City of Alvin, Texas

Paul Horn, Mayor

Keith Thompson, Mayor Pro-tem, District C
Brad Richards, At Large Pos. 1
Joel Castro, At Large Pos. 2
Scott Reed, District A (Martin Vela, Member Elect)

Adam Arendell, District B
Glenn Starkey, District D
Gabe Adame, District E

ALVIN CITY COUNCIL AGENDA
THURSDAY MAY 16, 2019
7:00 P.M.
(Council Chambers)

Alvin City Hall, 216 West Sealy, Alvin, Texas 77511

Persons with disabilities who plan to attend this meeting that will require special services please contact the City Secretary's Office at 281-388-4255 or droberts@cityofalvin.com 48 hours prior to the meeting time. City Hall is wheel chair accessible and a sloped curb entry is available at the east and west entrances to City Hall.

NOTICE is hereby given of a Regular Meeting of the City Council of the City of Alvin, Texas, to be held on **THURSDAY, MAY 16, 2019,** at 7:00 p.m. in the Council Chambers at: City Hall, 216 W. Sealy, Alvin, Texas.

REGULAR MEETING AGENDA

1. CALL TO ORDER

2. INVOCATION AND PLEDGE OF ALLEGIANCE

3. OATH OF OFFICE

A. Administer the Oath of Office to City Council member At Large Position 2, Joel Castro; City Council member District A, Martin Vela; and City Council member District D, Glenn Starkey.

4. PRESENTATIONS

A. Consider Resolution 19-R-23, honoring Scott Reed for years of service to the community as a member of the Alvin City Council District A, from 2011 to 2019.

B. Recognition of Mayor Pro-tem Keith Thompson.

C. Proclamation: Motorcycle Awareness Month.

D. Proclamation: Public Works Week.

E. Proclamation: Alvin Museum Day.

5. PUBLIC COMMENT

6. PUBLIC HEARING

A. Public hearing to receive comments on the review of Chapter 15 – Offenses and Miscellaneous Provisions, Article IV, Curfew Hours for Juveniles.

7. CONSENT AGENDA: CONSIDERATION AND POSSIBLE ACTION: An item(s) may be removed from the Consent Agenda for full discussion by the request of a member of Council. Item(s) removed will automatically become the first item up for discussion under Other Business.

A. Consider approval of the May 2, 2019 City Council workshop minutes.

B. Consider approval of the May 2, 2019 City Council meeting minutes.

C. Consider Resolution 19-R-24, declaring the results of the May 4, 2019 General Election for the purpose of electing members to City Council At Large Position 2, City Council District A, and City Council District D.

D. Accept Martin Vela's resignations from the Planning Commission and from the Building Board of Adjustments and Appeals.

E. Consider Resolution 19-R-25, authorizing the payment of the six ($0.06) cents per capita to the Gulf Coast Coalition of Cities to fund regulatory and related activities related to electric and gas utility service; and other matters related thereto.

8. OTHER BUSINESS

A. Consider the Mayor's appointment of Mayor Pro-tem.

B. Consider Ordinance 19-K, authorizing the issuance of approximately $16,200,000 City of Alvin, Texas, Water and Sewer System Revenue Bonds, Series 2019; approving related agreements; approving the preparation and distribution of an Official Statement; enacting other provisions relating thereto; and providing for the effective date thereof.

9. REPORTS FROM CITY MANAGER

A. Items of Community Interest and review preliminary list of items for next Council meeting.

10. ITEMS OF COMMUNITY INTEREST

Pursuant to 551.0415 of the Texas Government Code reports or an announcement about items of community interest during a meeting of the governing body. No action will be taken or discussed.

A. Hear announcements concerning items of community interest from the Mayor, Council members, and City staff, for which no action will be discussed or taken.

11. ADJOURNMENT

I hereby certify that a copy of this notice was posted on the City Hall bulletin board, a place convenient and readily accessible to the general public at all times, and to the City's website: www.alvin-tx.gov, in compliance with Chapter 551, Texas Government Code on MONDAY, MAY 13, 2019 at 4:00 P.M.

(SEAL)

_____
Dixie Roberts, City Secretary

Removal Date: _____

**** All meetings of the City Council are open to the public, except when there is a necessity to meet in Executive Session (closed to the public) under the provisions of Chapter 551, Texas Government Code. The Council reserves the right to convene into executive session on any of the above posted agenda items that qualify for an executive session by publicly announcing the applicable section of the Open Meetings Act, including but not limited to sections 551.071 (litigation and certain consultation with the attorney), 551.072 (acquisition of interest in real property), 551.073 (contract for gift to city), 551.074 (certain personnel deliberations), or 551.087 (qualifying economic development negotiations).**

AGENDA COMMENTARY

Meeting Date: 5/16/2019

Department: City Secretary **Contact:** Dixie Roberts, City Secretary

Agenda Item: Consider Resolution 19-R-23, honoring Scott Reed for years of service to the community as a member of the Alvin City Council District A, from 2011 to 2019.

Type of Item: ☐Ordinance ☒Resolution ☐Contract/Agreement ☐Public Hearing ☐Plat ☐Discussion & Direction ☐Other

Summary: Resolution 19-R-23 is to recognize and thank City Council member Scott Reed for his years of service as District A City Council member from 2011 to 2019.

