMARY SHEET

City Council Regular Session Agenda

12.

Meeting Date: May 15, 2018

Item Title: Consider an ordinance approving the sale of Certificates of Obligation, Series 2018 to fund a portion of the approved 2018 CIP

Submitted By: Matt Watson, Finance Director

Summary of Request/Problem

At the April 2, 2018 Work Session, Council considered authorizing the the sale of Certificates of Obligation in an amount of approximately \$33.8 million to fund a portion of the CIP and pay related issuance costs of approximately \$150,000.

Recommendation/Action Requested and Justification

By Ordinance, approve the sale of Certificates of Obligation, Series 2018 to fund a portion of the approved 2018 CIP.

Attachments

Garland CO Ordinance with Exhibit

ORDINANCE NO. ____

AN ORDINANCE authorizing the issuance of "CITY OF GARLAND, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2018"; providing for the payment of said certificates of obligation by the levy of an ad valorem tax upon all taxable property within the City and a limited pledge of the net revenues derived from the operation of the City's Water and Sewer System; providing the terms and conditions of such certificates of obligation and resolving other matters incident and relating to the issuance, payment, security, sale and delivery of said certificates of obligation, including the approval and execution of a Paying Agent/Registrar Agreement and a Purchase Agreement, and the approval and distribution of a Preliminary Official Statement and an Official Statement pertaining thereto; and providing an effective date.

WHEREAS, notice of the City Council's (the "Council") intention to issue certificates of obligation in the maximum principal amount not to exceed \$33,800,000 for the purpose of paying contractual obligations to be incurred for (i) constructing, equipping and improving municipal park and recreation facilities, library facilities, municipal landfill/transfer station facilities, fleet services facilities, the Firewheel Golf Park and information management services systems, (ii) constructing and improving streets, including drainage, landscaping, curbs, gutters, sidewalks, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iii) acquiring public safety, environmental waste services, Firewheel Golf Park, stormwater maintenance and street department equipment, (iv) acquiring, constructing, renovating, improving and equipping existing municipal buildings, including HVAC replacement upgrade, roof replacement and safety upgrades, (v) constructing drainage improvements, including bridge remediation, (vi) constructing and equipping facilities for the City's economic development department and (vii) professional services rendered in connection therewith, has been duly published in *The Dallas Morning News*, a newspaper of general circulation in the City of Garland, Texas on April 15, 2018 and April 22, 2018; and

WHEREAS, no petition protesting the issuance of the certificates of obligation described in the aforesaid notice, signed by at least 5% of the qualified voters of the City, has been presented to or filed with the City Secretary on or prior to the date of the passage of this Ordinance; and

WHEREAS, the Council hereby finds and determines that \$_____ in total principal amount of the certificates of obligation described in such notice should be authorized at this time; now, therefore,

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

SECTION 1: Authorization, Designation, Principal Amount, Purpose. Certificates of obligation of the City shall be and are hereby authorized to be issued in the aggregate principal amount of \$_____, to be designated and bear the title "CITY OF GARLAND, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2018" (hereinafter referred to as the "Certificates"), for the purpose of paying contractual obligations to be incurred for: (i) constructing, equipping and improving municipal park and recreation facilities, library facilities, municipal landfill/transfer station facilities, fleet services facilities, the Firewheel Golf Park and information management services systems, (ii) constructing and improving streets, including drainage, landscaping, curbs, gutters, sidewalks, signage, traffic signalization and street

noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iii) acquiring public safety, environmental waste services, Firewheel Golf Park, stormwater maintenance and street department equipment, (iv) acquiring, constructing, renovating, improving and equipping existing municipal buildings, including HVAC replacement upgrade, roof replacement and safety upgrades, (v) constructing drainage improvements, including bridge remediation, (vi) constructing and equipping facilities for the City's economic development department and (vii) professional services rendered in connection therewith, pursuant to authority conferred by, and in conformity with, the Constitution and laws of the State of Texas, including Texas Local Government Code, Subchapter C of Chapter 271, as amended.

SECTION 2: Fully Registered Obligations - Authorized Denominations - Stated Maturities - Interest Rates - Certificate Date. The Certificates are issuable in fully registered form only; shall be dated May 15, 2018 (the "Certificate Date"); and shall be in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity), and the Certificates shall become due and payable on February 15 in each of the years and in principal amounts (the "Stated Maturities") and bear interest at the per annum rates in accordance with the following schedule:

<u>Year of Stated Maturity</u>	<u>Principal Amount</u>	<u>Interest Rates</u>
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		

The Certificates shall bear interest on the unpaid principal amounts from the date of their delivery to the initial purchasers at the rate(s) per annum shown in the above schedule (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Certificates shall be payable each February 15 and August 15, commencing February 15, 2019, until maturity or prior redemption.

SECTION 3: Payment of Certificates - Paying Agent/Registrar. The principal of, premium, if any, and interest on the Certificates due and payable by reason of maturity or otherwise shall be payable without exchange or collection charges to the registered owner

thereof, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

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

Both principal of, premium, if any, and interest on the Certificates, due and payable by reason of maturity, shall be payable only to the registered owners of the Certificates (hereinafter referred to as the "Holder" or "Holders") appearing on the Security Register and, to the extent permitted by law, neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary.

Principal of and premium, if any, on the Certificates shall be payable at the Stated Maturities or upon prior redemption thereof, only upon presentation and surrender of the Certificates to the Paying Agent/Registrar at its designated offices, initially in Salt Lake City, Utah, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Payment/Transfer Office"). Interest on the Certificates shall be paid to the Holders whose names appear in the Security Register at the close of business on the Record Date (the last business day of the month next preceding the interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent by United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United

States Mail, first class postage prepaid, to the address of each Holder appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 4: Redemption.

(a) Optional Redemption. The Certificates having Stated Maturities on and after February 15, 2029, shall be subject to redemption prior to maturity, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on February 15, 2028, or on any date thereafter at the redemption price of par plus accrued interest to the date of redemption.

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

(b) Selection of Certificates for Redemption. If less than all Outstanding Certificates of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall treat such Certificates as representing the number of Certificates Outstanding which is obtained by dividing the principal amount of such Certificates by \$5,000 and shall select the Certificates to be redeemed within such Stated Maturity by lot.

(c) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Certificates, a notice of redemption shall be sent by United States mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Certificate to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether or not received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Certificates, (ii) identify the Certificates to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Certificates, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Certificates, or the principal amount thereof to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Certificate is subject by its terms to prior redemption and has been called for redemption and notice of redemption thereof has been duly given as hereinabove provided, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable and interest thereon shall cease to accrue from and after the redemption date therefor; provided moneys sufficient for the payment of such Certificate (or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

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

SECTION 5: Registration - Transfer - Exchange of Certificates - Predecessor Certificates. A Security Register relating to the registration, payment, and transfer or exchange of the Certificates shall at all times be kept and maintained by the City at the Designated Payment/Transfer Office of the Paying Agent/Registrar, and the Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each Holder of the Certificates issued under and pursuant to the provisions of this Ordinance. Any Certificate may, in accordance with its terms and the terms hereof, be transferred or exchanged for Certificates of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Certificate to the Paying Agent/Registrar at the Designated Payment/Transfer Office for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon the surrender for transfer of any Certificate at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Certificates, executed on behalf of, and furnished by, the City, of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Certificate or Certificates surrendered for transfer.

At the option of the Holder, Certificates may be exchanged for other Certificates of authorized denominations and having the same Stated Maturity, bearing the same rate of interest, and of like aggregate principal amount as the Certificates surrendered for exchange upon the surrender of the Certificates to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Certificates are so surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Certificates, executed on behalf of, and furnished by the City, to the Holder requesting the exchange.

All Certificates issued upon any transfer or exchange of Certificates shall be delivered at the Designated Payment/Transfer Office of the Paying Agent/Registrar, or sent by United States mail, first class postage prepaid, to the Holder and, upon the delivery thereof, the same shall be valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Certificates surrendered in such transfer or exchange.

All transfers or exchanges of Certificates pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Certificates canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Certificates," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Certificate or Certificates registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Certificates" shall include any Certificate registered and delivered pursuant to Section 22 hereof in lieu of a mutilated, lost, destroyed, or stolen Certificate, which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Certificate.

Neither the City nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of a Holder any Certificate called for redemption, in whole or in part, within 45 days of the date fixed for the redemption of such Certificate; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance of a Certificate called for redemption in part.

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

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

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

SECTION 7: Execution - Registration. The Certificates shall be executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or impressed thereon and countersigned by the City Secretary. The signatures of said officers on the Certificates may be manual or facsimile. Certificates bearing the manual or facsimile signatures of said individuals who are or were the proper officers of the City on the Certificate Date shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or any of them shall cease to hold such offices prior to the delivery of the Certificates to the initial purchaser(s), and with

respect to Certificates delivered in subsequent exchanges and transfers, all as authorized and provided in Texas Government Code, Chapter 1201, as amended.

No Certificate shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Certificate either a certificate of registration substantially as set forth in the form of the Initial Certificate provided in Section 9(b), manually executed by the Comptroller of Public Accounts of the State of Texas or his or her duly authorized agent, or a certificate of registration substantially as set forth in the form of the definitive Certificates provided in Section 9(c), manually executed by an authorized officer, employee, or representative of the Paying Agent/Registrar, and either such certificate duly signed upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly certified, registered, and delivered.

SECTION 8: Initial Certificate. The Certificates herein authorized shall be initially issued as a single fully registered Certificate in the total principal amount as provided in Section 1 hereof with the principal amount to become due and payable as provided in Section 2 hereof and numbered T-1 (hereinafter referred to as the "Initial Certificate") and the Initial Certificate shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Certificate shall be the Certificate submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas, and delivered to the initial purchaser(s). Any time after the delivery of the Initial Certificate, the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Certificate delivered hereunder and exchange therefor definitive Certificates of authorized denominations, Stated Maturity, principal amounts, and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 9: Forms.

(a) **Forms Generally.** The Certificates, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Registration of the Paying Agent/Registrar, and the form of Assignment to be printed on the Certificates, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends on any insured Certificates and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or be determined by the officers executing such Certificates as evidenced by their execution thereof. Any portion of the text of any Certificate may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Certificate.

The definitive Certificates shall be printed, lithographed, typewritten, engraved or produced in any other similar manner, all as determined by the officers executing such Certificates as evidenced by their execution thereof, but the Initial Certificate submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

The City may provide (i) for issuance of one fully registered Certificate for the Stated Maturity in the aggregate principal amount of such Stated Maturity and (ii) for registration of such

Certificate in the name of a securities depository, or the nominee thereof. While any Certificate is registered in the name of a securities depository or its nominee, references herein and in the Certificates to the holder or owner of such Certificate shall mean the securities depository or its nominee and shall not mean any other person.

(b) Form of Initial Certificate.

REGISTERED
NO. T-1

PRINCIPAL AMOUNT
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF GARLAND, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION
SERIES 2018

Certificate Date: May 15, 2018

Registered Owner: CITIGROUP GLOBAL MARKETS INC.

