

**CITY OF SEABROOK, TEXAS**  
**ORDINANCE NO. 2020-14**

ORDINANCE AUTHORIZING AND ORDERING THE ISSUANCE OF CITY OF SEABROOK, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2020 IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$10,600,000; AWARDING THE SALE THEREOF; AND CONTAINING MATTERS INCIDENT THERETO

WHEREAS, the City of Seabrook, Texas (the “City”), acting through its City Council, is authorized pursuant to and in accordance with the provisions of Texas Local Government Code Chapter 271, Subchapter C, as amended (the “Act”), to issue certificates of obligation to provide all or part of the funds to pay contractual obligations to be incurred with the design, planning, acquisition, construction, equipping, expansion, repair, renovation and/or rehabilitation of certain public works, to wit: (i) the construction of a new wastewater treatment plant, (ii) repair, renovation and construction of City-wide storm sewers, drainage ditches and other drainage improvements, (iii) the purchase, construction and installation of a smart water meter system and (iv) cost of professional services incurred in connection therewith;

WHEREAS, the City Council authorized the publication of a notice of intention to issue Certificates of Obligation, Series 2020 (the “Certificates”) on the 19<sup>th</sup> day of May, 2020, at its regular meeting place to adopt an ordinance authorizing the issuance of the Certificates to be payable from (i) an ad valorem tax levied, within the limits prescribed by law, on the taxable property located within the City, and (ii) a limited pledge of \$1,000 of the surplus revenues of the City’s water and sewer system (the “Water and Sewer System”), in the maximum aggregate principal amount of \$10,600,000, bearing interest at any rate or rates, not to exceed the maximum interest rate now or hereafter authorized by law, as shall be determined within the discretion of the City Council at the time of issuance and maturing over a period of years not to exceed forty (40) years from the date thereof;

WHEREAS, such notice was published at the times and in the manner required by the Act;

WHEREAS, no petition signed by at least five percent (5%) of the qualified voters of the City has been filed with or presented to any official of the City protesting the issuance of such Certificates on or before May 19, 2020, or the date of passage of this Ordinance.

WHEREAS, the City is authorized by Section 1502.052, Texas Government Code, as amended, to pledge the revenues of the Water and Sewer System to the payment of certificates.

WHEREAS, the City has determined that it is in the best interests of the City and that it is otherwise desirable to issue the Certificates to provide all or part of the funds to pay contractual obligations to be incurred for the purposes authorized by the Act; now therefore,

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

39 ARTICLE I

40 DEFINITIONS AND INTERPRETATIONS

41 Section 1.1: Definitions. As used herein, the following terms shall have the meanings  
42 specified, unless the context clearly indicates otherwise:

43 “Act” shall mean Texas Local Government Code, Chapter 271, Subchapter C, as amended.

44 “Attorney General” shall mean the Attorney General of the State of Texas.

45 “Bond Purchase Agreement” means the agreement between the City and the Underwriters  
46 providing for the sale of Bonds as provided pursuant to Section 6.1 of this Ordinance.

47 “Certificate” or “Certificates” shall mean any or all of the City of Seabrook, Texas  
48 Certificates of Obligation, Series 2020, authorized by this Ordinance.

49 “City” shall mean the City of Seabrook, Texas and, where appropriate, its City Council.

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

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

52 “Comptroller” shall mean the Comptroller of Public Accounts of the State of Texas.

53 “Construction Fund” shall mean the Certificates of Obligation, Series 2020 Construction  
54 Fund established by the City and described in Section 4.3 of this Ordinance.

55 “Debt Service Fund” shall mean the Certificates of Obligation, Series 2020 Debt Service  
56 Fund established by the City and described in Section 4.2 of this Ordinance.

57 “DTC” shall mean The Depository Trust Company, New York, New York, or any  
58 successor securities depository.

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

62 “Fiscal Year” shall mean the City’s then designated fiscal year, which currently is the  
63 twelve month period beginning on the first day of October of a calendar year and ending on the  
64 last day of September of the next succeeding calendar year and each such period may be designated  
65 with the number of the calendar year in which such period ends.

66 “Interest Payment Date,” when used in connection with any Certificate, shall mean  
67 September 1, 2020 and each March 1 and September 1 thereafter until maturity or earlier  
68 redemption of such Certificate.

69 “MSRB” means the Municipal Securities Rulemaking Board.

70 “Ordinance” shall mean this Ordinance and all amendments hereof and supplements  
71 hereto.

72 “Outstanding”, when used with reference to the Certificates, shall mean, as of a particular  
73 date, all Certificates theretofore and thereupon delivered pursuant to this Ordinance except:  
74 (a) any Certificates canceled by or on behalf of the City at or before such date; (b) any Certificates  
75 defeased pursuant to the defeasance provisions of this Ordinance or otherwise defeased as  
76 permitted by applicable law; and (c) any Certificates in lieu of or in substitution for which a  
77 replacement Certificate shall have been delivered pursuant to this Ordinance.

78 “Paying Agent/Registrar” shall mean The Bank of New York Mellon Trust Company,  
79 N.A., Dallas, Texas, and its successors in that capacity.

80 “Record Date” shall mean the close of business on the fifteenth calendar day of the calendar  
81 month immediately preceding the applicable Interest Payment Date.

82 “Register” shall mean the registration books for the Certificates kept by the Paying  
83 Agent/Registrar in which are maintained the names and addresses of, and the principal amounts  
84 registered to, each Registered Owner of Certificates.

85 “Registered Owner” shall mean the person or entity in whose name any Certificate is  
86 registered in the Register.

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

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

89 “Underwriters” means FHN Financial Capital Markets and SAMCO Capital Markets, Inc.

90 Section 1.2: Interpretations. All terms defined herein and all pronouns used in this  
91 Ordinance shall be deemed to apply equally to singular and plural and to all genders. The titles  
92 and headings of the articles and sections of this Ordinance have been inserted for convenience of  
93 reference only and are not to be considered a part hereof and shall not in any way modify or restrict  
94 any of the terms or provisions hereof. This Ordinance and all the terms and provisions hereof shall  
95 be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the  
96 Certificates and the validity of the levy of ad valorem taxes to pay the principal of and interest on  
97 the Certificates.

98 Section 1.3: Recitals Incorporated. The recitals to this Ordinance are hereby approved  
99 by the City Council and incorporated into and made a part of this Ordinance.

100 ARTICLE II

101 TERMS OF THE CERTIFICATES

102 Section 2.1: Amount, Purpose and Authorization. The Certificates shall be issued in  
103 fully registered form, without coupons, under and pursuant to the authority of the Act in the total  
104 authorized aggregate principal amount of NINE MILLION NINETY THOUSAND AND NO/100

105 DOLLARS (\$9,090,000) for the purpose of providing all or part of the to pay contractual  
 106 obligations to be incurred with the design, planning, acquisition, construction, equipping,  
 107 expansion, repair, renovation and/or rehabilitation of certain public works, to wit: (i) the  
 108 construction of a new wastewater treatment plant, (ii) repair, renovation and construction of City-  
 109 wide storm sewers, drainage ditches and other drainage improvements, (iii) the purchase,  
 110 construction and installation of a smart water meter system and (iv) cost of professional services  
 111 incurred in connection therewith.

112 Section 2.2: Designation, Date and Interest Payment Dates. The Certificates shall be  
 113 designated as the “City of Seabrook, Texas Certificates of Obligation, Series 2020,” and shall  
 114 be dated June 1, 2020. The Certificates shall bear interest at the rates set forth in Section 2.3  
 115 below, from the later of the date of the delivery thereof to the Underwriters or the most recent  
 116 Interest Payment Date to which interest has been paid or duly provided for, calculated on the  
 117 basis of a 360-day year of twelve 30-day months, payable on September 1, 2020, and each March  
 118 1 and September 1 thereafter until maturity or earlier redemption.