Funding Expected: Revenue ☐ Expenditure ☐ N/A ☐ **Budgeted Item:** Yes ☐ No ☐ N/A ☒

Funding Account: _____ **Amount:** _____ **1295 Form Required?** Yes ☐ No ☒

Legal Review Required: N/A ☐ Required ☒ **Date Completed:** 5/13/2019 SLH

Supporting documents attached:

- Resolution 19-R-23

Recommendation: Move to approve Resolution 19-R-23, honoring Scott Reed for years of service to the community as a member of the Alvin City Council District A, from 2011 to 2019

Reviewed by Department Head, if applicable ☐

Reviewed by City Attorney, if applicable ☒

Reviewed by Chief Financial Officer, if applicable ☐

Reviewed by City Manager ☒

RESOLUTION 19-R-23

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS, HONORING SCOTT REED FOR HIS YEARS OF SERVICE TO THE COMMUNITY AS A MEMBER OF THE ALVIN CITY COUNCIL DISTRICT A, CITY OF ALVIN, TEXAS.

WHEREAS, Scott Reed has unselfishly contributed his time, talents and energies to serve the people of the City of Alvin as Member of the City Council, District A, for the period of May 2011 to May 2019; and

WHEREAS, such contribution has become a part of the foundation upon which this City stands; and

WHEREAS, the members of the City Council of the City of Alvin, Brazoria County, Texas, wish to recognize the service and contribution of:

SCOTT REED

NOW, THEREFORE, be it resolved that the City Council and the people of the City of Alvin do gratefully acknowledge and express their sincere thanks and appreciation for your outstanding service.

PASSED and **APPROVED** this 16th day of May 2019.

CITY OF ALVIN, TEXAS

By: _____
Paul A. Horn, Mayor

ATTEST:

By: _____
Dixie Roberts, City Secretary

Certificate of Appreciation

Presented to

City Council Member

Keith Thompson

For your loyal and dedicated service to the City of Alvin as

Mayor Pro-Tem

May 2018 - May 2019

Paul A. Horn, Mayor

Office of the Mayor, City of Alvin, Texas

Proclamation

WHEREAS, the month of May marks the traditional start of riding season; motorcycles become more prevalent on our streets; and

WHEREAS, Motorcycle Awareness Month increases public awareness about motorcycles; to encourage their safe and proper use among motorcycle riders; and

WHEREAS, citizens should recognize the fact that motorcycle operators have the same rights and privileges as operators of other vehicles on all roads and highways; and

WHEREAS, it is in the best interest of our community and citizens to note the increase in the amount of motorcycle traffic in order to enable the reduction of accidents and injuries involving motorcyclists.

NOW THEREFORE, I, Paul A. Horn, Mayor of the City of Alvin, Texas and on behalf of the Alvin City Council, do hereby proclaim the month of May 2019 as

Motorcycle Safety Awareness Month

and encourage motorists to acknowledge and be aware of the increasing volume of motorcycles sharing our roadways.

WITNESS my hand and seal this 16th day of May 2019.

_____

Paul A. Horn, Mayor

Office of the Mayor, City of Alvin, Texas

Proclamation

WHEREAS, public works professionals focus on infrastructure, facilities and services that provide our community with public health, high quality of life and well-being; and

WHEREAS, the efficiency of the qualified and dedicated personnel who staff Alvin's Public Works Department is materially influenced by people's attitude and understanding of the importance of the work they perform; and

WHEREAS, this year theme **"It Starts Here"** speaks to the vital role that Public Works is a part of the everyday life of the citizens of Alvin.

NOW, THEREFORE I, Paul A. Horn, as Mayor of the City of Alvin, Texas, and on behalf of the Council do hereby proclaim May 19-25, 2019 as

National Public Works Week

in the City of Alvin and urge our citizens to recognize the contributions that the City of Alvin Public Works professionals make to our health, safety, welfare and quality of life.

WITNESS my hand and seal this 16th day of May 2019.

_____

Paul A. Horn, Mayor

Office of the Mayor, City of Alvin, Texas

Proclamation

WHEREAS, museums in Alvin, Texas, and throughout America provide unique educational and cultural opportunities that significantly enhance our quality of life; and

WHEREAS, museums play a vital role in preserving our region's rich history: telling stories about our past while providing insight into our future by maintaining and nurturing historical links; and

WHEREAS, museums provide a safe and neutral setting for civil discourse about important issues in our communities; and

WHEREAS, on May 18th Brazoria County museums will celebrate International Museum Day in various ways, including free admissions and special tours.

NOW, THEREFORE, I, Mayor Paul A. Horn, as Mayor of the City of Alvin Texas and on behalf of the City Council do hereby proclaim May 18, 2019, as:

Alvin Museum Day

and urge the citizens of this community to recognize the importance of museums to our communities and to work together to preserve these valuable institutions for our enjoyment and benefit today and in the future.

WITNESS my hand and seal this 16th day of May 2019.

Paul A. Horn, Mayor

AGENDA COMMENTARY

Meeting Date: 5/16/2019

Department: Police **Contact:** Robert E. Lee, Police Chief

Agenda Item: Public hearing to receive comments on the review of Chapter 15 – Offenses and Miscellaneous Provisions, Article IV, Curfew Hours for Juveniles.

Type of Item: ☐Ordinance ☐Resolution ☐Contract/Agreement ☒Public Hearing ☐Plat ☐Discussion & Direction ☐Other

Summary: State law (Section 370.002 of the Local Government Code) requires the City Council to review the juvenile curfew ordinance every 3 years and to review the ordinances' effect on the community. In the last three years, the existence of the curfew ordinance allowed officers the ability to identify juveniles and notify parents or legal guardians in order to ensure that these unaccompanied minors were picked up and/or delivered into the hands of a responsible adult. In some cases, the parent/guardian had no idea that the juvenile was absent due to adult oversight. The overarching intent of the ordinance is to provide for the safety of juveniles, to curb the commission of juvenile crime, and to maintain the general peace of the City during curfew hours. No changes to our current ordinance are being recommended.