Principal Amount: _____ MILLION _____ HUNDRED _____ THOUSAND DOLLARS

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

<u>YEAR</u>	<u>PRINCIPAL INSTALLMENTS</u>	<u>INTEREST RATE</u>
-------------	-----------------------------------	--------------------------

(Information to be inserted from Section 2 hereof)

(or so much principal thereof as shall not have been redeemed prior to maturity) and to pay interest, computed on the basis of a 360-day year of twelve 30-day months, on the unpaid principal amounts hereof from the date of delivery to the initial purchasers at the per annum rates of interest specified above; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2019, until maturity or prior redemption. Principal installments of this Certificate are payable on the Stated Maturity dates or on a redemption date to the registered owner hereof by ZB, National Association dba Amegy Bank, Houston, Texas (the "Paying Agent/Registrar"), upon its presentation and surrender at its designated offices, initially in Salt Lake City, Utah, or, with respect to a successor paying agent/registrar, at the designated office of such successor (the "Designated Payment/Transfer Office"). Interest is payable to the registered owner of this Certificate whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date hereof, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the

registered owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Certificate shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Certificate is issued in the aggregate principal amount of \$_____ for the purpose of paying contractual obligations to be incurred for (i) constructing, equipping and improving municipal park and recreation facilities, library facilities, municipal landfill/transfer station facilities, fleet services facilities, the Firewheel Golf Park and information management services systems, (ii) constructing and improving streets, including drainage, landscaping, curbs, gutters, sidewalks, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iii) acquiring public safety, environmental waste services, Firewheel Golf Park, stormwater maintenance and street department equipment, (iv) acquiring, constructing, renovating, improving and equipping existing municipal buildings, including HVAC replacement upgrade, roof replacement and safety upgrades, (v) constructing drainage improvements, including bridge remediation, (vi) constructing and equipping facilities for the City's economic development department and (vii) professional services rendered in connection therewith, pursuant to authority conferred by and in conformity with the Constitution and laws of the State of Texas, particularly Texas Local Government Code, Subchapter C of Chapter 271, as amended, and pursuant to an ordinance adopted by the governing body of the City (hereinafter referred to as the "Ordinance").

The Certificates maturing on and after February 15, 2029, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on February 15, 2028, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

At least thirty (30) days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States mail, first class postage prepaid, to the Registered Owners of the Certificates to be redeemed and subject to the terms and provisions relating thereto contained in the Ordinance. If this Certificate (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Certificate (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

In the event a portion of the principal amount of a Certificate is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Certificate to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Certificate or Certificates of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum thereof will be issued to the registered owner, without charge. If a Certificate is selected for redemption, in whole

or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Certificate to an assignee of the registered owner within forty-five (45) days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Certificate redeemed in part.

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

This Certificate is payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City and is additionally payable from and secured by a lien on and limited pledge of \$1,000 of the Net Revenues of the City's Water and Sewer System (the "System"), such lien and pledge, however, being junior and subordinate to the lien on and pledge of the Net Revenues securing the payment of the Prior Lien Obligations (identified and defined in the Ordinance) and the Subordinate Lien Bonds (identified and defined in the Ordinance). In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations while the Certificates are outstanding without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise and additional certificates equally and ratably secured with the Certificates by a parity lien on and pledge of the Net Revenues.

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 Registered Owner by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of this Certificate; the properties constituting the System; the Net Revenues pledged to the payment of the principal of and interest on this Certificate; the nature, extent, and manner of enforcement of the pledge; the terms and conditions relating to the transfer or exchange of this Certificate; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Registered Owners; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the tax levy and the liens, pledges, charges, and covenants made therein may be discharged at or prior to the maturity of this Certificate, and this Certificate is deemed to be no longer Outstanding thereunder; and for the other terms and provisions thereof. Capitalized terms used herein have the meanings assigned in the Ordinance.

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

The City and the Paying Agent/Registrar, and any agent of either, may treat the Registered Owner hereof whose name appears on the Security Register (i) on the Record Date as the owner entitled to the payment of the interest hereon, (ii) on the date of surrender of this Certificate as the owner entitled to the payment of the principal hereof at its Stated Maturity or upon its prior redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of 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 fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Registered Owner appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented, and covenanted that the City is a duly organized and legally existing municipal corporation under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Certificates is duly authorized by law; that all acts, conditions, and things required to exist and be done precedent to and in the issuance of the Certificates to render the same lawful and valid obligations of the City have been properly done, have happened, and have been performed in regular and due time, form, and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Certificates do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Certificates by the levy of a tax and a limited pledge of and lien on the Net Revenues of the System as aforestated. In case any provision in this Certificate 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. The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

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

CITY OF GARLAND, TEXAS

Mayor

COUNTERSIGNED:

City Secretary

(City Seal)

REGISTRATION CERTIFICATE OF
THE COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS
THE STATE OF TEXAS

)
)
)

REGISTER NO. _____

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

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee:) _____

(Social Security or other identifying number: _____)
the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature guaranteed:

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

(c) Form of Definitive Certificates.

REGISTERED
NO. R- ____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF GARLAND, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION
SERIES 2018

Certificate Date:
May 15, 2018

Interest Rate:
_____ %

Stated Maturity:
February 15, 20____

CUSIP No.:

Registered Owner:

Principal Amount:

DOLLARS

The City of Garland (hereinafter referred to as the "City"), a body corporate and municipal corporation in the Counties of Dallas, Collin and Rockwall, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount stated above and to pay interest on the unpaid Principal Amount stated above from the interest payment date next preceding the "Registration Date" of this Certificate appearing below (unless this Certificate bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Certificate is prior to the initial interest payment date in which case it shall bear interest from the from the date of delivery to the initial purchasers) at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15, commencing February 15, 2019, until maturity or prior redemption. Principal of this Certificate shall be payable at its Stated Maturity or on a redemption date to the Registered Owner hereof upon presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor; provided, however, while this Certificate is registered to Cede & Co., the payment of principal upon a partial redemption of the principal amount hereof may be accomplished without presentation and surrender of this Certificate. Interest shall be payable to the Registered Owner of this Certificate (or of one or more Predecessor Certificates, as defined in the Ordinance hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding the interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first class postage prepaid, to the address of the Registered Owner, recorded in the Security Register or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Certificate shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Certificate is one of the series specified in its title issued in the aggregate principal amount of \$_____ (herein referred to as the "Certificates") for the purpose of paying contractual obligations to be incurred for: (i) constructing, equipping and improving municipal park and recreation facilities, library facilities, municipal landfill/transfer station facilities, fleet services facilities, the Firewheel Golf Park and information management services systems, (ii) constructing and improving streets, including drainage, landscaping, curbs, gutters, sidewalks, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iii) acquiring public safety, environmental waste services,

Firewheel Golf Park, stormwater maintenance and street department equipment, (iv) acquiring, constructing, renovating, improving and equipping existing municipal buildings, including HVAC replacement upgrade, roof replacement and safety upgrades, (v) constructing drainage improvements, including bridge remediation, (vi) constructing and equipping facilities for the City's economic development department and (vii) professional services rendered in connection therewith, pursuant to authority conferred by and in conformity with the Constitution and laws of the State of Texas, particularly Texas Local Government Code, Subchapter C of Chapter 271, as amended, and pursuant to an ordinance adopted by the governing body of the City (hereinafter referred to as the "Ordinance").

The Certificates maturing on and after February 15, 2029, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on February 15, 2028, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

At least thirty (30) days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States mail, first class postage prepaid, to the Registered Owners of the Certificates to be redeemed and subject to the terms and provisions relating thereto contained in the Ordinance. If this Certificate (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Certificate (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

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

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

The Certificates are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City and are additionally payable

from and secured by a lien on and limited pledge of \$1,000 of the Net Revenues of the City's Water and Sewer System (the "System"), such lien and pledge, however, being junior and subordinate to the lien on and pledge of the Net Revenues securing the payment of the Prior Lien Obligations (identified and defined in the Ordinance) and the Subordinate Lien Bonds (identified and defined in the Ordinance). In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations while the Certificates are outstanding without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise and additional certificates equally and ratably secured with the Certificates by a parity lien on and pledge of the Net Revenues.

Reference is hereby made to the Ordinance, a copy of which is on file at the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Registered Owner by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Certificates; the properties constituting the System; the Net Revenues pledged to the payment of the principal of and interest on the Certificates; the nature, extent, and manner of enforcement of the pledge; the terms and conditions relating to the transfer or exchange of this Certificate; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Registered Owners; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the tax levy and the liens, pledges, charges, and covenants made therein may be discharged at or prior to the maturity of this Certificate, and this Certificate deemed to be no longer Outstanding thereunder; and for the other terms and provisions thereof. Capitalized terms used herein have the meanings assigned in the Ordinance.

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

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

It is hereby certified, recited, represented, and covenanted that the City is a duly organized and legally existing municipal corporation under and by virtue of the Constitution and laws of the

State of Texas; that the issuance of the Certificates is duly authorized by law; that all acts, conditions, and things required to exist and be done precedent to and in the issuance of the Certificates to render the same lawful and valid obligations of the City have been properly done, have happened, and have been performed in regular and due time, form, and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Certificates do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Certificates by the levy of a tax and a limited pledge of and lien on the Net Revenues of the System as aforesated. In case any provision in this Certificate 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. The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

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

CITY OF GARLAND, TEXAS

Mayor

COUNTERSIGNED:

City Secretary

(City Seal)

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

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

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

ZB, NATIONAL ASSOCIATION dba AMEGY BANK,
Houston, Texas, Paying Agent/Registrar

By: _____
Authorized Signature

Registered this date:

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee:) _____

(Social Security or other identifying number: _____)
the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature guaranteed:

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

SECTION 10: Definitions. For purposes of this Ordinance and for clarity with respect to the issuance of the Certificates herein authorized, and the levy of taxes and appropriation of Net Revenues therefor, the following words or terms, whenever the same appear herein without qualifying language, are defined to mean as follows:

(a) The term "Additional Certificates" shall mean combination tax and revenue certificates of obligation hereafter issued under and pursuant to the provisions of Texas Local Government Code, Subchapter C of Chapter 271, as amended, or any similar law hereafter enacted, and payable from ad valorem taxes and additionally payable from and secured by a lien on and pledge of the Net Revenues on a parity with and of equal dignity with the lien and pledge securing the payment of the Certificates.

(b) The term "Certificates" shall mean the "City of Garland, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2018" authorized by this Ordinance.

(c) The term "Certificate Fund" shall mean the special Fund created and established under the provisions of Section 11 of this Ordinance.

(d) The term "Collection Date" shall mean, when reference is being made to the levy and collection of annual ad valorem taxes, the date the annual ad valorem taxes levied each year by the City become delinquent.

(e) The term "Fiscal Year" shall mean the annual financial accounting period used with respect to the System now ending on September 30th of each year; provided, however, the Council may change, by ordinance duly passed, such annual financial accounting period to end on another date if such change is found and determined to be necessary for accounting purposes and to be consistent with the ordinances authorizing the Prior Lien Obligations.

(f) The term "Government Securities" 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 of America, including obligations unconditionally guaranteed or insured by an agency or instrumentality of the United States of America 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 Certificates under the then applicable laws of the State of Texas.