119 If interest on any Certificate is not paid on any Interest Payment Date and continues unpaid  
 120 for thirty (30) days thereafter, the Paying Agent/Registrar shall establish a new record date for the  
 121 payment of such interest, to be known as a Special Record Date. The Paying Agent/Registrar shall  
 122 establish a Special Record Date when funds to make such interest payment are received from or  
 123 on behalf of the City. Such Special Record Date shall be fifteen (15) days prior to the date fixed  
 124 for payment of such past due interest, and notice of the date of payment and the Special Record  
 125 Date shall be sent by United States mail, first class, postage prepaid, not later than five (5) days  
 126 prior to the Special Record Date, to each affected Registered Owner as of the close of business on  
 127 the day prior to mailing of such notice.

128 Section 2.3: Numbers, Denomination, Interest Rates and Maturities. The Certificates  
 129 shall be issued bearing the numbers, in the principal amounts and bearing interest at the rates set  
 130 forth in the following schedule, and may be transferred and exchanged as set out in this  
 131 Ordinance. The Certificates shall mature on March 1 in each of the years and in the amounts set  
 132 out in such schedule. Certificates delivered in transfer of or in exchange for other Certificates  
 133 shall be numbered in order of their authentication by the Paying Agent/Registrar, shall be in the  
 134 denomination of \$5,000 or integral multiples thereof and shall mature on the same date and bear  
 135 interest at the same rate as the Certificate or Certificates in lieu of which they are delivered.

<u>Bond Number</u>	<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
R-1	2021	\$40,000	2.000%
R-2	2022	40,000	2.000
R-3	2023	40,000	2.000
R-4	2024	45,000	2.000
R-5	2025	40,000	2.000
R-6	2026	45,000	2.000
R-7	2027	45,000	2.000
R-8	2028	585,000	4.000
R-9	2029	610,000	4.000
R-10	2030	630,000	4.000

<u>Bond Number</u>	<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
R-11	2031	660,000	4.000
R-12	2032	685,000	4.000
R-13	2033	710,000	4.000
R-14	2034	740,000	4.000
R-15	2035	640,000	4.000
R-16	2036	670,000	4.000
R-17	2037	695,000	4.000
R-18	2038	715,000	4.000
R-19	2039	725,000	4.000
R-20	2040	730,000	4.000

136            Section 2.4: Redemption Prior to Maturity. (a) The City reserves the right, at its  
137 option, to redeem prior to maturity the Certificates maturing on or after September 1, 2031 in  
138 whole or in part, in principal installments of \$5,000 or any integral multiple thereof, on  
139 September 1, 2030 or any date thereafter, at a price equal to the principal amount of the  
140 Certificates or portions thereof called for redemption plus accrued interest to the date of  
141 redemption.

142            (b) Certificates may be redeemed in part only in integral multiples of \$5,000. If a  
143 Certificate subject to redemption is in a denomination larger than \$5,000, a portion of such  
144 Certificate may be redeemed, but only in integral multiples of \$5,000. In selecting portions of  
145 Certificates for redemption, each Certificate shall be treated as representing that number of  
146 Certificates of \$5,000 denomination which is obtained by dividing the principal amount of such  
147 Certificate by \$5,000. Upon presentation and surrender of any Certificate for redemption in part,  
148 the Paying Agent/Registrar, in accordance with the provisions of this Ordinance, shall authenticate  
149 and deliver in exchange therefor a Certificate or Certificates of like maturity and interest rate in an  
150 aggregate principal amount equal to the unredeemed portion of the Certificate so surrendered.

151            (c) Notice of any redemption, identifying the Certificates or portions thereof to be  
152 redeemed, shall be sent by United States mail, first class, postage prepaid, to the Registered  
153 Owners thereof at their addresses as shown on the Register, not less than thirty (30) days before  
154 the date fixed for such redemption. By the date fixed for redemption, due provision shall be made  
155 with the Paying Agent/Registrar for the payment of the redemption price of the Certificates  
156 called for redemption. If such notice of redemption is given, and if due provision for such  
157 payment is made, all as provided above, the Certificates which are to be so redeemed thereby  
158 automatically shall be redeemed prior to their scheduled maturities, they shall not bear interest  
159 after the date fixed for redemption, and they shall not be regarded as being Outstanding except  
160 for the purpose of being paid with the funds so provided for such payment.

161            Section 2.5: Manner of Payment, Characteristics, Execution and Authentication. The  
162 Paying Agent/Registrar is hereby appointed the paying agent for the Certificates. The  
163 Certificates shall be payable, shall have the characteristics and shall be executed, sealed,  
164 registered and authenticated, all as provided and in the manner indicated in the FORM OF  
165 CERTIFICATES set forth in Article III of this Ordinance. If any officer of the City whose  
166 manual or facsimile signature shall appear on the Certificates shall cease to be such officer before

167 the authentication of the Certificates or before the delivery of the Certificates, such manual or  
168 facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer  
169 had remained in such office.

170 CUSIP numbers also may be printed on the Certificates, but errors or omissions in the  
171 printing of such numbers shall have no effect on the validity of the Certificates.

172 The approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Bond  
173 Counsel, may be printed on the back of the Certificates over the certification of the City Secretary,  
174 which may be executed in facsimile. CUSIP numbers also may be printed on the Certificates, but  
175 errors or omissions in the printing of either the opinion or the numbers shall have no effect on the  
176 validity of the Certificates.

177 Section 2.6: Authentication. Except for the Certificates to be initially issued, which  
178 need not be authenticated by the Paying Agent/Registrar, only such Certificates as shall bear  
179 thereon a certificate of authentication, substantially in the form provided in Article III of this  
180 Ordinance, manually executed by an authorized representative of the Paying Agent/Registrar,  
181 shall be entitled to the benefits of this Ordinance or shall be valid or obligatory for any purpose.  
182 Such duly executed certificate of authentication shall be conclusive evidence that the Certificate  
183 so authenticated was delivered by the Paying Agent/Registrar hereunder.

184 Section 2.7: Ownership. The City, the Paying Agent/Registrar and any other person  
185 may treat the person in whose name any Certificate is registered as the absolute owner of such  
186 Certificate for the purpose of making and receiving payment of the principal or thereof and  
187 interest thereon and for all other purposes, whether or not such Certificate is overdue, and neither  
188 the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the  
189 contrary. All payments made to the person deemed to be the Registered Owner of any Certificate  
190 in accordance with this Section shall be valid and effective and shall discharge the liability of  
191 the City and the Paying Agent/Registrar upon such Certificate to the extent of the sums paid.

192 Section 2.8: Registration, Transfer and Exchange. The Paying Agent/Registrar is  
193 hereby appointed the registrar for the Certificates. So long as any Certificate remains  
194 Outstanding, the Paying Agent/Registrar shall keep the Register at its principal corporate trust  
195 office in which, subject to such reasonable regulations as it may prescribe, the Paying  
196 Agent/Registrar shall provide for the registration and transfer of the Certificates in accordance  
197 with the terms of this Ordinance.

198 Each Certificate shall be transferable only upon the presentation and surrender thereof at  
199 the principal corporate trust office of the Paying Agent/Registrar, accompanied by an assignment  
200 duly executed by the Registered Owner or his authorized representative in form satisfactory to the  
201 Paying Agent/Registrar. Upon due presentation of any Certificate for transfer, the Paying  
202 Agent/Registrar shall authenticate and deliver in exchange therefor, within seventy-two (72) hours  
203 after such presentation, a new Certificate or Certificates, registered in the name of the transferee  
204 or transferees, in authorized denominations and of the same maturity and aggregate principal  
205 amount and bearing interest at the same rate as the Certificate or Certificates so presented and  
206 surrendered.