The curfew hours are Sunday through Thursday, 11 p.m. to 6 a.m. the following day, and 12:01a.m. to 6 a.m. on any Saturday and Sunday. These hours apply to juveniles ten (10) years of age or older and under seventeen (17) at the time of the violation. The juvenile and/or the parent may be charged with a violation, as well as any owner, operator or employee of any establishment that knowingly violates this ordinance.

Some of the exceptions (defenses) to the ordinance include: being accompanied by parent or guardian, traveling to/from place of employment (direct route), emergency, school/religious/government activity, or on an errand for a parent/guardian with written permission.

The cities of Manvel, Angleton, League City, Webster, Pearland and Friendswood all have juvenile ordinances in place currently.

Funding Expected: Revenue ☐ Expenditure ☐ N/A ☐ **Budgeted Item:** Yes ☐ No ☐ N/A ☐

Funding Account: _____ **Amount:** _____ **1295 Form Required?** Yes ☐ No ☐

Legal Review Required: N/A ☒ Required ☐ **Date Completed:** 5/13/2019 SLH

Supporting documents attached:

- Publication in the Alvin Sun
- Chapter 15, Article IV Curfew Hours for Juveniles

Recommendation: N/A

Reviewed by Department Head, if applicable ☐

Reviewed by City Attorney, if applicable ☒

Reviewed by Chief Financial Officer, if applicable ☐

Reviewed by City Manager ☒

NOTICE OF PUBLIC HEARING
CITY OF ALVIN, TEXAS

Notice is hereby given that the City Council of the City of Alvin, Texas will hold public hearings during the regular City Council Meetings scheduled for Thursday, May 16, 2019 and Thursday, June 6, 2019 at City Hall, 216 West Sealy, Alvin, Texas 77511 at 7:00 p.m. to consider the following:

CONDUCT A PUBLIC HEARING AND REVIEW OF THE CITY OF ALVIN'S JUVENILE CURFEW ORDINANCE

Any member of the public has the right to appear at these public hearings and will be given an opportunity to be heard.

Written comments should be received no later than May 15, 2019 for the May 16, 2019 public hearing and no later than June 5, 2019 for the June 6, 2019 public hearing. Please submit comments to the City Secretary, 216 West Sealy, Alvin, Texas 77511 or droberts@cityofalvin.com.

Publish Dates:
April 27 and May 5

ARTICLE IV. - CURFEW HOURS FOR JUVENILES[3]

Footnotes:

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Editor's note— Ord. No. 07-P, § 2, adopted April 19, 2007, amended article IV in its entirety to read as herein set out. Formerly, article IV pertained to similar subject matter, and derived from Ord. No. 94-BBB, § 2, adopted October 20, 1994, and Ord. No. 98-XX, § 2, adopted October 1, 1998.

Sec. 15-61. - Definitions.

In this article the following definitions shall apply:

Chief of police means the chief of police of the city, or a designated representative.

Curfew hours means 11:00 p.m. on any Sunday, Monday, Tuesday, Wednesday or Thursday until 6:00 a.m. of the following day; and 12:01 a.m. until 6:00 a.m. on any Saturday or Sunday.

Direct route means the shortest path of travel through a public place to reach a final destination without any detour or stop along the way.

Emergency means, but is not limited to, a fire, a natural disaster, an automobile accident, or any situation requiring immediate medical care to prevent serious bodily injury or loss of life.

Establishment means any privately-owned place of business operating for a profit to which the public is invited, including but not limited to, any place of amusement or entertainment.

Holding location means a place designated by the chief of police, to which a juvenile taken into custody for a violation of this section will be delivered to await pick up by a parent or juvenile authorities.

Juvenile means any person ten (10) years of age or older and under seventeen (17) years of age at the time of the act or offense.

Operator means any individual, firm, association, partnership, or corporation operating, managing, or conducting any establishment. The term includes the members or partners of an association or partnership and the officers of a corporation.

Parent means a person who is:

(1) A natural or adoptive parent of another person;

(2) A court-appointed guardian of another person; or

(3) At least eighteen (18) years of age and authorized by a parent, court order, or court-appointed guardian to have the care and custody of another person.

Public place means any place to which the public or a substantial group of the public has access and includes, but is not limited to, streets, highways, and the common areas of schools, hospitals, apartment houses, office buildings, transport facilities, and shops.

Remain means to linger or stay unnecessarily; or fail to leave any premises when requested to do so by a police officer or the owner, operator, or other person in control of the premises.

(Ord. No. 07-P, § 2, 4-19-07; Ord. No. 10-C, § 2, 4-20-10; Ord. No. 16-I, § 2, 6-16-16)

Sec. 15-62. - Offenses.

(a) It shall be unlawful for any juvenile to purposefully remain, walk, run, stand, drive or ride about in or upon any public place in the city during curfew hours.

(b) It shall be unlawful for the parent of a juvenile to knowingly permit or allow the juvenile to remain, walk, run, stand, drive or ride about in or upon any public place in the city during curfew hours.

(c) The owner, operator, or any employee of an establishment commits an offense if such person knowingly allows a juvenile to remain upon the premises of an establishment during curfew hours.

(Ord. No. 07-P, § 2, 4-19-07; Ord. No. 10-C, § 2, 4-20-10; Ord. No. 16-I, § 2, 6-16-16)

Sec. 15-63. - Defenses.