(g) The term "Maintenance and Operating Expenses" shall mean all current expenses of operating and maintaining the System, including all salaries, labor, materials, repairs and extensions necessary to render efficient service; provided, however, that only such repairs and extensions, as in the judgment of the Council, reasonably and fairly exercised, are necessary to maintain the operations and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair obligations payable from Net Revenues shall be deducted in determining "Net Revenues". Depreciation charges shall not be considered Maintenance and Operating Expenses. Maintenance and Operating Expenses shall include payments under contracts for the purchase of water supply, treatment of sewage or other materials, goods, services, or facilities for the System to the extent authorized by law and the provisions of such contract.

(h) The term "Net Revenues" shall mean, with respect to any period, all income, revenues, and receipts received from the operation and ownership of the System less Maintenance and Operating Expenses of the System during such period.

(i) The term "Outstanding" when used in this Ordinance with respect to Certificates means, as of the date of determination, all Certificates theretofore issued and delivered under this Ordinance, except:

(1) those Certificates theretofore canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Certificates for which payment has been duly provided by the City in accordance with the provisions of Section 24 hereof by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or Government Securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity; and

(3) those Certificates that have been mutilated, destroyed, lost, or stolen and for which (i) replacement Certificates have been registered and delivered in lieu thereof or (ii) have been paid, all as provided in Section 22 hereof.

(j) The term "Prior Lien Obligations" shall mean all bonds or other obligations now outstanding and hereafter issued that are payable from and secured by a lien on and pledge of all or any part of the Net Revenues of the System, including but not limited to, the unpaid bonds of the following issues or series designated "City of Garland, Texas, Water and Sewer System Revenue Bonds," further identified by Series, Date, and Original Principal Amount as follows:

<u>SERIES</u>	<u>DATE</u>	<u>PRINCIPAL AMOUNT</u>
2009	05-15-2009	\$18,090,000
2010	04-15-2010	\$21,270,000
2011	06-15-2011	\$19,205,000
2011A	11-01-2011	\$30,150,000
2012	06-01-2012	\$ 8,415,000

and (i) all bonds hereafter issued to refund any part of the aforesaid bonds or other obligations listed in this definition if the same are made payable from and secured by a lien on and pledge of the Net Revenues of the System and (ii) any obligations hereafter issued on a parity (insofar as the revenues of the System are concerned) with such Prior Lien Obligations or refunding bonds issued to refund such obligations if the same are made payable from and secured by a lien on and pledge of the Net Revenues of the System.

(k) The term "Subordinate Lien Bonds" shall mean all bonds or other obligations now outstanding and hereafter issued that are payable from and secured by a lien on and pledge of the Net Revenues of the System that is subordinate to the lien on and pledge of the Net Revenues of the System securing the Prior Lien Obligations, including but not limited to, the unpaid bonds of the following issues or series as follows:

- (i) "City of Garland, Texas, Water and Sewer System Revenue Refunding and Improvement Bonds, New Series 2014," dated June 1, 2014;
- (ii) "City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, New Series 2016", dated November 15, 2016;
- (iii) "City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, New Series 2017", dated May 15, 2017; and
- (iv) "City of Garland, Texas, Water and Sewer System Revenue Refunding Bonds, New Series 2018", dated May 15, 2018 (to be issued concurrently with the Certificates).

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

SECTION 11: Certificate Fund. The City covenants that for the purpose of paying the interest on and providing a sinking fund for the payment and retirement of the Certificates, there shall be and is hereby created a special Fund to be designated "Special 2018 Combination Tax and Revenue Certificate of Obligation Fund" (hereinafter, the "Certificate Fund") which Certificate Fund shall be kept and maintained at the City's depository bank, and moneys deposited in the Certificate Fund shall be used for no other purpose. The Mayor, Mayor Pro Tem, City Manager, Finance Director and City Secretary of the City, individually or jointly, are hereby authorized and directed to make withdrawals from said Fund sufficient to pay the principal of and interest on the Certificates as the same become due and payable, and, shall cause to be transferred to the Paying Agent/Registrar from moneys on deposit in the Certificate Fund (on or prior to a principal and/or interest payment date) an amount sufficient to pay the amount of principal and/or interest falling due on the Certificates, such transfer of funds to the Paying Agent/Registrar to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar on or before the last business day next preceding each interest and principal payment date for the Certificates.

Pending the transfer of funds to the Paying Agent/Registrar, money in the Certificate Fund may, at the option of the City, be invested in obligations identified in, and in accordance with the provisions of the "Public Funds Investment Act" (Texas Government Code, Chapter 2256) relating to the investment of "bond proceeds"; provided that all such investments shall be made in such a

manner that the money required to be expended from said Fund will be available at the proper time or times. All interest and income derived from deposits and investments in said Certificate Fund shall be credited to, and any losses debited to, the said Certificate Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Certificates.

SECTION 12: Tax Levy. To provide for the payment of the "Debt Service Requirements" on the Certificates being (i) the interest on said Certificates and (ii) a sinking fund for their redemption at maturity or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied, within the limitations prescribed by law, for the current year and each succeeding year thereafter while said Certificates or any interest thereon shall remain Outstanding, a sufficient tax on each one hundred dollars' valuation of taxable property in said City, adequate to pay such Debt Service Requirements, full allowance being made for delinquencies and costs of collection; said tax shall be assessed and collected each year and applied to the payment of the Debt Service Requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Certificate Fund. The Council hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the said Debt Service Requirements, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness.

The amount of taxes to be provided annually for the payment of the principal of and interest on the Certificates shall be determined and accomplished in the following manner:

(a) Prior to the date the Council establishes the annual tax rate and passes an ordinance levying ad valorem taxes each year, the Council shall determine:

(1) The amount on deposit in the Certificate Fund after (a) deducting therefrom the total amount of Debt Service Requirements to become due on Certificates prior to the Collection Date for the ad valorem taxes to be levied and (b) adding thereto the amount of the Net Revenues of the System, together with any other lawfully available revenues of the City, appropriated and allocated to pay such Debt Service Requirements prior to the Collection Date for the ad valorem taxes to be levied.

(2) The amount of Net Revenues of the System, together with any other lawfully available revenues of the City, appropriated and to be set aside for the payment of the Debt Service Requirements on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year.

(3) The amount of Debt Service Requirements to become due and payable on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year.

(b) The amount of taxes to be levied annually each year to pay the Debt Service Requirements on the Certificates shall be the amount established in paragraph (3) above less the sum total of the amounts established in paragraphs (1) and (2), after taking into consideration delinquencies and costs of collecting such annual taxes.

SECTION 13: Limited Pledge of Net Revenues. The City hereby covenants and agrees that subject to the prior lien on and pledge of the Net Revenues to the payment and security of

the Prior Lien Obligations and the Subordinate Lien Bonds, the Net Revenues of the System in the amount of \$1,000 are hereby irrevocably pledged to the payment of the principal of and interest on the Certificates, and the pledge of Net Revenues herein made for the payment of the Certificates shall constitute a lien on the Net Revenues until such time as the City shall pay all of such \$1,000, after which time the pledge shall cease, all in accordance with the terms and provisions hereof and be valid and binding without any physical delivery thereof or further act by the City.

Texas Government Code, Chapter 1208, as amended, applies to the issuance of the Certificates 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 Certificates are Outstanding and unpaid such that the pledge of the revenues granted by the City under this Section of this Ordinance is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the Holders of the Certificates 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 14: System Fund. The City hereby covenants and agrees that all revenues derived from the operation and ownership of the System shall be kept separate and apart from all other funds, accounts, and moneys of the City, and shall be deposited as collected into the "Water and Sewer System Fund" (heretofore created in conjunction with the issuance of the outstanding Prior Lien Obligations and hereinafter called the "System Fund"). All moneys deposited in the System Fund shall be pledged and appropriated to the extent required for the following purposes and in the order of priority shown, to wit:

First: To the payment of the reasonable and proper Maintenance and Operating Expenses of the System as defined herein or required by statute to be a first charge on and claim against the revenues of the System.

Second: To the payment of all amounts required to be deposited in any special funds created and established for the payment, security, and benefit of any Prior Lien Obligations in accordance with the terms and provisions of any ordinance authorizing the issuance of any Prior Lien Obligations.

Third: To the payment of all amounts required to be deposited in any special funds created and established for the payment, security, and benefit of any Subordinate Lien Bonds in accordance with the terms and provisions of any ordinance authorizing the issuance of any Subordinate Lien Bonds.

Fourth: To the payment of the amounts required to be deposited in the special funds and accounts created and established for the payment of the Certificates (the Certificate Fund) and Additional Certificates.

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

SECTION 15: Deposits to Certificate Fund. The City hereby covenants and agrees to cause to be deposited in the Certificate Fund the amount required to fully pay the interest and

principal then due and payable on the Certificates, such deposits to pay maturing principal and accrued interest on the Certificates to be made on or before the 15th day of each August and February, beginning February 15, 2019.

The deposits to be made to the Certificate Fund, as hereinabove provided, shall be made until such time as such Fund contains an amount equal to pay the principal of and interest and premium, if any, on the Certificates to maturity. Premium, if any (to the extent it is not used to finance the projects described in Section 1), received from the Purchasers (hereinafter defined) shall be deposited to the Certificate Fund and ad valorem taxes levied, collected, and deposited in the Certificate Fund for and on behalf of the Certificates may be taken into consideration and utilized to reduce the amount of the deposits otherwise required to be deposited in the Certificate Fund from the Net Revenues of the System. In addition, any surplus proceeds from the sale of the Certificates not expended for authorized purposes shall be deposited in the Certificate Fund (or another fund created for the payment of any Certificates), and the amounts deposited to the Certificate Fund shall reduce the sums otherwise required to be deposited in said Certificate Fund from ad valorem taxes and the Net Revenues.

SECTION 16: Security of Funds. All moneys on deposit in the Funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds, and moneys on deposit in such Funds shall be used only for the purposes permitted by this Ordinance.

SECTION 17: Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in the payments to be made to the Certificate Fund, or (b) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Ordinance, any Holder 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.

SECTION 18: Special Covenants. The City hereby covenants as follows:

(i) That it has the lawful power to pledge the Net Revenues supporting this issue of Certificates and has lawfully exercised said powers under the Constitution and laws of the State of Texas, including said power existing under Texas Local Government Code, Sections 271.041 271.063, as amended, and Texas Government Code, Chapter 1502, as amended.

(ii) That other than for the payment of the outstanding Prior Lien Obligations, outstanding Subordinate Lien Bonds and the Certificates, the Net Revenues are not in any manner pledged to the payment of any debt or obligation of the City or of the System.

(iii) That, as long as any Certificates or any interest thereon remain Outstanding and the pledge of the Net Revenues has not been fully satisfied, the City will

not sell, lease, or encumber the System or any substantial part thereof, provided that this covenant shall not be construed to prohibit the sale of such machinery or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the System.