207 All Certificates shall be exchangeable upon the presentation and surrender thereof at the  
208 principal corporate trust office of the Paying Agent/Registrar for a Certificate or Certificates of the  
209 same maturity and interest rate and in any authorized denomination, in an aggregate principal  
210 amount equal to the unpaid principal amount of the Certificate or Certificates presented for  
211 exchange. The Paying Agent/Registrar shall be and is hereby authorized to authenticate and  
212 deliver exchange Certificates in accordance with the provisions of this Section. Each Certificate  
213 delivered by the Paying Agent/Registrar in accordance with this Section shall be entitled to the  
214 benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu  
215 of which such Certificate is delivered.

216 All Certificates issued in transfer or exchange shall be delivered to the Registered Owners  
217 thereof at the principal corporate trust office of the Paying Agent/Registrar or sent by United States  
218 mail, first class, postage prepaid.

219 The City or the Paying Agent/Registrar may require the Registered Owner of any  
220 Certificate to pay a sum sufficient to cover any tax or other governmental charge that may be  
221 imposed in connection with the transfer or exchange of such Certificate. Any fee or charge of the  
222 Paying Agent/Registrar for such transfer or exchange shall be paid by the City.

223 The Paying Agent/Registrar shall not be required to transfer or exchange any Certificate  
224 called for redemption in whole or in part during the forty-five (45) day period immediately prior  
225 to the date fixed for redemption; provided, however, that this restriction shall not apply to the  
226 transfer or exchange by the Registered Owner of the unredeemed portion of a Certificate called  
227 for redemption in part.

228 Section 2.9: Book-Entry Only System. The definitive Certificates shall be initially  
229 issued in the form of a separate single fully registered Certificate for each of the maturities  
230 thereof. Upon initial issuance, the ownership of each such Certificate shall be registered in the  
231 name of Cede & Co., as nominee of DTC, and except as provided in Section 2.11 hereof, all of  
232 the Outstanding Certificates shall be registered in the name of Cede & Co., as nominee of DTC.  
233 Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC  
234 has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions  
235 in this Ordinance with respect to interest checks being mailed to the Owner at the close of  
236 business on the Record Date, the word "Cede & Co." in this Ordinance shall refer to such new  
237 nominee of DTC.

238 With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the  
239 City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC  
240 Participant or to any person on behalf of whom such a DTC Participant holds an interest in the  
241 Certificates. Without limiting the immediately preceding sentence, the City and the Paying  
242 Agent/Registrar shall have no responsibility or obligation with respect to (a) the accuracy of the  
243 records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the  
244 Certificates, (b) the delivery to any DTC Participant or any other person, other than a Certificate  
245 holder, as shown on the Register, of any notice with respect to the Certificates, including any notice  
246 of redemption or (c) the payment to any DTC Participant or any other person, other than a  
247 Certificate holder as shown in the Register, of any amount with respect to principal of Certificates,  
248 premium, if any, or interest on the Certificates.

249 Except as provided in Section 2.10 of this Ordinance, the City and the Paying  
250 Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate  
251 is registered in the Register as the absolute owner of such Certificate for the purpose of payment  
252 of principal of, premium, if any, and interest on Certificates, for the purpose of giving notices of  
253 redemption and other matters with respect to such Certificate, for the purpose of registering  
254 transfer with respect to such Certificate, and for all other purposes whatsoever. The Paying  
255 Agent/Registrar shall pay all principal of Certificates, premium, if any, and interest on the  
256 Certificates only to or upon the order of the respective owners, as shown in the Register as provided  
257 in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments  
258 shall be valid and effective to fully satisfy and discharge the City's obligations with respect to  
259 payment of principal of, premium, if any, and interest on the Certificates to the extent of the sum  
260 or sums so paid. No person other than an owner shall receive a Certificate evidencing the  
261 obligation of the City to make payments of amounts due pursuant to this Ordinance.

262 Section 2.10: Payments and Notices to Cede & Co. Notwithstanding any other  
263 provision of this Ordinance to the contrary, as long as any Certificates are registered in the name  
264 of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any,  
265 and interest on the Certificates, and all notices with respect to such Certificates shall be made  
266 and given, respectively, in the manner provided in the representation letter of the City to DTC.

267 Section 2.11: Successor Securities Depository; Transfer Outside Book-Entry Only  
268 System. In the event that the City or the Paying Agent/Registrar determines that DTC is  
269 incapable of discharging its responsibilities described herein and in the representation letter of  
270 the City to DTC, and that it is in the best interest of the beneficial owners of the Certificates that  
271 they be able to obtain certificated Certificates, the City or the Paying Agent/Registrar shall (a)  
272 appoint a successor securities depository, qualified to act as such under Section 17(a) of the  
273 Securities and Exchange Act of 1934, as amended, notify DTC of the appointment of such  
274 successor securities depository and transfer one or more separate Certificates to such successor  
275 securities depository or (b) notify DTC of the availability through DTC of Certificates and  
276 transfer one or more separate Certificates to DTC Participants having Certificates credited to  
277 their DTC accounts. In such event, the Certificates shall no longer be restricted to being  
278 registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered  
279 in the name of the successor securities depository, or its nominee, or in whatever name or names  
280 Certificate holders transferring or exchanging Certificates shall designate, in accordance with  
281 the provisions of this Ordinance.

282 Section 2.12: Replacement Certificates. Upon the presentation and surrender to the  
283 Paying Agent/Registrar of a damaged or mutilated Certificate, the Paying Agent/Registrar shall  
284 authenticate and deliver in exchange therefor a replacement Certificate, of the same maturity,  
285 interest rate and principal amount, bearing a number not contemporaneously outstanding. The  
286 City or the Paying Agent/Registrar may require the Registered Owner of such Certificate to pay  
287 a sum sufficient to cover any tax or other governmental charge that may be imposed in  
288 connection therewith and any other expenses connected therewith, including the fees and  
289 expenses of the Paying Agent/Registrar and the City.

290 If any Certificate is lost, apparently destroyed or wrongfully taken, the City, pursuant to  
291 the applicable laws of the State of Texas and ordinances of the City, and in the absence of notice

292 or knowledge that such Certificate has been acquired by a bona fide purchaser, shall execute, and  
293 the Paying Agent/Registrar shall authenticate and deliver, a replacement Certificate of the same  
294 maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding,  
295 provided that the Registered Owner thereof shall have:

296 (a) furnished to the City and the Paying Agent/Registrar satisfactory evidence of the  
297 ownership of and the circumstances of the loss, destruction or theft of such  
298 Certificate;

299 (b) furnished such security or indemnity as may be required by the Paying  
300 Agent/Registrar and the City to save and hold them harmless;

301 (c) paid all expenses and charges in connection therewith, including, but not limited  
302 to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other  
303 governmental charge that may be imposed; and

304 (d) met any other reasonable requirements of the City and the Paying Agent/Registrar.

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

312 If any such mutilated, lost, apparently destroyed or wrongfully taken Certificate has  
313 become or is about to become due and payable, the City in its discretion may, instead of issuing a  
314 replacement Certificate, authorize the Paying Agent/Registrar to pay such Certificate.

315 Each replacement Certificate delivered in accordance with this Section shall be entitled to  
316 the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in  
317 lieu of which such replacement Certificate is delivered.

318 Section 2.13: Cancellation. All Certificates paid or redeemed in accordance with this  
319 Ordinance, and all Certificates in lieu of which exchange Certificates or replacement Certificates  
320 are authenticated and delivered in accordance herewith, shall be canceled and destroyed upon  
321 the making of proper records regarding such payment or redemption. The Paying  
322 Agent/Registrar shall periodically furnish the City with certificates of destruction of such  
323 Certificates.

324 ARTICLE III

325 FORM OF CERTIFICATES

326 The form of the Certificates, including the Form of Comptroller's Registration Certificate,  
327 Form of Paying Agent/Registrar's Authentication Certificate and Form of Assignment shall be,  
328 respectively, substantially as shown in Exhibit A hereto, with such additions, deletions and

329 variations, including an insurance legend or statement, if any, as may be necessary or desirable  
330 and not prohibited by this Ordinance.