(a) It is a defense to prosecution under section 15-62 that the juvenile was:

(1) Accompanied by the juvenile's parent or guardian, or an adult authorized by the parent or guardian;

(2) On an errand at the direction of the juvenile's parent and was using a direct route, and the juvenile has in their possession a written permission paper, which contains contact information;

(3) In a motor vehicle involved in interstate travel;

(4) Engaged in a lawful employment activity, including but not limited to, newspaper delivery, and was using a direct route;

(5) Engaged in volunteer work at a recognized charitable or civic institution or going to or from such activity by direct route;

(6) Involved in an emergency;

(7) On the sidewalk abutting the juvenile's residence or abutting the residence of the next-door neighbor if the juvenile has permission from the parent to be on the sidewalk of the next-door neighbor and the neighbor did not complain to the police officer about the juvenile's presence;

(8) Attending a school, government-sponsored or religious activity or going to or returning home by a direct route from an official school, government-sponsored or religious activity;

(9) Exercising first amendment rights protected by the United States Constitution, such as the free exercise of religion, freedom of speech, and the right to assembly; or

(10) Married or had been married or had disabilities of minority removed in accordance with Chapter 31 of the Texas Family Code.

(b) It is a defense to prosecution under section 15-62(c) that the owner, operator, or employee of an establishment promptly notified the police department that a juvenile was present on the premises of the establishment during curfew hours and refused to leave.

(Ord. No. 07-P, § 2, 4-19-07; Ord. No. 10-C, § 2, 4-20-10; Ord. No. 16-I, § 2, 6-16-16)

Sec. 15-64. - Enforcement procedure.

(a) Any police officer, upon finding a juvenile in violation of section 15-62(a) of this chapter, shall determine the name and address of the juvenile, and the name and address of his or her parent(s). A warning notice shall be issued to the juvenile, who shall contact the parent or guardian, and obtain transportation home. A copy of the notice shall be forwarded to the juvenile case manager of the city police department who shall send a letter to the parent(s) of the juvenile advising the parent(s) that the juvenile was found in violation of this chapter and soliciting parental cooperation in the future.

(b) Any police officer, upon finding a juvenile in violation of section 15-62(a) who has previously been found in violation and issued a warning as provided for in subsection (a) above, shall transfer the

case to proper authorities for handling under the provisions of V.T.C.A., Family Code Title 3, Juvenile Justice Code. In addition, a complaint may be filed against the parents in municipal court for violation of section 15-62(b) hereof.

(Ord. No. 07-P, § 2, 4-19-07; Ord. No. 10-C, § 2, 4-20-10; Ord. No. 16-I, § 2, 6-16-16)

Sec. 15-65. - Penalties.

(a) Any juvenile violating the provisions of this chapter shall be guilty of a Class "C" misdemeanor as defined in the Texas Penal Code and shall be dealt with in accordance with the provisions of the Texas Family Code, Title 3, Juvenile Justice Code.

(b) A parent of a juvenile violating this chapter shall be guilty of a misdemeanor which shall be punishable by a fine prescribed by section 1-5 of this Code.

(c) The owner, operator or employee of an establishment who violates section 15-62(c) of this chapter shall be guilty of a misdemeanor which shall be punishable by a fine prescribed by section 1-5 of this Code.

(Ord. No. 07-P, § 2, 4-19-07; Ord. No. 07-E, § 11, 8-2-07; Ord. No. 10-C, § 2, 4-20-10; Ord. No. 16-I, § 2, 6-16-16)

Secs. 15-66—15-69. - Reserved.

MINUTES
CITY OF ALVIN, TEXAS
216 W. SEALY STREET
CITY COUNCIL WORKSHOP
THURSDAY MAY 2, 2019
6:00 P.M.

CALL TO ORDER

BE IT REMEMBERED that, on the above date, the City Council of the City of Alvin, Texas, met in a Workshop Session at 6:00 p.m. in the first floor Conference Room at City Hall, with the following members present: Paul A. Horn, Mayor; Keith Thompson, Mayor Pro-Tem and Councilmembers: Gabe Adame, Adam Arendell, Joel Castro, Brad Richards, Scott Reed and Glen Starkey.

Staff members present: Junru Roland, City Manager; Suzanne Hanneman, City Attorney; Michael Higgins, Chief Financial Officer; Dixie Roberts, City Secretary; Dan Kelinske, Parks Director; Michelle Segovia, City Engineer and Robert E. Lee, Police Chief; Matt Cornell, Fire Marshall; Shelly Crist, Health Officer.

WORKSHOP BUSINESS

Discuss Tent Encampment Ordinance.

Chief Lee reviewed the recommended changes to the proposed ordinance as discussed in the last workshop. Discussion was had on requiring a type of notification to the public for encampment permit applications received. Council member Adame suggested that no overnight encampments/tents within so many feet of the corridor or major thoroughfares of the City be added to the corridor ordinance. Members of City Council were in agreement of this suggestion. Council requested that said modifications be included in ordinance form and brought before City Council for consideration.

Discuss Restaurant Inspections and Reporting.

Council discussed using a letter grading system for retail food establishments health inspections and requiring the grade received be made visible to the public in said establishment. Members of City Council concurred with this idea and would like for the necessary changes be made to the ordinance and brought back to City Council for consideration.

ADJOURNMENT

Mayor Horn adjourned the meeting at 6:47 p.m.

PASSED and APPROVED the 16th day of May 2019.

_____
Paul A. Horn, Mayor

ATTEST: _____
Dixie Roberts, City Secretary

MINUTES
CITY OF ALVIN, TEXAS
216 W. SEALY STREET
REGULAR CITY COUNCIL MEETING
THURSDAY MAY 2, 2019
7:00 P.M.