(iv) The City recognizes that the purchasers and owners of the Certificates will have accepted them on, and paid therefor a price which reflects, the understanding that interest thereon is excludable from federal income taxation under laws in force at the time the Certificates shall have been delivered. In this connection the City covenants to take no action or fail to take any action, which action or failure to act may render the interest on any of such Certificates subject to federal income taxation, particularly pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), nor shall the City take any action or fail to take any action, which action or failure to act, would have the effect of causing the income derived by the City from the System to become subject to federal income taxation in the hands of the City, whether or not provision shall have been made for the payment of such Certificates.

SECTION 19: Issuance of Prior Lien Obligations and Additional Certificates. The City hereby expressly reserves the right to hereafter issue Subordinate Lien Bonds, without limitation as to principal amount but subject to any terms, conditions, or restrictions applicable thereto under law or otherwise, and, also reserves the right to issue Additional Certificates payable from and secured by a lien on and pledge of the Net Revenues of equal rank and dignity, and on a parity in all respects, with the lien thereon and pledge thereof securing the payment of the Certificates.

It is the intention of this governing body and accordingly hereby recognized and stipulated that the provisions, agreements, and covenants contained herein bearing upon the management and operations of the System, and the administering and application of revenues derived from the operation thereof, shall to the extent possible be harmonized with like provisions, agreements, and covenants contained in any ordinance authorizing the issuance any Prior Lien Obligations or any Subordinate Lien Bonds, and to the extent of any irreconcilable conflict between the provisions contained herein and in any ordinance authorizing the issuance of any Prior Lien Obligations or any Subordinate Lien Bonds, the provisions, agreements, and covenants contained therein shall prevail to the extent of such conflict and be applicable to this Ordinance but in all respects subject to the priority of rights and benefits, if any, conferred thereby to the holders of any Prior Lien Obligations or any Subordinate Lien Bonds.

SECTION 20: Sale of the Certificates - Approval of Purchase Agreement and Official Statement. The Certificates authorized by this Ordinance are hereby sold by the City to Citigroup Global Markets Inc., Piper Jaffray & Co. and Raymond James & Associates, Inc. (collectively, the "Purchasers") in accordance with the Purchase Agreement, dated May 15, 2018, substantially in the form attached hereto as **Exhibit B** and incorporated herein by reference as a part of this Ordinance for all purposes, and the City has determined and does determine that the terms of such Purchase Agreement are in the City's best interests. The Mayor or Mayor Pro Tem are hereby authorized and directed to execute said Purchase Agreement for and on behalf of the City and as the act and deed of the Council, and in regard to the approval and execution of the Purchase Agreement, the Council hereby finds, determines, and declares that the representations, warranties, and agreements of the City contained therein are true and correct in all material respects and shall be honored and performed by the City.

Furthermore, the use of the Preliminary Official Statement by the Purchasers in connection with the public offering and sale of the Certificates is hereby ratified, confirmed and approved in

all respects. The final Official Statement, which reflects the terms of sale (together with such changes approved by the Mayor, Mayor Pro Tem, City Manager, Finance Director or City Secretary, any one or more of said officials), shall be and is hereby in all respects approved. The City hereby finds that the information and data contained in said Official Statement, dated May 15, 2018, pertaining to the City and its financial affairs is true and correct in all material respects and no material facts have been omitted which are necessary to make the statements contained in the Official Statement, in light of the circumstances under which they were made, not misleading. The use of such Official Statement in the reoffering of the Certificates by the Purchasers is hereby approved and authorized.

The Purchasers are hereby authorized to use and distribute said final Official Statement in the reoffering, sale and delivery of the Certificates to the public. The Mayor or Mayor Pro Tem and City Secretary are further authorized and directed to cause to be delivered for and on behalf of the City copies of said Official Statement in final form as may be required by the Purchasers, and such final Official Statement shall be deemed to be approved by the Council and constitute the Official Statement authorized for distribution and use by the Purchasers.

SECTION 21: Cancellation. All Certificates surrendered for payment, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Certificates previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Certificates so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Certificates held by the Paying Agent/Registrar shall be returned to the City.

SECTION 22: Mutilated, Destroyed, Lost, and Stolen Certificates. If (a) any mutilated Certificate is surrendered to the Paying Agent/Registrar, or the City and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Certificate, and (b) there is delivered to the City and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the City or the Paying Agent/Registrar that such Certificate has been acquired by a bona fide purchaser, the City shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Certificate, a new Certificate of the same Stated Maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen Certificate has become or is about to become due and payable, the City in its discretion may, instead of issuing a new Certificate, pay such Certificate.

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

Every new Certificate issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Certificate shall constitute a replacement of the prior obligation of the City, whether or not the mutilated, destroyed, lost, or stolen Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Certificates.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Certificates.

SECTION 23: Covenants to Maintain Tax-Exempt Status of Interest on the Certificates.

(a) Definitions. When used in this Section, the following terms shall have the following meanings:

“Closing Date” means the date on which the Certificates are first authenticated and delivered to the initial purchasers against payment therefor.

“Code” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“Computation Date” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Gross Proceeds” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Certificates.

“Investment” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Nonpurpose Investment” means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Certificates are invested and which is not acquired to carry out the governmental purposes of the Certificates.

“Rebate Amount” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Regulations” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Certificates. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and (2) the Certificates has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Certificate to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption

from federal income tax of the interest on any Certificate, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Certificates:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Certificates, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Certificates or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Certificates to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take or pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Certificates directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Certificates.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Certificates to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

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

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

(1) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Certificates until six years after the final Computation Date.

(2) As additional consideration for the purchase of the Certificates by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States from the construction fund, the general fund, or other appropriate fund or, if permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the Certificate Fund, the amount that when added to the future value of previous rebate payments made for the Certificates equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(3) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Certificates, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Certificates not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager and Finance Director, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Certificates, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

SECTION 24: Satisfaction of Obligations of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Certificates, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied under this Ordinance and the Net Revenues of the System (to the extent such pledge

of Net Revenues shall not have been discharged or terminated by prior payment of principal of or interest on the Certificates) and all covenants, agreements and other obligations of the City to the Holders shall thereupon cease, terminate and be discharged and satisfied.

Certificates, or any principal amount(s) thereof, shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (a) money sufficient to pay in full such Certificates or the principal amount(s) thereof at maturity, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (b) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Certificates, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof. The City covenants that no deposit of moneys or Government Securities will be made under this Section and no use made of any such deposit which would cause the Certificates to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/Registrar, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Certificates, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Certificates and remaining unclaimed for a period of three (3) years after the Stated Maturity of the Certificates for which such moneys were deposited and are held in trust to pay, shall upon the request of the City be remitted to the City against a written receipt therefor. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

SECTION 25: Ordinance a Contract - Amendments. This Ordinance shall constitute a contract with the Holders from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Certificate remains Outstanding except as permitted in this Section and in Section 36 hereof. The City, may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of Holders owning a majority in aggregate principal amount of the Certificates then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Certificates, 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 Certificates, reduce the principal amount thereof, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Certificates, (b) give any preference to any Certificate over any other Certificate, or (c) reduce the aggregate principal amount of Certificates required to be held by Holders for consent to any such amendment, addition, or rescission.

SECTION 26: Control and Custody of Certificates. The Mayor or Mayor Pro Tem of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas, including the printing and

supply of definitive Certificates, and shall take and have charge and control of the Initial Certificate pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts, and the delivery thereof to the Purchasers.

SECTION 27: Notices to Holders - Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Certificates. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 28: Bond Counsel's Opinion. The Purchasers' obligation to accept delivery of the Certificates is subject to being furnished a final opinion of Norton Rose Fulbright US LLP, Attorneys, Dallas, Texas, Bond Counsel to the City, approving such Certificates as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for such Certificates. A true and correct reproduction of said opinion or an executed counterpart thereof is hereby authorized to be either printed on definitive printed obligations or deposited with DTC along with the global certificates for the implementation and use of the Book-Entry-Only System used in the settlement and transfer of the Certificates.

SECTION 29: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Certificates shall be of no significance or effect as regards the legality thereof and neither the City nor the attorneys approving said Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Certificates.

SECTION 30: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar, and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar, and the Holders.

SECTION 31: Inconsistent Provisions. All ordinances, orders, or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

SECTION 32: Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 33: Effect of Headings. The Section headings herein are for convenience of reference only and shall not affect the construction hereof.

SECTION 34: 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 35: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551 of the Texas Government Code, as amended.

SECTION 36: Continuing Disclosure Undertaking.

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

“MSRB” means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports. The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year ending in or after 2018, financial information and operating data with respect to the City of the general type of information contained in Tables 1 through 5 and 7 through 14 in the Official Statement, and (2) within twelve months after the end of each fiscal year ending in or after 2018, audited financial statements of the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in Appendix B to the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. If audited financial statements are not available within 12 months after the end of any fiscal year, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available.

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

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

(c) Notice of Certain Events. The City shall provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
7. Modifications to rights of holders of the Certificates, if material;
8. Certificate calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Certificates, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For these purposes, any event described in the immediately preceding subsection (c)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 (b) of this Section by the time required by such Section.

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

(e) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an “obligated person” with respect to the Certificates within the meaning of the Rule, except that the City in any event will give the notice required by Subsection (c) of this Section of any Certificate calls and defeasance that cause the City to be no longer such an “obligated person.”

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Certificates, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to

provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

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

Notwithstanding anything herein to the contrary, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (b) a Person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Certificates. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent an underwriter of the initial public offering of the Certificates from lawfully purchasing or selling Certificates in such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with Section 36(b) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 37: Proceeds of Sale. The proceeds of sale of the Certificates, excluding amounts to pay costs of issuance, shall be deposited in a fund maintained at a depository bank of the City and used to finance the projects described in Section 1. Pending expenditure for authorized projects and purposes, such proceeds of sale may be invested in authorized investments in accordance with the provisions of Texas Government Code, Chapter 2256, as amended, including specifically guaranteed investment contracts permitted in Texas Government Code, Section 2256.015, et seq., and any investment earnings realized may be expended for

such authorized projects and purposes or deposited in the Certificate Fund as shall be determined by the Council. Any investment earnings remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Certificate Fund. The premium received from the Purchasers (to the extent it is not used to finance the projects described in Section 1 hereof) will be applied to the payment of the costs of issuing the Certificates. Any surplus proceeds of sale may be deposited to the Certificate Fund or to another fund created for the payment of any Certificates.

SECTION 38: Further Procedures. Any one or more of the Mayor, Mayor Pro Tem, City Manager, Finance Director and City Secretary are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the issuance, sale and delivery of the Certificates. In addition, prior to the delivery of the Certificates, the Mayor, Mayor Pro Tem, City Manager, Finance Director or Bond Counsel to the City are each hereby authorized and directed to approve any changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any ambiguity, formal defect, or omission in this Ordinance or such other document, or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Certificates by the Attorney General. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 39: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 40: Incorporation of Findings and Determinations. The findings and determinations of the Council contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

SECTION 41: Effective Date. This Ordinance shall take effect and be in full force from and after its adoption on the date shown below in accordance with Texas Government Code, Section 1201.028, as amended.