331 ARTICLE IV

332 SECURITY FOR THE CERTIFICATES

333 Section 4.1: Pledge and Levy of Taxes and Revenues. (a) To provide for the payment  
334 of principal of and interest on the Certificates, there is hereby levied, within the limits prescribed  
335 by law, for the current year and each succeeding year thereafter, while the Certificates or any  
336 part of the principal thereof and the interest thereon remain outstanding and unpaid, an ad  
337 valorem tax upon all taxable property within the City sufficient to pay the interest on the  
338 Certificates and to create and provide a sinking fund of not less than 2% of the principal amount  
339 of the Certificates or not less than the principal payable out of such tax, whichever is greater,  
340 with full allowance being made for tax delinquencies and the costs of tax collection, and such  
341 taxes, when collected, shall be applied to the payment of principal of and interest on the  
342 Certificates by deposit to the Debt Service Fund and to no other purpose.

343 (b) The City hereby declares its purpose and intent to provide and levy a tax legally  
344 sufficient to pay the principal of and interest on the Certificates, it having been determined that the  
345 existing and available taxing authority of the City for such purpose is adequate to permit a legally  
346 sufficient tax. As long as any Certificates remain outstanding, all moneys on deposit in, or credited  
347 to, the Debt Service Fund shall be secured by a pledge of security, as provided by law for cities in  
348 the State of Texas.

349 (c) In addition, the principal and interest on the Certificates shall be payable from and  
350 secured by a limited, subordinate lien on and pledge of \$1,000 of the surplus net revenues of the  
351 City's water and sewer system, after the payment of all operation and maintenance expenses  
352 thereof (the "Net Revenues"), provided that the pledge of Net Revenues is and shall be junior and  
353 subordinate in all respects to the pledge of Net Revenues to the payment of any obligation of the  
354 City, whether authorized heretofore or hereafter, which the City designates as having a pledge  
355 senior to the pledge of the Net Revenues to the payment of the Certificates. The City also reserves  
356 the right to issue, for any lawful purpose at any time, in one or more installments, bonds,  
357 certificates of obligation and other obligations of any kind, secured in whole or in part by a pledge  
358 of Net Revenues, that may be prior and superior in right to, on a parity with, or junior and  
359 subordinate to the pledge of Net Revenues securing the Certificates.

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

364 Section 4.2: Debt Service Fund. The Certificates of Obligation, Series 2020 Debt  
365 Service Fund (the "Debt Service Fund") is hereby created as a special fund solely for the benefit  
366 of the Certificates. The City shall establish and maintain such fund at an official City depository  
367 and shall keep such fund separate and apart from all other funds and accounts of the City. Any  
368 amount on deposit in the Debt Service Fund shall be maintained by the City in trust for the

369 Registered Owners of the Certificates. Such amount, plus any other amounts deposited by the  
370 City into such fund and any and all investment earnings on amounts on deposit in such fund,  
371 shall be used only to pay the principal of, premium, if any, and interest on the Certificates.

372 Section 4.3: Construction Fund. The Certificates of Obligation, Series 2020  
373 Construction Fund (the “Construction Fund”) is hereby created as a special fund of the City.  
374 Money on deposit in the Construction Fund shall be used only for the purposes set forth in  
375 Section 2.1 of this Ordinance. Money on deposit in the Construction Fund may, at the option of  
376 the City, be invested as permitted by Texas law, provided that all such deposits and investments  
377 shall be made in such manner that the money required to be expended from the Construction  
378 Fund will be available at the proper time or times.

379 All interest and income derived from such deposits and investments shall remain in the  
380 Construction Fund, except that, to the extent required by law, such interest and income may be  
381 applied to make such payments to the United States of America as shall be required to assure that  
382 interest on the Certificates is exempt from federal income taxation. Upon the completion of the  
383 purposes set forth in Section 2.1 of this Ordinance, any surplus funds on deposit in the Construction  
384 Fund shall be transferred into the Debt Service Fund.

385 Section 4.4: Further Proceedings. After the Certificates to be initially issued have been  
386 executed, it shall be the duty of the Mayor to deliver the Certificates to be initially issued and all  
387 pertinent records and proceedings to the Attorney General for examination and approval. After  
388 the Certificates to be initially issued shall have been approved by the Attorney General, they  
389 shall be delivered to the Comptroller for registration. Upon registration of the Certificates to be  
390 initially issued, the Comptroller (or a deputy lawfully designated in writing to act for the  
391 Comptroller) shall manually sign the Comptroller’s registration certificate prescribed herein to  
392 be affixed or attached to the Certificates to be initially issued, and the seal of said Comptroller  
393 shall be impressed, or placed in facsimile, thereon.

394 ARTICLE V

395 CONCERNING THE PAYING AGENT/REGISTRAR

396 Section 5.1: Acceptance. The Bank of New York Mellon Trust Company, N.A.,  
397 Dallas, Texas, is hereby appointed as the initial Paying Agent/Registrar for the Certificates  
398 pursuant to the terms and provisions of the Paying Agent/Registrar Agreement by and between  
399 the City and the Paying Agent/Registrar. The Paying Agent/Registrar Agreement shall be  
400 substantially in the form attached hereto as Exhibit B, the terms and provisions of which are  
401 hereby approved, and the Mayor is hereby authorized to execute and deliver such Paying  
402 Agent/Registrar Agreement on behalf of the City in multiple counterparts and the City Secretary  
403 is hereby authorized to attest thereto and affix the City’s seal. Such initial Paying  
404 Agent/Registrar and any successor Paying Agent/Registrar, by undertaking the performance of  
405 the duties of the Paying Agent/Registrar hereunder, and in consideration of the payment of any  
406 fees pursuant to the terms of any contract between the Paying Agent/Registrar and the City  
407 and/or the deposits of money pursuant to this Ordinance, shall be deemed to accept and agree to  
408 abide by the terms of this Ordinance.



449 accordance with the terms of the Bond Purchase Agreement presented to and hereby approved  
450 by the City Council, in substantially the form attached hereto as Exhibit C, which price and terms  
451 are hereby found and determined to be the most advantageous reasonably obtainable by the City.  
452 The Mayor and other appropriate officials of the City are hereby authorized and directed to  
453 execute such Bond Purchase Agreement on behalf of the City, and the Mayor and all other  
454 officials, agents and representatives of the City are hereby authorized to do any and all things  
455 necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and  
456 delivery of the Certificates. The initial Certificates shall be registered in the name of FHN  
457 Financial Capital Markets.

458 Section 6.2: Approval, Registration and Delivery. The Mayor is hereby authorized to  
459 have control and custody of the Certificates and all necessary records and proceedings pertaining  
460 thereto pending their delivery, and the Mayor and other officers and employees of the City are  
461 hereby authorized and directed to make such certifications and to execute such instruments as  
462 may be necessary to accomplish the delivery of the Certificates and to assure the investigation,  
463 examination and approval thereof by the Attorney General and the registration of the initial  
464 Certificates by the Comptroller. Upon registration of the Certificates, the Comptroller (or the  
465 Comptroller's certificates clerk or an assistant certificates clerk lawfully designated in writing  
466 to act for the Comptroller) shall manually sign the Comptroller's Registration Certificates  
467 prescribed herein to be attached or affixed to each Certificates initially delivered and the seal of  
468 the Comptroller shall be impressed or printed or lithographed thereon.

469 Section 6.3: Offering Documents; Ratings. The City hereby approves the form and  
470 contents of the Preliminary Official Statement, attached hereto as Exhibit D and the final Official  
471 Statement, attached hereto as Exhibit E, dated as of the date hereof, relating to the Certificates,  
472 and any addenda, supplement or amendment thereto, and ratifies and approves the distribution  
473 of such Preliminary Official Statement and Official Statement in the offer and sale of the  
474 Certificates and in the reoffering of the Certificates by the Underwriter, with such changes  
475 therein or additions thereto as the officials executing same may deem advisable, such  
476 determination to be conclusively evidenced by their execution thereof. The Mayor is hereby  
477 authorized and directed to execute, and the City Secretary is hereby authorized and directed to  
478 attest, the final Official Statement. It is further hereby officially found, determined and declared  
479 that the statements and representations contained in the Preliminary Official Statement and final  
480 Official Statement are true and correct in all material respects, to the best knowledge and belief  
481 of the City Council, and that, as of the date thereof, the Preliminary Official Statement was an  
482 official statement of the City with respect to the Certificates that was deemed "final" by an  
483 authorized official of the City except for the omission of no more than the information permitted  
484 by subsection (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission.