CALL TO ORDER

BE IT REMEMBERED that, on the above date, the City Council of the City of Alvin, Texas, met in Regular Session at 7:00 P.M. in the Council Chambers at City Hall, with the following members present: Mayor Paul A. Horn; Mayor Pro-Tem Keith Thompson; Councilmembers: Gabe Adame, Adam Arendell, Joel Castro, Scott Reed, Brad Richards and Glen Starkey**.**

Staff members present: Junru Roland, City Manager; Suzanne Hanneman, City Attorney; Dixie Roberts, City Secretary; Michael Higgins, Chief Financial Officer; Michelle Segovia, City Engineer; Dan Kelinske, Parks and Recreation Director; Matt Cornell, Fire Marshall; Larry Buehler, Economic Development Director and Robert E. Lee, Police Chief.

INVOCATION AND PLEDGE OF ALLEGIANCE

Council member Adame gave the invocation.

The Masonic Knights Templar of Texas Park Place Commandery No. 106 presented the colors and led the Pledge of Allegiance to the American Flag and the Texas Flag.

PRESENTATIONS

Proclamation: Police Week.
Mayor Horn presented a proclamation to Police Chief Lee proclaiming the week of May 12-18, 2019 as National Police Week.

EMS/Emergency Management Departmental Update.
Ron Schmitz, EMS Director/Emergency Management Coordinate gave a departmental update.

PUBLIC COMMENT

There were no comments from the public.

CONSENT AGENDA

Consider approval of the April 4, 2019 City Council workshop minutes.

Consider approval of the April 4, 2019 City Council meeting minutes.

Acknowledge receipt of the Capital Improvement Plan Report and Comprehensive Plan Implementation Report.

Consider Addendum No. 1 for a one (1) year renewal agreement with American Janitorial as the City's janitorial services provider of City owned buildings and park restrooms in an amount not to exceed $106,344.00; and authorize the City Manager to sign.

The agreement was originally approved in the amount of $106,344.00 with American Janitorial by City Council on May 3, 2018, utilizing the public bid process, Bid # B-18-10. The following locations would continue under this agreement: City Hall, Public Service Facility, Public Service Facility #2 (Dyche Lane), Library, Senior Citizen Center, Museum, Train Depot, Police Department, Animal Adoption Center and National Oak Park Restrooms. Additional sites include: Portable Restroom Trailer, Bob Briscoe Park Restrooms, Lions Park Restrooms, Pearson Park Restrooms, Morgan Park Restrooms, Bob S. Owen Pool Restrooms and the Girl Scout House. These additional sites are scheduled and billed separately as requested by the City of Alvin.

Janitorial Services Bid # B-18-10 opened on April 24, 2018 and advertised on April 8, 2018 and April 15, 2018. The agreement began May 3, 2018 thru September 30, 2018 in an amount of $41,224.17. The first complete year of service

under this agreement began October 1, 2018 thru September 30, 2019 in the amount of $106,344.00. This addendum is the first of up to three, one-year renewals allowed per the agreement, having an effective date October 1, 2019 thru September 30, 2020.

Staff recommended a one (1) year renewal of the current janitorial services agreement in the amount of $106,344 with American Janitorial as their performance continues to provide a good value to the City of Alvin.

Consider Addendum No. 1 for a one (1) year renewal agreement with LTS Lawncare as the City's manicured mowing services provider of select parkland, other City owned property and State right of way, in an amount not to exceed $33,075.00; and authorize the City Manager to sign.

This is the second of two different manicured mowing agreements. This scope of service has supplemented the lawn maintenance efforts of City staff for over five years and continues to provide a cost-effective solution.

The agreement was originally approved in the amount of $33,075.00 with LTS Lawncare by City Council on May 3, 2018, utilizing the public bid process, Bid #B-18-06. The following locations would continue under this agreement: Hike and Bike Trail (Adoue Street to South Street), Hugh Adams Park, Marina Park, Morgan Park, Pearson Park and Talmadge Park, two lots located at 3404 Hummingbird and 1409 Talmadge and the four corner areas of the Gordon Street Bridge.

Manicured Mowing Bid # B-18-06 opened on April 17, 2018 and advertised on April 1, 2018 and April 8, 2018. The first year of service under this agreement began October 1, 2018 thru September 30, 2019, in the amount of $33,075.00. This addendum is the first of up to three, one-year renewals allowed per the agreement, having an effective date October 1, 2019 thru September 30, 2020.

Staff recommended a one (1) year renewal of the current manicured mowing agreement in the amount of $33,075.00 with LTS Lawncare as their performance continues to provide a good value to the City of Alvin.

Consider Addendum No. 2 for a one (1) year renewal Agreement with LTS Lawncare as the City's manicured mowing services provider of select City owned and State Right of Way property including parkland, lift stations, water wells and various building grounds in an amount not to exceed $72,723.33; and authorize the City Manager to sign.

This is the first of two different manicured mowing agreements. This scope of service has supplemented the lawn maintenance efforts of City staff for over sixteen years.

The North and South Areas of Highway 35 were originally included because those are two of the major entrances into the City limits and the desire to maintain the areas remained in the scope of work.

The agreement was originally approved in the amount of $72,723.33 with LTS Lawncare by City Council on May 4, 2017 utilizing the public bid process, Bid #B-17-05. The following locations would continue under this agreement: Lift Stations 23B, 14, 29, 30, 31 and 33, Water Wells 3, 4, 6, 7 and 8, Water Towers 3 of 3, City Hall, Lot at W. Willis St. & Hardie St., Library, Senior Citizen Center, Museum, Public Service Facility, Public Service Facility #2, Animal Adoption Center, Alvin Police Department, Bob Owen Pool, Girl Scout House Lot, American Legion Lot, Fire Stations 1, 2, 3, EMS, Park and Ride, Fire Training Field, Lot at Gordon St. & Willis St., Train Depot, Welcome to Alvin sign areas 2 of 2, North and South Bypass areas, Ruben Adame Park, Newman Park, Citizens Park, Sealy Park, Prairie Dog Park and Oak Park Cemetery.