[Remainder of page left blank intentionally]

PASSED AND APPROVED, this May 15, 2018.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

(City Seal)

EXHIBIT A

PAYING AGENT/REGISTRAR AGREEMENT

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT is entered into as of May 15, 2018 (this "Agreement"), by and between ZB, National Association dba Amegy Bank, a national banking association organized and existing under the laws of the United States of America and authorized to transact business in the State of Texas (the "Bank") and the City of Garland, Texas (the "Issuer").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "City of Garland, Texas Combination Tax and Revenue Certificates of Obligation, Series 2018" (the "Securities"), such Securities scheduled to be delivered to the initial purchasers thereof on or about June 12, 2018; and

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

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

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01 Appointment. The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the "Authorizing Document" (hereinafter defined). The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the "Authorizing Document".

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

Section 1.02 Compensation. As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A attached hereto.

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

ARTICLE TWO DEFINITIONS

Section 2.01 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

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

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

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

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

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

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

“Redemption Date”, when used with respect to any Security to be redeemed, means the date fixed for such redemption pursuant to the terms of the Authorizing Document.

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

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

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

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

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

ARTICLE THREE PAYING AGENT

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

ZB, National Association dba Amegy Bank
One South Main Street, 17th Floor
Salt Lake City, UT 84133

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

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

ARTICLE FOUR REGISTRAR

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

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

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02 Securities. The Issuer shall provide additional Securities when needed to facilitate transfers or exchanges thereof. The Bank covenants that such additional Securities, if and when provided, will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03 Form of Security Register. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

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

Section 4.04 List of Security Holders. The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register, provided the Bank is not prohibited from providing such notice.

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

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

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

Section 4.07 Transaction Information to Issuer. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE THE BANK

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

Section 5.02 Reliance on Documents, Etc.

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

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

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

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in

a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by the Issuer.

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

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

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

Section 5.03 Recitals of Issuer. The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

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

Section 5.04 May Hold Securities. The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05 Moneys Held by Bank - Paying Agent Account/Collateralization. A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of moneys received from the Issuer under this Agreement for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such paying agent account shall be made by check drawn on such account unless the owner of the Securities shall, at its own expense and risk, request an alternative method of payment.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal of, premium (if any), or interest on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Texas Property Code, as amended. The Bank shall have no liability by virtue of actions taken in compliance with this provision.

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

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

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the state and county where the administrative office of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08 DTC Services. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for “Depository Trust Company” services or equivalent depository trust services by other organizations, and in the event the Bank has the capability to comply with the “Operational Arrangements”, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls, the Bank will comply with the “Operational Arrangements”.

ARTICLE SIX MISCELLANEOUS PROVISIONS

Section 6.01 Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03 Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature pages hereof.

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

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

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

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

Section 6.08 Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

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

Section 6.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

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

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

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

Section 6.12 No Boycott of Israel. To the extent this Agreement is a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, the Bank hereby verifies that the Bank is a company which does not boycott Israel and will not boycott Israel through the term of this Agreement. For purposes of this verification, "company" and "boycott Israel" have the meanings ascribed to such terms by Chapter 808 of the Texas Government Code.

Section 6.13 Iran, Sudan and Foreign Terrorist Organizations. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, to the extent applicable to this Agreement, the Bank represents that it is not a company (as defined in Section 2270.0001(2), Texas Government Code) which is on a list prepared and maintained by the Comptroller of Public Accounts of the State of Texas under Sections 2270.0201 or 2252.153, Texas Government Code.

Section 6.14 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[Remainder of page left blank intentionally.]

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

ZB, NATIONAL ASSOCIATION DBA AMEGY BANK

By: _____

Title: _____

Attest:

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

Title: _____

[signature page to Paying Agent/Registrar Agreement]

CITY OF GARLAND, TEXAS

By: _____
Mayor

Address: 200 North Fifth Street
Garland, Texas 75040

Attest:

City Secretary

[signature page to Paying Agent/Registrar Agreement]

ANNEX A
TO PAYING AGENT/REGISTRAR AGREEMENT

BANK'S FEES AND CHARGES



Paying Agent and Registrar

Schedule of Fees

**City of Garland Combination Tax and Revenue Certificates of
Obligations, Series 2018**

Acceptance Fee:

WAIVED

Covers document review, acceptance and set-up of the Paying Agent account. One time fee payable at closing.

Annual Administration Fee:

\$400.00

To administer the account per terms of the agreement including maintenance, disbursement of principal and interest payments and other matters detailed in the agreement. (Payable at closing and on each anniversary date thereafter without pro-ration.)

Out of pocket:

At Cost

Amegy Bank's philosophy is for our quoted fees to be all inclusive, where possible. We will not charge for customary expenses incurred in the ordinary administration of accounts but will bill at cost for out-of-pocket charges such as DTC charges, travel for closings, publications, or legal costs incurred as required or authorized during the acceptance and administration of the trust, etc. Overnight delivery charges will be billed at \$15/minimum or at cost if over \$15.00. Periodic tenders, sinking fund, optional or extraordinary call redemptions will be assessed an additional \$250.00 per event.

Extraordinary:

By Appraisal

Performance of any extraordinary service(s) or incurring extraordinary expenses, such as, but not limited to, those in connection with any default, account resignation, special tax reporting or legal counsel charges, will be billed in addition to the stated per annum fees.

EXHIBIT B
PURCHASE AGREEMENT



GARLAND POLICY REPORT

City Council Regular Session Agenda

13.

Meeting Date: May 15, 2018

Item Title: Consider Approval of a Real Property Transfer Between Fourth Avenue Investments LLC (Shane Jordan) and the City of Garland for Approximately a Ten Acres Tract of Land Generally Located at the Intersection of Rosehill and IH 30; and, Approval of the Terms of a Chapter 380 Agreement to Promote Economic Development and to Stimulate Business and Commercial Activity in South Garland

Submitted By: Rick Vasquez, Assistant City Manager

Strategic Focus Areas: Growing Economic Base
Well-Maintained City Infrastructure
Enhanced Quality of Life through Amenities, Arts, and Events
Safe Community
Vibrant Neighborhoods and Commercial Centers

ISSUE

Consider approval of a real property transfer between Fourth Avenue Investments LLC (Shane Jordan) and the City of Garland, for a ten acre tract, generally located at the intersection of Rosehill and IH 30; and, approval of the terms of a Chapter 380 Agreement to promote economic development and to stimulate business and commercial activity in South Garland.

OPTIONS

1. Approve landswap as proposed and allow the 9.72 acre tract of land to develop as single-family residential.
2. Not approve proposed landswap.

RECOMMENDATION

Authorize staff to proceed with preparation of documents to transfer the tracts between the City and the Developer. Authorize the terms of a Chapter 380 Economic Development Agreement which will be presented to City Council for final approval.

BACKGROUND

The property transfer includes approximately a 10.86 acre tract, out of a City owned 22 acre tract, which will be conveyed to Fourth Avenue Investments, LLC (Developer); and, approximately a 9.72 acre tract of land, out of a 25 acre tract, which is owned by the Developer will be conveyed to the City.

The land transfer gives the City ownership and site control of a 9.72 acre tract included within the Rosehill Catalyst Plan and identified as a site for future mixed-use development. The Developer's plan prior to considering the land swap was to subdivide the 9.72 tract into single-family detached lots. The City will transfer ownership of a 10.86 acre tract that is identified in the Rosehill Catalyst Plan as a future site for single-family residential use. Once the transfer is complete, the Developer plans to subdivide the 10.86 acre tract into single-family residential lots.

With the subdivision of the Developer's tract into two tracts, the City will enhance its land ownership position by assuming ownership of 9.72 acre tract of land with a highest and best use that is better suited to mixed-use commercial development than the City's 10.6 acre tract. The City will assume ownership of a tract with excellent arterial road frontage, assembly with the City's remaining tract improves frontage on IH 30 and Rosehill, and the tract will have excellent development potential with great site depth and visibility.

The City will be subdivide its 22 acre tract into two tracts, one tract will have a highest and best use for commercial and mixed use development, and, the second tract will be better suited for single-family development. The City will transfer a 10.6 acre tract to the developer with existing site conditions that increase the Developer's project development costs. The topography of the 10.6 acre tract slopes to a creek and floodplain located on the eastern portion of the City's 22 acre tract which will require retaining walls and fill to prepare the site for development. In addition, the 10.6 acre site will not have direct access to a public street and is not located adjacent to existing utility infrastructure. Finally, the site generally is located in an area of the tract with poor visibility.

To mitigate additional land development costs attributable to the 10.6 acre tract's topography, lack of vehicle access and distance from existing utilities, Staff is proposing the City Council consider employing a Chapter 380 Agreement to facilitate development of the Developer's project and the implementation of the Rosehill Catalyst Plan. Chapter 380 of the Local Government Code authorizes municipalities to offer incentives designed to promote economic development such as residential, commercial and retail projects. Specifically, it provides for offering loans and grants of city funds or services at little or no cost to promote state and local economic development and to stimulate business and commercial activity. For the City's purposes, the Agreement would be structured to reduce the developer's land development costs in an amount equal to the increase development cost attributable to the land swap.

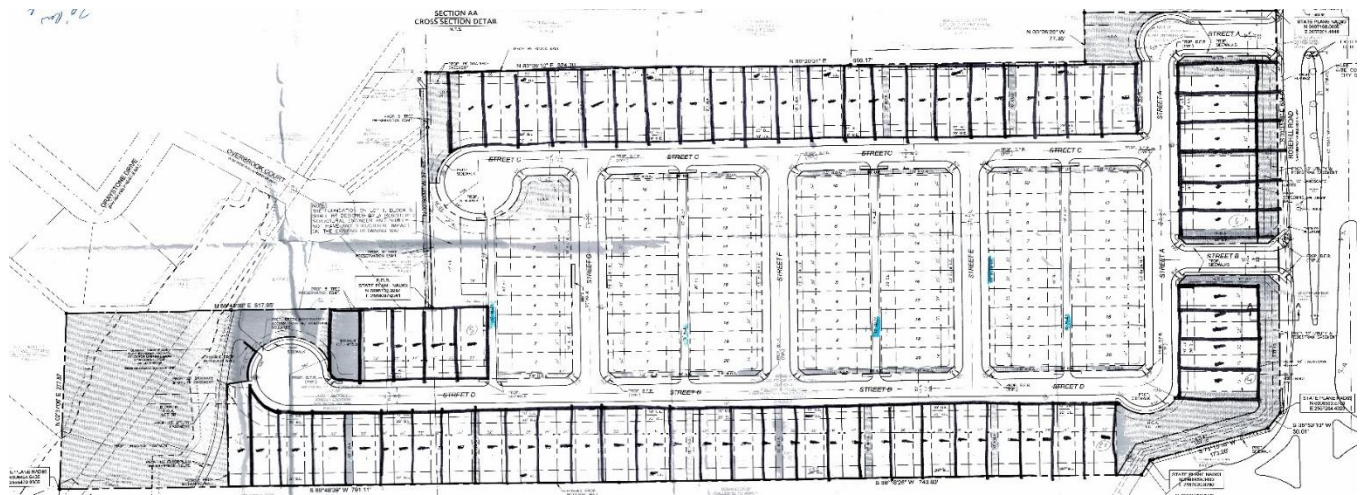
Aug. 2016	City Council directs staff to initiate IH30 Catalyst Area Study & to engage project consultant
Sept. 2016	City Councilmembers from project area appointed stakeholder committee and conducted stakeholder workshops

Dec. 2016	Consultant reported initial findings to committee members
Feb. 2017	Planning Commission reviewed consultant findings
April 2017	Planning Commission public hearing and review conducted and recommendation advanced to City Council
July 2017	City Council held public hearing and approved plan
Jan. 2018	City Council authorized purchase of 22 acre tract to preserve plan implementation
April 2018	City Council rezones Rosehill Catalyst area for consistency with Rosehill land-use plan

Attachments

Rosehill Swap Layout
Developer Original Layout
Rosehill Approved Plan
Rosehill Approved Plan (1)











**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

14.