485 Further, the City Council hereby ratifies, authorizes and approves the actions of the Mayor,  
486 the City's financial advisor and other consultants in seeking ratings on the Certificates from  
487 Moody's Investor's Service, Inc. and such actions are hereby ratified and confirmed.

488  
489 Section 6.4: Application of Proceeds of Certificates. Proceeds from the sale of the  
490 Certificates shall, promptly upon receipt by the City, be applied as follows:

- 491 (1) Accrued interest and additional proceeds in the amount of \$0.00 shall be deposited  
492 into the Debt Service Fund created in Section 4.2 of this Ordinance;

- 493 (2) A portion of the proceeds in the amount of \$138,755.25 shall be applied to pay  
494 expenses arising in connection with the issuance of the Certificates, including the  
495 Underwriters' Discount;
- 496 (3) Proceeds in the amount of \$10,600,000.00 shall be deposited into the Construction  
497 Fund created in Section 4.3 of this Ordinance; and
- 498 (4) Any proceeds of the Certificates remaining after making all such deposits and  
499 payments shall be deposited into the Debt Service Fund.

500 Section 6.5: Tax Exemption. The City intends that the interest on the Certificates shall  
501 be excludable from gross income of the owners thereof for federal income tax purposes pursuant  
502 to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the  
503 "Code"), and all applicable temporary, proposed and final regulations (the "Regulations") and  
504 procedures promulgated thereunder and applicable to the Certificates. For this purpose, the City  
505 covenants that it will monitor and control the receipt, investment, expenditure and use of all gross  
506 proceeds of the Certificates (including all property the acquisition, construction or improvement  
507 of which is to be financed directly or indirectly with the proceeds of the Certificates) and take or  
508 omit to take such other and further actions as may be required by Sections 103 and 141 through  
509 150 of the Code and the Regulations to cause interest on the Certificates to be and remain  
510 excludable from the gross income, as defined in Section 61 of the Code, of the owners of the  
511 Certificates for federal income tax purposes. Without limiting the generality of the foregoing, the  
512 City shall comply with each of the following covenants:

- 513 (1) The City will use all of the proceeds of the Certificates to (i) provide funds for the  
514 purposes described in Section 2.1 of this Ordinance, which will be owned and  
515 operated by the City and (ii) to pay the costs of issuing the Certificates. The City  
516 will not use any portion of the proceeds of the Certificates to pay the principal of  
517 or interest or redemption premium on, any other obligation of the City or a related  
518 person.
- 519 (2) The City will not directly or indirectly take any action, or omit to take any action,  
520 which action or omission would cause the Certificates to constitute "private activity  
521 bonds" within the meaning of Section 141(a) of the Code.
- 522 (3) Principal of and interest on the Certificates will be paid solely from ad valorem  
523 taxes collected by the City, investment earnings on such collections, and as  
524 available, proceeds of the Certificates.
- 525 (4) Based upon all facts and estimates now known or reasonably expected to be in  
526 existence on the date the Certificates are delivered, the City reasonably expects that  
527 the proceeds of the Certificates will not be used in a manner that would cause the  
528 Certificates or any portion thereof to be an "arbitrage bond" within the meaning of  
529 Section 148 of the Code.
- 530 (5) At all times while the Certificates are outstanding, the City will identify and  
531 properly account for all amounts constituting gross proceeds of the Certificates in  
532 accordance with the Regulations. The City will monitor the yield on the

533 investments of the proceeds of the Certificates and, to the extent required by the  
534 Code and the Regulations, will restrict the yield on such investments to a yield  
535 which is not materially higher than the yield on the Certificates. To the extent  
536 necessary to prevent the Certificates from constituting “arbitrage bonds,” the City  
537 will make such payments as are necessary to cause the yield on all yield restricted  
538 nonpurpose investments allocable to the Certificates to be less than the yield that is  
539 materially higher than the yield on the Certificates.

540 (6) The City will not take any action or knowingly omit to take any action that, if taken  
541 or omitted, would cause the Certificates to be treated as “federally guaranteed”  
542 obligations for purposes of Section 149(b) of the Code.

543 (7) The City represents that not more than fifty percent (50%) of the proceeds of the  
544 Certificates will be invested in nonpurpose investments (as defined in Section  
545 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four years or  
546 more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the City  
547 reasonably expects that at least eighty-five percent (85%) of the spendable proceeds  
548 of the Certificates will be used to carry out the governmental purpose of the  
549 Certificates within the three-year period beginning on the date of issue of the  
550 Certificates.

551 (8) The City will take all necessary steps to comply with the requirement that certain  
552 amounts earned by the City on the investment of the gross proceeds of the  
553 Certificates, if any, be rebated to the federal government. Specifically, the City will  
554 (i) maintain records regarding the receipt, investment, and expenditure of the gross  
555 proceeds of the Certificates as may be required to calculate such excess arbitrage  
556 profits separately from records of amounts on deposit in the funds and accounts of  
557 the City allocable to other obligations of the City or moneys which do not represent  
558 gross proceeds of any obligations of the City and retain such records for at least six  
559 years after the day on which the last outstanding Certificate is discharged, (ii)  
560 account for all gross proceeds under a reasonable, consistently applied method of  
561 accounting, not employed as an artifice or device to avoid in whole or in part, the  
562 requirements of Section 148 of the Code, including any specified method of  
563 accounting required by applicable Regulations to be used for all or a portion of any  
564 gross proceeds, (iii) calculate, at such times as are required by applicable  
565 Regulations, the amount of excess arbitrage profits, if any, earned from the  
566 investment of the gross proceeds of the Certificates and (iv) timely pay, as required  
567 by applicable Regulations, all amounts required to be rebated to the federal  
568 government. In addition, the City will exercise reasonable diligence to assure that  
569 no errors are made in the calculations required by the preceding sentence and, if  
570 such an error is made, to discover and promptly correct such error within a  
571 reasonable amount of time thereafter, including payment to the federal government  
572 of any delinquent amounts owed to it, interest thereon and any penalty.

573 (9) The City will not directly or indirectly pay any amount otherwise payable to the  
574 federal government pursuant to the foregoing requirements to any person other than  
575 the federal government by entering into any investment arrangement with respect to

576 the gross proceeds of the Certificates that might result in a reduction in the amount  
577 required to be paid to the federal government because such arrangement results in a  
578 smaller profit or a larger loss than would have resulted if such arrangement had been  
579 at arm's length and had the yield on the Certificates not been relevant to either party.

580 (10) The City will timely file or cause to be filed with the Secretary of the Treasury of  
581 the United States the information required by Section 149(e) of the Code with  
582 respect to the Certificates on such form and in such place as the Secretary may  
583 prescribe.

584 (11) The City will not issue or use the Certificates as part of an "abusive arbitrage device"  
585 (as defined in Section 1.148-10(a) of the Regulations). Without limiting the  
586 foregoing, the Certificates are not and will not be a part of a transaction or series of  
587 transactions that attempts to circumvent the provisions of Section 148 of the Code  
588 and the Regulations, by (i) enabling the City to exploit the difference between tax-  
589 exempt and taxable interest rates to gain a material financial advantage, or (ii)  
590 increasing the burden on the market for tax-exempt obligations.