Manicured Mowing Bid # B-17-05 opened on April 19, 2017 and advertised on March 27, 2017 and April 3, 2017. The agreement began May 8, 2017 thru September 30, 2017 in an amount of $41,224.17. The first complete year of service began October 1, 2017 thru September 30, 2018 in the amount of $72,723.33. This addendum is the second of up to three, one-year renewals allowed per the agreement, having an effective date October 1, 2019 thru September 30, 2020.

Staff recommended a one (1) year renewal of the current manicured mowing agreement in the amount of $72,723.33 with LTS Lawncare as their performance continues to provide a good value to the City of Alvin.

Consider Resolution 19-R-19, suspending the May 10, 2019 effective date of CenterPoint Energy Houston Electric, LLC's requested rate change to permit the City time to study the request and to establish reasonable rates; approving continued cooperation with the Gulf Coast Coalition of Cities; hiring Lloyd Gosselink Attorneys and Consulting Services to negotiate with the company and direct any necessary litigation and appeals; requiring reimbursement of cities' rate case expenses; finding

that the meeting at which this resolution is passed is open to the public as required by law; requiring notice of this resolution to the company and legal counsel.

CenterPoint Energy Houston Electric, LLC ("CenterPoint" or "Company") filed an application on April 5, 2019 with cities retaining original jurisdiction seeking to increase system-wide transmission and distribution rates by $161 million per year. The Company asks the City to approve an increase in $154 million in retail transmission and distribution rates (an increase of about 7.4%) and $6.8 million in wholesale transmission rates (an increase of about 1.8%). According to CenterPoint, the impact on an average residential customer would be an increase of about $2.38 per month.

The resolution suspends the May 10, 2019 effective date of the Company's rate increase for the maximum period permitted by law to allow the City, working in conjunction with other members of GCCC served by CenterPoint to evaluate the filing, determine whether the filing complies with law, and if lawful, to determine what further strategy, including settlement, to pursue.

The law provides that a rate request made by an electric utility cannot become effective until at least 35 days following the filing of the application to change rates. The law permits the City to suspend the rate change for 90 days after the date the rate change would otherwise be effective. If the City fails to take some action regarding the filing before the effective date, CenterPoint's rate request is deemed approved.

The City of Alvin is a member of a coalition of political subdivisions in the Greater Houston area known as the Gulf Coast Coalition of Cities ("GCCC"). The Coalition has been in existence since the early 1990s. The GCCC represents the interests of its members on gas and electric utility matters before the Public Utility Commission, the Railroad Commission, the Electric Reliability Council of Texas and the courts. For the past 20 years, GCCC has protected the authority of municipalities over monopoly electric and natural gas providers and has defended the interests of the residential and small commercial customers within the cities. Cities are often the only consumer advocates that work to keep utility rates reasonable. The work undertaken by GCCC has saved ratepayers millions of dollars in unreasonable charges. The GCCC has previously approved the hiring of Thomas Brocato and Chris Brewster of the Lloyd Gosselink law firm and consultants to intervene in matters related to the electric utility rate case filings, representing GCCC members' interests.

Current members include the following 39 cities: Alvin, Brazos Country, Brookshire, Bunker Hill Village, Clear Lake Shores, Deer Park, Dickinson, Friendswood, Fulshear, Galveston, Hedwig Village, Hilshire Village, Hunters Creek, Iowa Colony, Jersey Village, Kemah, Lake Jackson, La Marque, Manvel, Missouri City, Mont Belvieu, Morgan's Point, Nassau Bay, Oyster Creek, Piney Point Village, Pleak, Rosenberg, Santa Fe, Seabrook, Sealy, Simonton, South Houston, Spring Valley Village, Sugar Land, Taylor Lake Village, Texas City, Tiki Island, Webster, and Weston Lakes.

Consider Resolution 19-R-20, suspending the May 27, 2019 effective date of the proposal by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas – Texas Coast Division to Implement interim Gas Reliability Infrastructure Program GRIP rate adjustments for gas utility investment in 2018 and requiring delivery of this resolution to the Company and legal counsel.

The City is a gas utility customer of CenterPoint and a regulatory authority with an interest in the rates and charges of CenterPoint. The City is authorized to protect the interests of the City and CenterPoint customers residing in the City.

For cities in the Houston Division, the Company is seeking recovery of $99,461,495 in invested capital. This will increase rates to residential customers by $.58 per month. For cities in the Texas Coast Division – the Division the City of Alvin is in, the Company is seeking recovery of $46,935,293 in invested capital. This will increase rates to residential customers by $1.15 per month. Increases in both divisions are currently scheduled to go into effect on May 27.

Under the Gas Reliability Infrastructure Program ("GRIP") statute, cities may not challenge the Company's request. The only action a City may take is to suspend the effective date of the rate increase by 45 days.

The annual gas reliability infrastructure program ("GRIP") is designed for the utility to recover its incremental costs related to the capital investments it made during the previous year. The courts have ruled all that cities can do in a GRIP case is administratively determine whether the filing complies with the statutory explanation of how a GRIP filing is to be prepared. A city cannot challenge the reasonableness of any investment or consider whether increasing revenues and declining expenses would offset the rate implication from increased capital investment. Cities also cannot recover any rate case expenses from the utility. The legislature and the courts have reasoned that GRIP rate increases are temporary rates and subject to refund when the Company files a traditional rate case after five years of rate increases.

Council member Arendell moved to approve the consent agenda as presented. Seconded by Council member Thompson; motion carried on a vote of 7 Ayes.