Meeting Date: May 15, 2018

Item Title: Youth Programs Standards of Care Ordinance

Submitted By: D'Lee Williams, Recreation Director

Summary of Request/Problem

Council is requested to adopt an ordinance with public comments for Youth Programs Standards of Care to meet requirements of Texas Human Resource Code, Section 42.041(b)(14) to exempt recreational programs for children operated by municipalities from state child care licensing.

In order to receive exempt status for elementary age (ages 5-13) and teen recreation programs, a municipality must adopt a youth programs standards of care ordinance after a public hearing. Parks, Recreation and Cultural Arts Department staff has formulated standards of care for youth programs that includes staffing ratios, minimum staff, qualifications, minimum facilities, health and safety standards, and a mechanism for monitoring and enforcing the local standards; and further provides for notifying parents that the program is not licensed by the state and that the program may not be advertised as a day care facility.

This item was considered by Council at the April 30, 2018 Work Session.

Recommendation/Action Requested and Justification

Adopt an ordinance with public comments for Youth Programs Standards of Care.

Attachments

Ordinance
Standards of Care

ORDINANCE NO.

AN ORDINANCE OF THE CITY OF GARLAND, TEXAS, ADOPTING STANDARDS OF CARE FOR YOUTH PROGRAMS OFFERED BY THE CITY OF GARLAND PARKS, RECREATION, CULTURAL ARTS DEPARTMENT; DIRECTING THAT A COPY OF THIS ORDINANCE, THE ADOPTED STANDARDS OF CARE AND OTHER PROGRAM INFORMATION BE DELIVERED TO THE STATE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Texas Human Resource Code, Section 42.041(b)(14) establishes requirements to exempt recreational programs operated by municipalities for children from State child care licensing;

WHEREAS, in order to receive exempt status for an elementary age (ages 5-13) recreation program, a municipality must adopt standards of care ordinance after a public hearing for the program, then submit a copy of the standards, a notice of the public hearing for the program, a copy of the program, and a copy of the ordinance adopting the standards to the State;

WHEREAS, the City of Garland, Texas, has formulated standards of care that at a minimum includes staffing ratios, minimum staff, qualifications, minimum facilities, health and safety standards, and a mechanism for monitoring and enforcing the local standards; and further provides for notifying parents that the program is not licensed by the state and that the program may not be advertised as a day care facility; and

WHEREAS, the City Council after conducting a public hearing and affording a full and fair hearing to all citizens, and in the exercise of legislative discretion, has concluded that the attached standards of care should be approved.

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

Section 1.

The City Of Garland, Texas, hereby adopts the standards of care for an elementary age recreation program, which is attached as Exhibit "A" and incorporated herein by reference, pursuant to Section 42.041 (b)(14), Texas Human Resources Code.

Section 2.

That the Managing Director of Parks, Recreation, and Cultural Arts shall cause a copy of the standards, a notice of the public hearing for the program, a copy of the program, and a copy of this Ordinance adopting the standards be delivered to the State in accordance with the applicable regulations.

Section 3.

This Ordinance shall become effective immediately upon its passage and approval.

PASSED AND APPROVED this the _____ day of _____, 2018.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary



GARLAND

**PARKS, RECREATION
& CULTURAL ARTS**

Youth Program Standards of Care

Approved (date)

***City of Garland recreation programs are not licensed
child care programs.***

The following Youth Program Standards of Care (“Standards of Care”) allow for exemption from state licensing by the City of Garland, Texas pursuant to Texas Human Resources Code §42.041(b)(14). The Standards of Care are intended to be minimum standards by which the City of Garland Parks, Recreation and Cultural Arts Department will operate the City's Youth Programs. The programs operated by the City are recreational in nature and are not day care programs.

GENERAL ADMINISTRATION

1) Organization

- A. The governing body of the City of Garland Parks, Recreation and Cultural Arts Department (PRCAD) is the City Council.
- B. Implementation of the Standards of Care is the responsibility of PRCAD.
- C. These Standards of Care apply to all Programs.
- D. A current copy of the Standards of Care will be made available at each program site for public and staff review.
- E. Parents will be provided access to a current copy of the Standards of Care through the City's web site.

2) Definitions

As used in these Standards of Care, the following words and phrases shall have the following meanings unless the context clearly indicates a different meaning:

- A. *City*: City of Garland, a Texas home rule municipality located in Dallas County, Texas.
- B. *City Council*: City Council of the City of Garland.
- C. *Department*: City's Parks, Recreation and Cultural Arts Department.
- D. *Director*: The Recreation Director of the Department or their designee.
- E. *Employee(s)*: Term used to describe people who have been hired to work for the City and have been assigned responsibility for managing, administering, or implementing some portions of the Programs.
- F. *Parent(s)*: This term will be used to represent one or both parent(s) or adults who have legal custody and authority to enroll their child(ren) in Programs.
- G. *Participant*: A youth whose parent(s) have completed all required registration procedures and determined to be eligible for a Program.

- H. *Program or Youth Program*: City recreation programs consisting of the Standing Tall and Reaching for Success (STARS) Camp, the Duck Creek Adventure Camp, and such other recreation programs operated from time to time by the Department where the participants are Youth.
- I. *Program Leader or Leader*: A Department part-time employee who has been assigned responsibility to implement the Programs.
- J. *Program Manual*: Notebook of policies, procedures, required forms, and organizational and programming information relevant to Programs.
- K. *Program Site*: The recreation center where program is located.
- L. *Program Supervisor or Supervisor*: The Department's full-time Specialist who has been assigned administrative responsibility for one or more of the Programs.
- M. *Recreation Center*: One of six facilities operated by the City of Garland.
- N. *Youth*: A child who is at least five (5) years of age but not older than thirteen (13) years of age.
- O. *Recreation Manager*: The Recreation Manager of the Department or their designee.

3) Inspections/Monitoring/Enforcement

- A. The Director or Recreation Manager will make visual inspections of the Program based on the following schedule:
- (1) The STARS and Duck Creek Adventure camps will be inspected twice during its summer schedule.
 - (2) Programs scheduled during winter break and spring break will be inspected once.
 - (3) The inspection schedule of other Programs shall be determined when established and will be based on the duration of the Program.
- B. Complaints regarding enforcement of the Standards of Care will be directed to the Supervisor. The Supervisor will be responsible to take the necessary steps to resolve the problems. Complaints regarding enforcement of the Standards of Care and their resolution will be recorded by the Supervisor. Serious complaints regarding enforcement of the Standards of Care will be addressed by the Director and the complaint and the resolution will be noted.

4) Participation

- A. Before a Youth can participate, a Parent must sign registration forms that contain:
- (1) the name, address, phone number of the Youth;

- (2) the name, address, and phone number of the Youth's Parent;
- (3) the names and phone numbers of people to whom the Youth can be released;
- (4) a statement/description of the Youth's special problems or needs;
- (5) emergency medical authorization;
- (6) proof of residency when appropriate; and
- (7) a liability waiver.

5) Suspected Abuse

Program employees will report suspected child abuse or neglect in accordance with the Texas Family Code. In the case where a City employee is involved in an incident with a Youth that could be construed as child abuse, the incident must be reported immediately to the Recreation Manager or the Director. The Recreation Manager or Director will immediately notify the Police Department and any other agency as may be appropriate. Texas state law requires the staff of the Programs to report any suspected abuse or neglect of a child to the Texas Department of Protective and Regulatory Services or a law enforcement agency. Failure to report suspected abuse is punishable by fines up to \$1,000 and/or confinement up to 180 days. Confidential reports may be made by calling 1-800-252-5400.

STAFFING - RESPONSIBILITIES AND TRAINING

6) Youth Program Supervisor Qualifications

A. Criminal background checks will be conducted on prospective Program employees ages 18 and older.

If results of that criminal check indicate that an applicant has been convicted of any of the following offenses, he or she will not be considered for employment:

- (1) a felony or a misdemeanor classified as an offense against a person or family;
- (2) a felony or misdemeanor classified as public indecency;
- (3) a felony or misdemeanor violation of any law intended to control the possession or distribution of any controlled substance;
- (4) any offense involving moral turpitude; or
- (5) any offense that would potentially put youth participants or the City at risk.

- B. Supervisors will be full-time, professional employees of the City assigned to the Department and will be required to have all Program Leader qualifications as outlined in Section 8 of these Standards of Care.
- C. Supervisors must be at least 21 years old
- D. Supervisors must have a bachelor's degree from an accredited college or university. Acceptable degrees include:
 - (1) Recreation Administration or General Recreation;
 - (2) Physical Education; or
 - (3) Any other comparable degree plan that would lend itself to working in a public recreation environment.
- E. Supervisors must have one years' experience planning and implementing recreational activities.
- F. Supervisors must pass a background investigation including testing for illegal substances.
- G. Supervisors must have successfully completed a course in first aid, Cardio Pulmonary Resuscitation (CPR), and AED based on either American Heart Association or American Red Cross standards.

7) Supervisor's Responsibilities

- A. Supervisors are responsible to administer the Programs' daily operations in compliance with the adopted Standards of Care.
- B. Supervisors are responsible to recommend for hire, supervise, and evaluate Leaders.
- C. Supervisors are responsible to plan, implement, and evaluate programs.

8) Youth Program Leader Qualifications

- A. Leaders will be part-time or temporary employees of the City assigned to the Department.
- B. Leaders working with Youth must be age 18 or older.
- C. Leaders should be able to consistently exhibit competency, good judgment, and self-control when working with Youth.
- D. Leaders must relate to Youth with courtesy, respect, tolerance, and patience.
- E. Leaders must have successfully completed a course in first aid, CPR, and AED based on either

American Heart Association or American Red Cross standards. An exception can be made for no more than one staff person at each site, and that person shall successfully complete a first aid and CPR course within four weeks of starting work.

F. Leaders must pass a background investigation including testing for illegal substances.

9) Leader Responsibilities

A. Leaders will be responsible for providing Participants with an environment in which they can feel safe, can enjoy wholesome recreation activities, and can participate in appropriate social opportunities with their peers.

B. Leaders will be responsible to know and follow all City, Departmental, and Program standards, policies, and procedures that apply to the Youth Programs.

C. Leaders must ensure that Participants are released only to a Parent or an adult designated in writing by the Parent. A copy of the Department-approved plan to verify the identity of a person authorized to pick up a Participant if that person is not known to the Leader will be on file at the Recreation Center.

10) Training/Orientation

A. The Department is responsible for providing training and orientation to Program employees working with children and for specific job responsibilities. Supervisors will provide each Leader with a Program manual specific to Youth Programs.