591 (12) Proper officers of the City charged with the responsibility for issuing the Certificates  
592 are hereby directed to make, execute and deliver certifications as to facts, estimates  
593 or circumstances in existence as of the date of issuance of the Certificates and stating  
594 whether there are facts, estimates or circumstances that would materially change the  
595 City's expectations. On or after the date of issuance of the Certificates, the City will  
596 take such actions as are necessary and appropriate to assure the continuous accuracy  
597 of the representations contained in such certificates.

598 (13) The covenants and representations made or required by this Section are for the  
599 benefit of the Certificate holders and any subsequent Certificate holder, and may be  
600 relied upon by the Certificate holders and any subsequent Certificate holder and  
601 bond counsel to the City.

602 In complying with the foregoing covenants, the City may rely upon an unqualified opinion issued  
603 to the City by nationally recognized bond counsel that any action by the City or reliance upon any  
604 interpretation of the Code or Regulations contained in such opinion will not cause interest on the  
605 Certificates to be includable in gross income for federal income tax purposes under existing law.

606 Notwithstanding any other provision of this Ordinance, the City's representations and obligations  
607 under the covenants and provisions of this Section 6.5 shall survive the defeasance and discharge  
608 of the Certificates for as long as such matters are relevant to the exclusion of interest on the  
609 Certificates from the gross income of the owners for federal income tax purposes.

610 Section 6.6: Related Matters. In order that the City shall satisfy in a timely manner all  
611 of its obligations under this Ordinance, the Mayor, City Secretary and all other appropriate  
612 officers, agents, representatives and employees of the City are hereby authorized and directed to  
613 take all other actions that are reasonably necessary to provide for the issuance and delivery of  
614 the Certificates, including, without limitation, executing and delivering on behalf of the City all  
615 certificates, consents, receipts, requests, notices, and other documents as may be reasonably

616 necessary to satisfy the City's obligations under this Ordinance and to direct the transfer and  
617 application of funds of the City consistent with the provisions of this Ordinance..

618 ARTICLE VII

619 CONTINUING DISCLOSURE UNDERTAKING

620  
621 Section 7.1: Continuing Disclosure Undertaking. The City shall provide annually to the  
622 MSRB, within six (6) months after the end of each fiscal year and in an electronic format  
623 prescribed by the MSRB, financial information and operating data with respect to the City of the  
624 general type described in the Official Statement, being the information described in Exhibit F  
625 attached hereto. Any financial statements so to be provided shall be (a) prepared in accordance  
626 with generally accepted accounting principles for governmental units as prescribed by the  
627 Government Accounting Standards Board from time to time, as such principles may be changed  
628 from time to time to comply with state or federal law or regulation and (b) audited, if the City  
629 commissions an audit of such statements and the audit is completed within the period during which  
630 they must be provided. If audited financial statements are not available at the time the financial  
631 information and operating data must be provided, then the City shall provide unaudited financial  
632 statements for the applicable fiscal year to the MSRB and shall provide to the MSRB audited  
633 financial statements, when and if the same become available.  
634

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

638 The financial information and operating data to be provided pursuant to this Article may  
639 be set forth in full in one or more documents or may be included by specific reference to documents  
640 (i) available to the public on the MSRB's internet web site or (ii) filed with the SEC.

641 Section 7.2: Material Event Notices. The City shall file notice of any of the following  
642 events with respect to the Certificates to the MSRB in a timely manner and not more than 10  
643 business days after occurrence of the event:

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

- 654 (8) Certificate calls, if material, and tender offers;
- 655 (9) Defeasances;
- 656 (10) Release, substitution, or sale of property securing repayment of the Certificates, if  
657 material;
- 658 (11) Rating changes;
- 659 (12) Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur  
660 as described below;
- 661 (13) The consummation of a merger, consolidation, or acquisition involving the City or  
662 the sale of all or substantially all of its assets, other than in the ordinary course of  
663 business, the entry into of a definitive agreement to undertake such an action or the  
664 termination of a definitive agreement relating to any such actions, other than  
665 pursuant to its terms, if material;
- 666 (14) Appointment of a successor or additional trustee or the change of name of a trustee,  
667 if material;
- 668 (15) Incurrence of a Financial Obligation of the City, if material, or agreement to  
669 covenants, events of default, remedies, priority rights, or other similar terms of a  
670 Financial Obligation of the City, any of which affect security holders, if material;  
671 and
- 672 (16) Default, event of acceleration, termination event, modification of terms, or other  
673 similar events under the terms of a Financial Obligation of the City, any of which  
674 reflect financial difficulties.

675 As used in clause (12), above, the phrase “bankruptcy, insolvency, receivership or similar  
676 event” means the appointment of a receiver, fiscal agent or similar officer for the City in a  
677 proceeding under the United States Bankruptcy Code or in any other proceeding under state or  
678 federal law in which a court or governmental authority has assumed jurisdiction over substantially  
679 all of the assets of the City, or if jurisdiction has been assumed by leaving the City Council and  
680 officials or officers of the City in possession but subject to the supervision and orders of a court or  
681 governmental authority, or the entry of an order confirming a plan of reorganization, arrangement  
682 or liquidation by a court or governmental authority having supervision or jurisdiction over  
683 substantially all of the assets or business of the City. The City intends that the words used in  
684 clauses (15) and (16), above, and the definition of Financial Obligation in this Ordinance have the  
685 same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885,  
686 dated August 20, 2018.

687 The City shall notify the MSRB, in a timely manner, of any failure by the City to provide  
688 financial information or operating data in accordance with Section 7.1 hereof by the time required  
689 by Section 7.1 hereof.

690 Section 7.3: Limitations, Disclaimers and Amendments. The City shall be obligated to  
691 observe and perform the covenants specified in this Article for so long as, but only for so long as,  
692 the City remains an “obligated person” with respect to the Certificates within the meaning of the

693 Rule, except that the City in any event will give the notice required by Section 7.2 of any Certificate  
694 calls and defeasance that cause the City to be no longer such an “obligated person.”

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

705 UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER  
706 OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN  
707 CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM  
708 ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS  
709 PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND  
710 REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF  
711 ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR  
712 SPECIFIC PERFORMANCE.

713 No default by the City in observing or performing its obligations under this Article shall  
714 constitute a breach of or default under the Ordinance for purposes of any other provision of this  
715 Ordinance.

716 Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the  
717 duties of the City under federal and state securities law.

718 The provisions of this Article may be amended by the City from time to time to adapt to  
719 changed circumstances that arise from a change, legal requirements, a change in law, or a change  
720 in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this  
721 Article, as so amended, would have permitted an underwriter to purchase or sell Certificates in the  
722 primary offering of the Certificates in compliance with the Rule, taking into account any  
723 amendments or interpretations of the Rule to the date of such amendment, as well as such changed  
724 circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any  
725 greater amount required by any other provision of this Ordinance that authorizes such an  
726 amendment) of the Outstanding Certificates consent to such amendment or (b) a person that is  
727 unaffiliated with the City (such as nationally recognized bond counsel) determines that such  
728 amendment will not materially impair the interest of the Holders and beneficial owners of the  
729 Certificates. If the City so amends the provisions of this Article it shall include with any amended  
730 financial information or operating data next provided in accordance with Section 7.1 an  
731 explanation in narrative form of the reasons for the amendment and of the impact of any change  
732 in the type of financial information or operating data so provided. The City may also amend or  
733 repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the  
734 applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions

735 of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not  
736 prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of  
737 the Certificates.

738 Section 7.4: Information Format. The City information required under this Article shall  
739 be filed with the MSRB through EMMA in such format and accompanied by such identifying  
740 information as may be specified from time to time thereby. Under the current rules of the MSRB,  
741 continuing disclosure documents submitted to EMMA must be in word-searchable portable  
742 document format (PDF) files that permit the document to be saved, viewed, printed, and  
743 retransmitted by electronic means and the series of obligations to which such continuing disclosure  
744 documents relate must be identified by CUSIP number or numbers.