OTHER BUSINESS

Receive and acknowledge receipt of the Financial and Quarterly Investment Reports ending March 31, 2019.

Florence Chapa, Controller presented the Financial and Quarterly Investments Reports before City Council.

Council member Adame moved to receive and acknowledge receipt of the Financial and Quarterly Investment Reports ending March 31, 2019. Seconded by Council member Arendell; motion carried on a vote of 7 Ayes.

Consider Resolution 19-R-21, approving the Strategic Partnership Agreement between the City of Alvin and Brazoria County Municipal Utility District No. 48 for the Walton Development; and authorize the Mayor to sign, subject to legal review.

Walton Texas, LP, has proposed a new master planned development located on FM 1462 next to the current Savannah Plantation development. The majority of the approximate 817 acres is inside Municipal Utility Districts (MUDs) Number 48 and Number 49. On October 18, 2018 the City of Alvin approved Resolution Number 18-R-36, adopting the Development Agreement with Walton Texas, LP for the Walton Texas Master Planned Development. On October 18, 2018, the City of Alvin approved Ordinance 18-R, granting consent to the creation of Municipal Utility District Number 48. This Strategic Partnership Agreement will spell out how fire, police, garbage collections, water, wastewater, and drainage will be provided. The Strategic Partnership Agreement was considered and approved by Municipal Utility District No. 48 on March 26, 2019.Staff recommended approval of Resolution 19-R-21.

Council member Castro moved to approve Resolution 19-R-21, approving the Strategic Partnership Agreement between the City of Alvin and Brazoria County Municipal Utility District No. 48 for the Walton Development; and authorize the Mayor to sign, subject to legal review. Seconded by Council member Starkey; motion carried on a vote of 7 Ayes.

Consider Resolution 19-R-22, approving the Strategic Partnership Agreement between the City of Alvin and Brazoria County Municipal Utility District No. 49 for the Walton Development; and authorize the Mayor to sign, subject to legal review.

Walton Texas, LP, has proposed a new master planned development located on FM 1462 next to the current Savannah Plantation development. The majority of the approximate 817 acres is inside Municipal Utility Districts (MUDs) Number 48 and Number 49. On October 18, 2018 the City of Alvin approved Resolution Number 18-R-36, adopting the Development Agreement with Walton Texas, LP for the Walton Texas Master Planned Development. On October 18, 2018, the City of Alvin approved Ordinance 18-R, granting consent to the creation of Municipal Utility District Number 49. This Strategic Partnership Agreement will spell out how fire, police, garbage collections, water, wastewater, and drainage will be provided. The Strategic Partnership Agreement was considered and approved by Municipal Utility District No. 48 on March 26, 2019. Staff recommended approval of Resolution 19-R-22.

Larry Buehler, Director of Economic Development presented this resolution before City Council.

Council member Starkey moved to approve 19-R-22, approving the Strategic Partnership Agreement between the City of Alvin and Brazoria County Municipal Utility District No. 49 for the Walton Development; and authorize the Mayor to sign, subject to legal review. Seconded by Council member Adame; motion carried on a vote of 7 Ayes.

Consider Ordinance 19-J, terminating a contiguous geographic area within City of Alvin as Reinvestment Zone Number Three, City of Alvin, Texas, for tax increment financing purposes pursuant to Chapter 311 of the Texas Tax Code; containing findings and provisions related to the foregoing subject; providing a severability clause.

The City passed and approved Ordinance 04-VV, on September 16, 2004, designating and creating Reinvestment Zone Number Three over the approximately 792-acre area described in Exhibit A, and depicted in the map attached hereto as Exhibit B, which includes a portion of Savannah Plantation, to promote the redevelopment of the area. The Zone has not issued tax increment bonds or notes for the Zone, has not undertaken any obligations pursuant to agreements entered into to implement the project plan or reinvestment zone financing plan, and has not established a Board of Directors, and therefore, the Zone is no longer needed. This Ordinance terminates Reinvestment Zone Number Three, City of Alvin, Texas. A public hearing was held on November 15, 2018. Staff recommended approval of Ordinance 19-J.

Larry Buehler, Director of Economic Development presented this ordinance before City Council.

Council member Adame moved to approve Ordinance 19-J, terminating a contiguous geographic area within City of Alvin as Reinvestment Zone Number Three, City of Alvin, Texas, for tax increment financing purposes pursuant to Chapter 311 of the Texas Tax Code; containing findings and provisions related to the foregoing subject; providing a severability clause. Seconded by Council member Starkey; motion carried on a vote of 7 Ayes.

Consider Ordinance 19-F(a), amending Chapter 5, Buildings, of the Code of Ordinances, City of Alvin, Texas, to adopt the 2018 International Building, Swimming Pool and Spa, Residential, Plumbing, Mechanical, Fuel Gas, Energy Conservation, Existing Building, and Property Maintenance Codes each as published, by the International Code Council, Inc.; providing certain amendments and deletions to said standard codes; providing a penalty of an amount not to exceed $2,000 for each violation of any provision hereof; and providing a repealer clause, a severability clause, a savings clause, and an effective date.

Ordinance 19-F(a) amends Chapter 5 Buildings of the City of Alvin Code of Ordinances by adopting the 2018 International Codes with related City Staff recommended amendments and deletions to the codes as appropriate. Other than the adoption of the 2015 International Property Maintenance Code in February 2017, the most recent building code adoption occurred in August 2010 with the adoption of the 2009 International Building, Residential, Plumbing, Mechanical, Fuel Gas, and Energy Codes.