B. Program employees must be familiar with the Standards of Care as adopted by the City Council.

C. Program employees must be familiar with the Programs' policies including discipline, guidance, and release of participants as outlined in the Program Manual.

D. Program employees will be trained in appropriate procedures to handle emergencies.

E. Program employees will be trained in areas including City, Departmental, and Program policies and procedures, provision of recreation activities, safety issues, child psychology, and organization.

F. Program employees will be required to sign an acknowledgement that they received the required training.

OPERATIONS

11) Staff-Participant Ratio

- A. The standard ratio of Participants to Leaders in the Programs will be 15 to 1. In the event a Leader is unable to report to work, a replacement will be assigned.
- B. Each Participant shall have a Program employee who is responsible for the Participant and who is aware of the Participant's habits, interests, and any special problems as identified by the Participant's Parent(s) during the registration process.

12) Discipline

- A. Program employees will implement discipline and guidance in a consistent manner based on the best interests of Program participants.
- B. There must be no cruel or harsh punishment or treatment.
- C. Program employees may use brief, supervised separation from the group if necessary.
- D. As necessary, Program employees will initiate discipline reports to the Parent(s) of Participants. Parents will be asked to sign discipline reports to indicate they have been advised about specific problems or incidents.
- E. A sufficient number and/or severe nature of discipline reports as detailed in the Program Manual may result in a Participant being suspended from the Program.
- F. In instances where there is a danger to Participants or Program staff, offending Participants will be removed from the Program Site as soon as possible.

13) Programming

- A. Program employees will attempt to provide activities for each group according to the Participants' ages, interests, and abilities. The activities must be appropriate to Participants' health, safety, and well-being. The activities also must be flexible and promote the Participants' emotional, social, and mental growth.
- B. Program employees will attempt to provide time periods that include:
 - (1) Alternating active and passive activities;
 - (2) opportunity for individual and group activities, and
 - (3) outdoor time each day as weather permits.
- C. Program employees will be attentive and considerate of the participants' safety on field trips and during any transportation provided by the Program.

- (1) During trips, Program employees supervising Participants must have immediate access to emergency medical forms and emergency contact information for each Participant.
- (2) Program employees must have a written list of the Participants in the group and must check the roll frequently.
- (3) Program employees must have first aid supplies and a guide to first aid and emergency care available on field trips.

14) Communication

- A. Each age group will have communication availability to allow the age group to be contacted by Recreation Center personnel.
- B. The Supervisor will make available the following phone numbers adjacent to a phone accessible to all Program employees at the Recreation Center:
 - (1) Garland ambulance or emergency medical services
 - (2) Garland Police Department
 - (3) Garland Fire Department
 - (4) Recreation Center
 - (5) Numbers at which Parents may be reached
 - (6) The phone number for the Program Site itself

15) Transportation

- A. Before a Participant may be transported to and from the Program Site or other location by means of transportation provided by the City, a transportation form, completed by the Parent, must be filed with the Supervisor.
- B. First aid supplies and a first aid and emergency care guide will be available in all Program vehicles that transport Participants.

FACILITY STANDARDS

16) Safety

- A. Program employees will inspect Program areas daily to detect sanitation and safety concerns that might affect the health and safety of the Participants.

- B. Buildings, grounds, and equipment on the Program site will be inspected, cleaned, repaired, and maintained to protect the health of the Participants.
- C. Program equipment and supplies must be safe for the Participants' use.
- D. Program employees must have first aid supplies readily available in a designated location at each Program Site, during transportation to an off-site activity, and for the duration of any off-site activity. Program employees must have an immediately accessible guide to first aid and emergency care.
- E. Air conditioners, electric fans, and heaters at the Program Site must be mounted out of Participants' reach or have safeguards that keep Participants from being injured.
- F. Porches and platforms more than 30 inches above the ground at the Program Site must be equipped with railings Participants can reach.
- G. All swing seats at Program Sites must be constructed of durable, lightweight, relatively pliable material.

17) Fire

- A. In case of fire, danger of fire, explosion, or other emergency, Program employees' first priority is to evacuate the Participants to a designated safe area.
- B. The Program Site will have an annual fire inspection and the resulting report will detail any safety concerns observed. The report will be forwarded to the Director who will review and establish deadlines and criteria for compliance.
- C. All Program employees will be trained in the proper use of fire extinguishers as well as locations of fire extinguishers throughout the Recreation Center.
- D. Fire drills will be initiated at the Recreation Center based on the following schedule:
 - (1) STARS and Duck Creek Adventure Camp: A fire drill twice during the summer sessions.
 - (2) Winter and spring break camps: A fire drill once during the winter and spring sessions.
 - (3) Other Programs: The time and frequency will be determined at the time the Program is established and will be based on the duration of the Program.

18) Health

A. *Illness or Injury*

- (1) A Participant who is considered to be a health or safety concern to other Participants or Program employees will not be admitted to the Program.

- (2) Illnesses and injuries will be handled in a manner to protect the health of all Participants and Program employees.
- (3) Program employees will follow plans to provide emergency care for injured Participants with symptoms of an acute illness as specified in the Program manual.
- (4) Program employees will follow the recommendation of the Texas Department of Health concerning the admission or readmission of any Participant after a communicable disease.

B. Administration of Medication

Program employees will administer medication to a Participant only if:

- (1) Parent(s) complete and sign a medication form that provides authorization for staff to dispense medication with details as to time and dosages.
- (2) Prescription medications are in the original containers labeled with the Participant's name, a date, directions, and the physician's name. Program employees will administer the medication only as stated on the label. Program employees will not administer medication after the expiration date.
- (3) Nonprescription medications are labeled with the Participant's name and the date the medication was brought to the Program. Nonprescription medication must be in the original container. Program employees will administer it only according to label direction.
- (4) Medication dispensed will be limited to routine oral ingestion not requiring special knowledge or skills on the part of Program employees. No injections will be administered by the Program employees.
- (5) Program employees must ensure medications are inaccessible to Participants or, if it is necessary to keep medications in the refrigerator (when available), medications will be kept separate from food.

C. Toilet Facilities

- (1) The Program site will have inside toilets located and equipped so children can use them independently and Program staff can supervise as needed.
- (2) There must be one flush toilet for every 30 children. Urinals may be counted in the ratio of toilets to children, but they must not exceed 50% of the total number of toilets.
- (3) An appropriate and adequate number of lavatories will be provided.

D. Sanitation

- (1) Each Program Site must have adequate light, ventilation, and heat.
- (2) Each Program Site must have an adequate supply of water meeting the standards of the Texas Department of Health for drinking water and ensure that it will be supplied to the participants in a sanitary manner.
- (3) Program employees must see that garbage is removed from buildings daily.



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

15.

Meeting Date: May 15, 2018

Item Title: Special Election - Charter

Submitted By: Rene Dowl, City Secretary

Summary of Request/Problem

Consider an ordinance canvassing the returns and declaring the results of the May 5, 2018 Charter Election.

Formal canvassing of the returns and declaring the results of the May 5, 2018 Special Home-Rule Election for the purpose of amending the existing Charter will be conducted. The numbers included in the ordinance for posting of this agenda may change when the ordinance is submitted for approval on Tuesday, May 15, 2018.

Recommendation/Action Requested and Justification

Council is requested to adopt the ordinance canvassing the election results of the May 5, 2018 results.

Attachments

ORDINANCE NO. _____

AN ORDINANCE CANVASSING THE RESULTS OF A SPECIAL ELECTION HELD FOR THE PURPOSE OF ADOPTION OR REJECTION OF THIRTY-SIX PROPOSED AMENDMENTS TO THE EXISTING CHARTER OF THE CITY OF GARLAND, TEXAS, SUCH ELECTION HAVING BEEN HELD ON MAY 5, 2018, AND DECLARING RESULTS OF THAT ELECTION.

WHEREAS, on the 15th day of May, 2018, at a meeting of the City Council of the City of Garland, Texas, the City Council canvassed the results of a special home-rule election held on the 5th day of May, 2018 for the purpose of submitting to the voters, for adoption or rejection, proposed amendments to the Charter of the City of Garland, Texas, such election having been duly ordered by the City Council, acting pursuant to Ordinance No.6953, duly passed by the City Council on the 6th day of February, 2018 by the authority of the Constitution and laws of this State; and

WHEREAS, the City Council has determined that the election officials of the several voting districts of the City have, in compliance with the law in such cases made and provided, made returns to the City Council in the time and manner required, and the City Council, having canvassed the vote from each of those districts, does find the total number of votes casts for each proposition is as follows:

Proposition A.

FOR	3,975
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AGAINST	1,575
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"Shall the Charter be amended to provide for gender neutrality, deletion and correction of obsolete and incorrect citations, references, titles of city officials, and correction of typographical errors?"

Proposition B.

FOR 4,708

AGAINST 831

"Shall Article II, Section 2, of the Charter be amended to update and clarify the City's authority to purchase electric utility facilities inside or outside the City limits?"

Proposition C.

FOR 4,497

AGAINST 1,108

"Shall Article III, Section 1(C), of the Charter be amended by changing the residency requirements for a person running for Councilmember, including Mayor, from a requirement that the candidate reside within the Council district at the time of his or her nomination to a requirement that the candidate reside for a minimum of one year in the Council district at the time of his or her election or appointment?"

Proposition D.

FOR 4,851

AGAINST 678

"Shall Article III, Section 1(E), of the Charter be moved in its entirety to subsection (F) and replaced with a provision that prohibits a Councilmember, including the Mayor, who vacates his or her office prior to the end of the scheduled term from serving again in the same capacity until one complete subsequent term has elapsed?"

Proposition E.

FOR 3,551

AGAINST 2,029

"Shall Article III, Section 3, of the Charter be amended to increase the compensation for the Mayor and City Council to take into account an inflation adjustment since May of 2000?"

Proposition F.

FOR 4,326

AGAINST 1,110

"Shall Section 5, "Vacancies" of Article III, "The Council" of the Charter be amended to be consistent with state law and to further provide that in the event of a vacancy on Council where the member of the vacant seat is unable or unwilling to hold-over until such time as the vacancy may be filled pursuant to a lawful election and the Governor of the State of Texas does not call an election to fill the vacancy after being petitioned by the City, and a special election cannot be held within 120 days of appointment, then the remaining members of the Council may by a three-fourths super-majority vote to appoint a qualified person to fill the vacancy; that a person so appointed by Council shall not be eligible to serve again on Council in the same capacity until one complete subsequent term has elapsed; and that subject to these conditions, an appointment by Council shall be for an interim term until such time as a special election may be called or until the current term expires?"

Proposition G.

FOR 4,354

AGAINST 1,202

"Shall Article III, Section 8, of the Charter relating to the location of regular meetings of the Council be amended to allow Council to hold regular meetings at City Hall or other location

designated by Council within the city limits?"

Proposition H.

FOR 4,399

AGAINST 944

"Shall Article III, Section 9, of the Charter be amended to clarify that the Council shall adopt its own rules of procedure at the first regular meeting in January of each year, but in the event the Council does not amend the rules at that time, the rules for the prior year shall be deemed to be adopted by the Council.

Proposition I.