745  
746 Financial information and operating data to be provided pursuant to this Article may be set  
747 forth in full in one or more documents or may be included by specific reference to any document  
748 (including an official statement or other offering document) available to the public through EMMA  
749 or filed with the SEC.

## 750 751 ARTICLE VIII

### 752 753 MISCELLANEOUS

754  
755 Section 8.1: Defeasance. The City may defease the provisions of this Ordinance and  
756 discharge its obligations to the Registered Owners of any or all of the Certificates to pay the  
757 principal of and interest thereon in any manner now or hereafter permitted by law, including by  
758 depositing with the Paying Agent/Registrar or with the State Treasurer of the State of Texas either:

759  
760 (a) cash in an amount equal to the principal amount of such Certificates plus interest  
761 thereon to the date of maturity or redemption; or

762 (b) pursuant to an escrow or trust agreement, cash and/or (i) direct noncallable  
763 obligations of United States of America, including obligations that are  
764 unconditionally guaranteed by the United States of America; (ii) noncallable  
765 obligations of an agency or instrumentality of the United States, including  
766 obligations that are unconditionally guaranteed or insured by the agency or  
767 instrumentality and that, on the date the governing body of the issuer adopts or  
768 approves the proceedings authorizing the issuance of refunding bonds, are rated as  
769 to investment quality by a nationally recognized investment rating firm not less  
770 than AAA or its equivalent; or (iii) noncallable obligations of a state or an agency  
771 or a City, municipality, or other political subdivision of a state that have been  
772 refunded and that, on the date the governing body of the issuer adopts or approves  
773 the proceedings authorizing the issuance of refunding bonds, are rated as to  
774 investment quality by a nationally recognized investment rating firm not less than  
775 AAA or its equivalent, which, in the case of (i), (ii) or (iii), may be in book-entry  
776 form, and the principal of and interest on which will, when due or redeemable at  
777 the option of the holder, without further investment or reinvestment of either the  
778 principal amount thereof or the interest earnings thereon, provide money in an  
779 amount which, together with other moneys, if any, held in such escrow at the same

780 time and available for such purpose, shall be sufficient to provide for the timely  
781 payment of the principal of and interest thereon to the date of maturity or earlier  
782 redemption;

783 provided, however, that if any of the Certificates are to be redeemed prior to their respective  
784 dates of maturity, provision shall have been made for giving notice of redemption as provided  
785 in this Ordinance. Upon such deposit, such Certificates shall no longer be regarded to be  
786 Outstanding or unpaid. Any surplus amounts not required to accomplish such defeasance shall  
787 be returned to the City.

788 Section 8.2: Ordinance a Contract - Amendments. This Ordinance shall constitute a  
789 contract with the Registered Owners from time to time, be binding on the City, and shall not be  
790 amended or repealed by the City so long as any Certificate remains Outstanding except as  
791 permitted in this Section. The City may, without the consent of or notice to any Registered  
792 Owners, from time to time and at any time, amend this Ordinance in any manner not detrimental  
793 to the interests of the Registered Owners, including the curing of any ambiguity, inconsistency,  
794 or formal defect or omission herein. In addition, the City may, with the consent of Registered  
795 Owners who own in the aggregate 51% of the principal amount of the Certificates then  
796 Outstanding, amend, add to, or rescind any of the provisions of this Ordinance; provided that,  
797 without the consent of all Registered Owners of Outstanding Certificates, no such amendment,  
798 addition, or rescission shall (1) extend the time or times of payment of the principal of and  
799 interest on the Certificates, reduce the principal amount thereof, the redemption price, or the rate  
800 of interest thereon, or in any other way modify the terms of payment of the principal of or interest  
801 on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3)  
802 reduce the aggregate principal amount of Certificates required to be held by Registered Owners  
803 for consent to any such amendment, addition, or rescission.

804 Section 8.3: Legal Holidays. In any case where the date interest accrues and becomes  
805 payable on the Certificates or principal of the Certificates matures or the date fixed for  
806 redemption of any Certificates or a Record Date shall be in the City a Saturday, Sunday, legal  
807 holiday or a day on which banking institutions are authorized by law to close, then payment of  
808 interest or principal need not be made on such date, or the Record Date shall not occur on such  
809 date, but payment may be made or the Record Date shall occur on the next succeeding day which  
810 is not in the City a Saturday, Sunday, legal holiday or a day on which banking institutions are  
811 authorized by law to close with the same force and effect as if (i) made on the date of maturity  
812 or the date fixed for redemption and no interest shall accrue for the period from the date of  
813 maturity or redemption to the date of actual payment or (ii) the Record Date had occurred on the  
814 fifteenth day of that calendar month.

815 Section 8.4: No Recourse Against City Officials. No recourse shall be had for the  
816 payment of principal of or interest on any Certificates or for any claim based thereon or on this  
817 Ordinance against any official of the City or any person executing any Certificates.

818 Section 8.5: Further Proceedings. The Mayor, City Secretary and other appropriate  
819 officials of the City are hereby authorized and directed to do any and all things necessary and/or  
820 convenient to carry out the terms of this Ordinance.



842 PASSED, APPROVED, AND ADOPTED on first and final reading with a quorum present,  
843 by an affirmative vote of a majority of Councilmembers present, in accordance with Seabrook City  
844 Charter Section 2.10 on this 19<sup>th</sup> day of May, 2020.

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Thomas G. Kolupski  
Mayor

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ATTEST:

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Robin Lenio, TRMC  
City Secretary

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**EXHIBIT A**

**FORM OF CERTIFICATE**

UNITED STATES OF AMERICA  
STATE OF TEXAS

CITY OF SEABROOK, TEXAS  
CERTIFICATE OF OBLIGATION, SERIES 2020

NUMBER DENOMINATION  
<sup>1</sup>R- \$ \_\_\_\_\_  
REGISTERED REGISTERED

<sup>2</sup>INTEREST DATED DELIVERY <sup>2</sup>MATURITY  
RATE: DATE: DATE: DATE: <sup>2</sup>CUSIP:  
\_\_\_\_\_ % June 1, 2020 June 11, 2020 ,

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

<sup>3</sup>THE CITY OF SEABROOK, TEXAS, a municipal corporation of the State of Texas (the “City”), for value received, hereby promises to pay to the Registered Owner identified above or its registered assigns, on the maturity date specified above, upon presentation and surrender of this Certificate at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or its successor (the “Paying Agent/Registrar”), the principal amount identified above payable in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due to the United States of America, and to pay interest thereon at the rate shown above, calculated on a basis of a 360-day year composed of twelve 30-day months, from the later of the Delivery Date identified above or the most recent interest payment date to which interest has been paid or duly provided for. Interest

<sup>1</sup> Initial Certificate shall be numbered T-1.

<sup>2</sup> Omitted from the Initial Certificate.

<sup>3</sup> The first sentence of the Initial Certificate shall read as follows:

“THE CITY OF SEABROOK, TEXAS, a municipal corporation of the State of Texas (the “City”), for value received, hereby promises to pay to the Registered Owner identified above or its registered assigns, on March 1 of each of the years and in the principal amounts set forth in the following schedule: [Insert information regarding years of maturity, principal amounts and interest rates from Section 2.3 of the Ordinance], upon presentation and surrender of this Certificate at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or its successor (the “Paying Agent/Registrar”), payable in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due to the United States of America, and to pay interest thereon at the rate shown above, calculated on a basis of a 360-day year composed of twelve 30-day months, from the later of the Delivery Date identified above or the most recent interest payment date to which interest has been paid or duly provided for.”

on this Certificate is payable on September 1, 2020, and each March 1 and September 1 thereafter until maturity of this Certificate, by check sent by United States mail, first class, postage prepaid, by the Paying Agent/Registrar to the Registered Owner of record as of the close of business on the fifteenth calendar day of the calendar month immediately preceding the applicable interest payment date, as shown on the registration books kept by the Paying Agent/Registrar. Any accrued interest payable at maturity shall be paid upon presentation and surrender of this Certificate at the principal corporate trust office of the Paying Agent/Registrar.