FOR 4,281

AGAINST 1,098

"Shall Article III, Section 9, of the Charter be amended to increase the time the City Secretary has to enter the minutes of all meetings in the permanent record from 48 hours to 72 hours?"

Proposition J.

FOR 4,473

AGAINST 859

"Shall Article III, Section 11, of the Charter be amended to be consistent with state law and the Texas Constitution and clarify that in the event of a vacancy on Council, or any officer appointed by Council, the person vacating their respective office shall remain in office until such time as a successor is sworn into the vacated office?"

Proposition K.

FOR 4,410

AGAINST 895

"Shall Article IV, Section 1, of the Charter be amended to provide that an appointed councilmember may not receive a council appointment as City Manager, City Attorney, City Auditor, or Municipal Judge within two (2) years of the expiration of the term for which he or she was elected?"

Proposition L.

FOR 4,274

AGAINST 897

"Shall Article IV, Section 3, of the Charter be amended to clarify that Council does not have the authority to direct or request the City Manager, the City Attorney, the City Auditor, or Municipal Judge to hire or remove any person from an office directed by the respective Council appointee and provide a penalty for will violations?"

Proposition M.

FOR 4,307

AGAINST 921

"Shall Article IV, Section 5, of the Charter be moved to Article V, Section 3, and amended so that the City Manager has the authority to appoint a City Secretary, upon confirmation of City Council, manage, supervise, and remove the City Secretary, and describe the general duties of the Office of City Secretary?"

Proposition N.

FOR 5,049

AGAINST 257

"Shall Article IV, Section 6, of the Charter be amended to set the term of office for the Municipal Judge to be consistent with state law, which sets the term of office as 2 years?"

Proposition O.

FOR 4,315

AGAINST 772

"Shall Article IV, Section 9, of the Charter be amended by inserting provisions related to the qualifications, general powers, and duties of the office of City Auditor, which shall be revised and moved from Article VII, Sections 4 and 5?"

Proposition P.

FOR 4,483

AGAINST 828

"Shall Article V, Section 2, of the Charter be amended to provide that the City Council may appoint a City Manager for a term not to exceed three years?"

Proposition Q.

FOR 4,500

AGAINST 794

"Shall Article VI, Section 1, of the Charter be amended to provide that the City Council may appoint a City Attorney for a term not to exceed three years?"

Proposition R.

FOR 5,040

AGAINST 277

"Shall Article VIII, Section 2, of the Charter relating to the submission of the city budget be amended to provide that the City Manager shall file the budget with the City Secretary on or before the date set by state law?"

Proposition S.

FOR 4,504

AGAINST 738

"Shall Article VIII, Section 3, of the Charter relating to the form of the city budget by the City Manager be amended to delete the list of the required contents of the City Manager's budget message and provide that the budget be prepared in accordance with, and contain all information required by, state law?"

Proposition T.

FOR 5,116

AGAINST 369

"Shall Article VIII, Section 4, of the Charter relating to public access of the proposed budget be amended to accommodate digital and electronic access by the public?"

Proposition U.

FOR 5,209

AGAINST 241

"Shall Article VIII, Section 5, of the Charter relating to publication and notice of the public hearing on the proposed budget be amended so that publication and notice of the public

hearing is in accordance with state law?"

Proposition V.

FOR 5,076

AGAINST 312

"Shall Article VIII, Section 6, of the Charter relating to scheduling the public hearing and adopting the budget be amended to update terminology, so that the scheduling and adoption of the budget is done in accordance with state law, and setting the 21st day of September as the last day on which Council may approve a final budget prior to the proposed budget as submitted by the City Manager being deemed to have been finally adopted by the Council?"

Proposition W.

FOR 4,243

AGAINST 1,134

"Shall Article X, Section 1, of the Charter relating to the authority of the City to issue bonds be amended so that the City shall have the authority to borrow money, issue bonds, notes and other evidences of indebtedness permitted by, and in accordance with, state law?"

Proposition X.

FOR 5,001

AGAINST 361

"Shall Article X, Section 3, of the Charter relating to bond election procedures be amended so that the Council is required to establish a Bond Study Committee preceding a bond election, any proposition on a ballot to issue bonds payable from ad valorem taxes must first be submitted to a vote of the qualified voters of the City of Garland, and all bond elections and issuance and payments of bonds shall be done in accordance with state law?"

Proposition Y.

FOR 5,181

AGAINST 215

"Shall Article X, Section 10, of the Charter relating to bond elections be amended so that each bond proposition must expressly state all information required by state law?"

Proposition Z.

FOR 3,555

AGAINST 1,802

"Shall Article XI, Section 1, of the Charter relating to the requirements to be a member of the Plan Commission be amended by deleting the real property ownership requirement to serve as a member and substituting it with a residency requirement?"

Proposition AA.

FOR 4,236

AGAINST 1,216

"Shall Article XI, Section 10, of the Charter be amended by replacing the property ownership requirement with a requirement that a person be a resident of the City for a period of not less than one (1) year prior to his or her appointment as a board member or commissioner?"

Proposition AB.

FOR 5,106

AGAINST 322

"Shall Article XII, Section 2, of the Charter be amended so that the number of signatures required on a petition of a person desiring to become a candidate for an office on City Council and

the filing deadlines are consistent with state law?"

Proposition AC.

FOR 4,596

AGAINST 686

"Shall Article XII, Section 8, of the Charter relating to the recall of the Mayor or Councilmember be amended to update the petition submittal requirements, the petition process and schedule, the form of the petition, the required number of signatures, the duties and obligations of the City Secretary, and clarify and update vacancy and holdover terms?"

Proposition AD.

FOR 5,138

AGAINST 279

"Shall Article XIV, Section 5, of the Charter be amended so that publication of proposed ordinances by referendum is electronically published on the City website and consistent with all other publication requirements of the Charter and in accordance with state law?"

Proposition AE.

FOR 4,874

AGAINST 433

"Shall Article XV, Section 1, of the Charter relating to the general powers of the City in regard to utility systems be amended to be consistent with state law?"

Proposition AF.

FOR 4,909

AGAINST 370

"Shall Article XV, Section 2, of the Charter relating to franchise fees be amended to update terminology and be consistent with state law?"

Proposition AG.

FOR 4,767

AGAINST 468

"Shall Article XV, Section 6, of the Charter relating to the terms and conditions of granting franchises to public utilities, and the notification thereof, be amended to be consistent with state law?"

Proposition AH.

FOR 4,180

AGAINST 955

"Shall Article XV, Section 7, of the Charter relating to obsolete reporting requirements of public utility franchises be repealed?"

Proposition AI.

FOR 4,869

AGAINST 398

"Shall Article XVII, Section 4, of the Charter relating to claims against the City be amended to update terminology and clarify substantive requirements of any written notices of personal injury or death submitted to the City to be consistent with state law?"

Proposition AJ.

FOR 3,529

AGAINST 1,707

"Shall Article XVII, Section 14, of the Charter be amended by addition to exclude liability coverage by the City on claims arising out of the criminal conduct of city officials and any claim that is excluded from coverage under a policy of insurance of the City?"

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

Section 1.

That the proposed amendments adopted and approved by a majority of the voters in the special home-rule election of the City of Garland, Texas held on the 5th day of May, 2018, as set forth above, and as more particularly described in Ordinance No. 6953, are hereby made part of the Charter of the City.

Section 2.

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

PASSED AND APPROVED this 15th day of May, 2018.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary



GARLAND
CITY COUNCIL ITEM SUMMARY SHEET

City Council Regular Session Agenda

16.

Meeting Date: May 15, 2018

Item Title: General Election Canvass

Submitted By: Rene Dowl, City Secretary

Summary of Request/Problem

Council is requested to consider an ordinance canvassing the results of a General Election held for the purpose of electing candidates to the Office of City Council of the City of Garland, Texas, for an election having been held on May 5, 2018 and declaring the results of that election. The numbers in the ordinance posted in this agenda may change when the ordinance is submitted for approval on Tuesday, May 15, 2018.

Formal canvassing of the returns and declaring the results of the May 5, 2018 General Election held for the purpose of electing candidates to the Office of the City Council of the City of Garland for District 2 and a Special Election for the unexpired term of the Mayor.

Recommendation/Action Requested and Justification

Council is requested to adopt the ordinance canvassing the May 5, 2018 election results.

Attachments

General Election Canvass

ORDINANCE NO.

AN ORDINANCE CANVASSING THE RESULTS OF A SPECIAL ELECTION FOR MAYOR AND A GENERAL ELECTION FOR THE PURPOSE OF ELECTING CANDIDATES TO THE OFFICE OF CITY COUNCIL OF THE CITY OF GARLAND, TEXAS, FOR AN ELECTION HAVING BEEN HELD ON MAY 5, 2018; DECLARING THE RESULTS OF THAT ELECTION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on the 15th of May, 2018, such date being within the time prescribed by law for the canvassing of election results at an election called by a municipality, the City Council canvassed the results of the special election for Mayor and the general election for the purpose of electing candidates to the office of City Council of the City of Garland, Texas, both elections having been held on the 5th of May, 2018; such election having been duly ordered by the City Council under the authority of the Constitution and laws of the State; and

WHEREAS, the City Council has determined that the election officials of the voting districts of the City have, in compliance with the law, made returns to the City Council in the time and manner required; and the City Council having canvassed the votes from each of those districts does find the total number of votes cast for each candidate was as follows:

NAME OF CANDIDATE	TOTAL VOTES	PERCENTAGE OF VOTES
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MAYOR

Louis Moore	1,398	35.55%
Leala Green	480	12.21%
Lori Dodson	2,054	52.24%

COUNCILMEMBER, DISTRICT 2

Rex Wisdom	76	16.89%
Deborah S. Morris	374	83.11%

WHEREAS, in accordance with the applicable provisions of the Texas Election Code and the City Charter, the City Council previously determined that each of the following candidates, who were unopposed for the May 5, 2018 general election, were therefore declared elected to their respective offices, subject to the taking of the oath of office as prescribed by the Texas Constitution:

Councilmember, District 1: David Gibbons

Councilmember, District 4: James Bookhout

Councilmember, District 5: Rich Aubin

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

Section 1

That, having canvassed the results of the election, the City Council determines that the following candidates were elected to the following positions and are hereby declared elected to office, subject to the taking of the oath of office as prescribed by the Texas Constitution:

MAYOR

Lori Dodson

COUNCILMEMBER DISTRICT 2

Deborah S. Morris

Section 2

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

PASSED AND APPROVED this 15th day of May, 2018.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary



**GARLAND
CITY COUNCIL ITEM SUMMARY SHEET**

City Council Regular Session Agenda

17.

Meeting Date: May 15, 2018

Item Title: Mayor Appointments

Summary of Request/Problem

In order to ensure that Garland continues to be represented in regional transportation issues after the changeover on Council, Mayor Lori Barnett Dodson will present for Council confirmation appointments to the Regional Transportation Council, Dallas Regional Mobility Council, and Tex-21.

Regional Transportation -

Representative
Alternate

Dallas Regional Mobility Council -

Representative
Alternate

Tex-21 -

Representative
Alternate (1)
Alternate (2)

Recommendation/Action Requested and Justification

Council will vote to approve or deny the Mayor's appointments.