THIS CERTIFICATE IS ONE OF A DULY AUTHORIZED SERIES OF CERTIFICATES (the "Certificates") in the aggregate principal amount of \$9,090,000 issued pursuant to an ordinance adopted by the City Council of the City on May 19, 2020 (the "Ordinance") for the purpose of providing all or part of the funds to pay contractual obligations to be incurred with the design, planning, acquisition, construction, equipping, expansion, repair, renovation and/or rehabilitation of certain public works, to wit: (i) the construction of a new wastewater treatment plant, (ii) repair, renovation and construction of City-wide storm sewers, drainage ditches and other drainage improvements, (iii) the purchase, construction and installation of a smart water meter system and (iv) cost of professional services incurred in connection therewith.

<sup>4</sup>THIS CERTIFICATE shall not be valid or obligatory for any purpose or be entitled to any benefit under the Ordinance unless this Certificate is authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

THE CITY RESERVES THE RIGHT, at its option, to redeem prior to maturity the Certificates maturing on or after September 1, 2031, in whole or in part, in principal installments of \$5,000 or any integral multiple thereof, on September 1, 2030, or any date thereafter, at a price equal to the principal amount of the Certificates or portions thereof called for redemption plus accrued interest to the date of redemption.

CERTIFICATES MAY BE REDEEMED IN PART only in integral multiples of \$5,000. If a Certificate subject to redemption is in a denomination larger than \$5,000, a portion of such Certificate may be redeemed, but only in integral multiples of \$5,000. In selecting portions of Certificates for redemption, each Certificate shall be treated as representing that number of Certificates of \$5,000 denomination which is obtained by dividing the principal amount of such Certificate by \$5,000. Upon surrender of any Certificate for redemption in part, the Paying Agent/Registrar, in accordance with the provisions of the Ordinance, shall authenticate and deliver in exchange therefor a Certificate or Certificates of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Certificate so surrendered.

NOTICE OF ANY SUCH REDEMPTION, identifying the Certificates or portions thereof to be redeemed, shall be sent by United States mail, first class, postage prepaid, to the Registered Owners thereof at their addresses as shown on the books of registration kept by the Paying

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<sup>4</sup> In the Initial Certificate, this paragraph shall read: "THIS CERTIFICATE shall not be valid or obligatory for any purpose or be entitled to any benefit under the Ordinance unless this Certificate is registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto."

Agent/Registrar, not less than thirty (30) days before the date fixed for such redemption. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the redemption price of the Certificates called for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, the Certificates which are to be so redeemed thereby automatically shall be redeemed prior to their scheduled maturities, they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the purpose of being paid with the funds so provided for such payment.

THIS CERTIFICATE IS TRANSFERABLE only upon presentation and surrender at the principal corporate trust office of the Paying Agent/Registrar, accompanied by an assignment duly executed by the Registered Owner or its authorized representative, subject to the terms and conditions of the Ordinance.

THIS CERTIFICATE IS EXCHANGEABLE at the principal corporate trust office of the Paying Agent/Registrar for a Certificate or Certificates of the same maturity and interest rate and in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Ordinance.

THE PAYING AGENT/REGISTRAR is not required to accept for transfer or exchange any Certificate called for redemption, in whole or in part, during the forty-five (45) day period immediately prior to the date fixed for redemption; provided, however, that such limitation shall not apply to the transfer or exchange by the Registered Owner of an unredeemed portion of a Certificate called for redemption in part.

THE CITY OR PAYING AGENT/REGISTRAR may require the Registered Owner of any Certificate to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of a Certificate. Any fee or charge of the Paying Agent/Registrar for a transfer or exchange shall be paid by the City.

THE REGISTERED OWNER of this Certificate by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Ordinance.

IT IS HEREBY DECLARED AND REPRESENTED that this Certificate has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, exist and to be done precedent to or in the issuance and delivery of this Certificate have been performed, exist and have been done in accordance with law; that the Certificates do not exceed any constitutional or statutory limitation; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest comes due and such principal matures, have been levied and ordered to be levied, within the limits prescribed by law, against all taxable property in the City and have been irrevocably pledged for such payment.

IT IS FURTHER DECLARED AND REPRESENTED that the revenues to be derived from the City's water and sewer system, after the payment of all operation and maintenance expenses thereof (the "Net Revenues"), in an amount not to exceed \$1,000, are pledged to the payment of the principal of and interest on the Certificates provided that the pledge of Net

Revenues is and shall be junior and subordinate in all respects to the pledge of Net Revenues to the payment of any obligation of the City, whether authorized heretofore or hereafter, which the City designates as having a pledge senior to the pledge of the Net Revenues to the payment of the Certificates. The City also reserves the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind, secured in whole or in part by a pledge of Net Revenues, that may be prior and superior in right to, on a parity with, or junior and subordinate to the pledge of Net Revenues securing the Certificates.

REFERENCE IS HEREBY MADE TO THE ORDINANCE, a copy of which is filed with the Paying Agent/Registrar, for the full provisions thereof, to all of which the Registered Owners of the Certificates assent by acceptance of the Certificates.

IN WITNESS WHEREOF, the City has caused its corporate seal to be impressed or placed in facsimile hereon and this Certificate to be signed by the Mayor and countersigned by the City Secretary by their manual, lithographed or printed facsimile signatures.

CITY OF SEABROOK, TEXAS

\_\_\_\_\_  
Mayor

(SEAL)

COUNTERSIGNED:

\_\_\_\_\_  
City Secretary

\* \* \*

FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE

The following form of Comptroller's Registration Certificate shall be attached or affixed to each of the Certificates initially delivered:

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

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 that this certificate 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)

\*     \*     \*

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

The following form of authentication certificate shall be printed on the face of each of the Certificates other than those initially delivered:

AUTHENTICATION CERTIFICATE

This Certificate is one of the Certificates described in and delivered pursuant to the within mentioned Ordinance; and, except for the Certificates initially delivered, this Certificate has been issued in exchange for or replacement of a Certificate, Certificates, or a portion of a Certificate or Certificates of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

The Bank of New York Mellon Trust  
Company, N.A., as Paying Agent/Registrar

By \_\_\_\_\_  
  Authorized Signature  
Date of Authentication: \_\_\_\_\_

\*     \*     \*

FORM OF ASSIGNMENT

The following form of assignment shall be printed on the back of each of the Certificates:

ASSIGNMENT

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

\_\_\_\_\_  
(Please print or type name, address, and zip code of Transferee)

\_\_\_\_\_  
(Please insert Social Security or Taxpayer Identification Number of Transferee)

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

DATED: \_\_\_\_\_

\_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

\_\_\_\_\_

Registered Owner

NOTICE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature above must correspond to the name of the Registered Owner as shown on the face of this certificate in every particular, without any alteration, enlargement or change whatsoever.

\* \* \*

**EXHIBIT B**  
**PAYING AGENT/REGISTRAR AGREEMENT**

SEE TAB 7

**EXHIBIT C**

**BOND PURCHASE AGREEMENT**

SEE TAB 4

**EXHIBIT D**

**PRELIMINARY OFFICIAL STATEMENT**

SEE TAB 5

**EXHIBIT E**  
**OFFICIAL STATEMENT**

SEE TAB 6

## **EXHIBIT F**

### **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 7.1 of this Ordinance.

#### **Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

1. The audited financial statements of the City, but for the most recently concluded fiscal year, and, to the extent that such statements are not completed and available, unaudited financial statements for such fiscal year.
2. The quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under the headings "INVESTMENT AUTHORITY AND INVESTMENT OBJECTIVES OF THE CITY – Current Investments," "TAX DATA," "CITY TAX DEBT" (except under the subheading "Estimated Overlapping Debt"), "SELECTED FINANCIAL DATA," and in Appendix "B".

#### **Accounting Principles**

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in paragraph 1 above.