Periodic adoption of a more current code addition helps to maintain the usefulness of the code by keeping up with current technology and terminology. Adoption of newer codes also keeps the City compliant with the Building Code Effectiveness Grading Schedule (BCEGS) which is a factor used by the Insurance Services Office (ISO) to determine the City's ISO rating. The City's current BCEGS rating is 4 out of 10 (with 1 being superior) for both residential and commercial properties. This adoption will also provide the most current life safety applications with respect to construction, occupancy, use and maintenance of buildings and structures in the City of Alvin. Staff recommended approval of Ordinance 19-F(a).

Michelle Segovia, City Engineer presented this ordinance before City Council.

Council member Reed moved to approve Ordinance 19-F(a), amending Chapter 5, Buildings, of the Code of Ordinances, City of Alvin, Texas, to adopt the 2018 International Building, Swimming Pool and Spa, Residential, Plumbing, Mechanical, Fuel Gas, Energy Conservation, Existing Building, and Property Maintenance Codes each as published, by the International Code Council, Inc.; providing certain amendments and deletions to said standard codes; providing a penalty of an amount not to exceed $2,000 for each violation of any provision hereof; and providing a repealer clause, a severability clause, a savings clause, and an effective date. Seconded by Council member Adame; motion carried on a vote of 7 Ayes.

Consider Ordinance 19-G, amending Chapter 8, Electricity, of the Code of Ordinances, City of Alvin, Texas, providing the adoption of the 2017 National Electrical Code as published by the National Fire Protection Association; deleting section regarding permits for part jobs; providing for a severability clause; providing for a penalty; providing for publication; providing for a savings clause; providing an effective date, and setting forth other provisions related thereto.

Ordinance 19-G amends Chapter 8 Electricity of the City of Alvin Code of Ordinances by adopting the 2017 National Electrical Code with related city staff recommended amendments and deletions to the code as appropriate. The most recent electrical code adoption occurred in November 2013 with the adoption of the 2011 National Electrical Code.

Periodic adoption of a more current code addition helps to maintain the usefulness of the code by keeping up with current technology and terminology. Adoption of newer codes also keeps the City compliant with the Building Code Effectiveness Grading Schedule (BCEGS) which is a factor used by the Insurance Services Office (ISO) to determine the City's ISO rating. The City's current BCEGS rating is 4 out of 10 (with 1 being superior) for both residential and commercial properties. This adoption will also provide the most current life safety applications with regards to the installation of electricity to buildings and structures in the City of Alvin. Staff recommended approval of Ordinance 19-G.

Michelle Segovia, City Engineer presented this ordinance before City Council.

Council member Adame moved to approve Ordinance 19-G, amending Chapter 8, Electricity, of the Code of Ordinances, City of Alvin, Texas, providing the adoption of the 2017 National Electrical Code as published by the National Fire Protection Association; deleting section regarding permits for part jobs; providing for a severability clause; providing for a penalty; providing for publication; providing for a savings clause; providing an effective date, and setting forth other provisions related thereto. Seconded by Council member Starkey; motion carried on a vote of 7 Ayes.

Consider Ordinance 19-H, amending Chapter 9, Fire Prevention and Protection, of the Code of Ordinances, City of Alvin, Texas, for the purpose of adopting the 2018 International Fire Code as published with certain amendments and deletions; by repealing sections 9-40 through 9-158 regarding flammable or combustible liquids, as they are outdated; adding a new section 9.202 – Fire Alarm Activation; amending Section 9.204 Fire Department Access; providing for a penalty and publication; and setting forth other provisions related thereto.

Periodic adoption of a more current code addition helps to maintain the usefulness of the code by keeping up with current technology and terminology. Current code additions also help to maintain the ISO rating for the city. This adoption helps to clean up chapter 9 of Code of Ordinances by removing outdated requirements. Staff recommended approval of Ordinance 19-H.

Matt Cornell, Fire Marshall presented this information before City Council.

Council member Starkey moved to approve Ordinance 19-H, amending Chapter 9, Fire Prevention and Protection, of the Code of Ordinances, City of Alvin, Texas, for the purpose of adopting the 2018 International Fire Code as published with certain amendments and deletions; by repealing sections 9-40 through 9-158 regarding flammable or combustible liquids, as they are outdated; adding a new section 9.202 – Fire Alarm Activation; amending Section 9.204 Fire Department Access; providing for a penalty and publication; and setting forth other provisions related thereto. Seconded by Council member Arendell; motion carried on a vote of 7 Ayes.

Consider Ordinance 19-I, amending Chapter 17, Plumbing, of the Code of Ordinances, City of Alvin, Texas, providing the reference to the adoption of the 2018 International Plumbing Code as published with certain amendments and deletions; providing for a severability clause; providing for a penalty; providing for publication; providing for a savings clause; providing an effective date, and setting forth other provisions related thereto.

Ordinance 19-I amends Chapter 17 Plumbing, of the City of Alvin Code of Ordinances by referencing the adoption of the 2018 International Plumbing Code with related City Staff recommended amendments and deletions. This ordinance revises Chapter 17 Plumbing so that it does not conflict with the information in Chapter 5 Buildings relating to the adoption of the plumbing code.

Periodic adoption of a more current code addition helps to maintain the usefulness of the code by keeping up with current technology and terminology. Adoption of newer codes also keeps the City compliant with the Building Code Effectiveness Grading Schedule (BCEGS) which is a factor used by the Insurance Services Office (ISO) to determine the City's ISO rating. The City's current BCEGS rating is 4 out of 10 (with 1 being superior) for both residential and commercial properties. Staff recommended approval of Ordinance 19-I.

Michelle Segovia, City Engineer presented this ordinance before City Council.

Council member Thompson moved to approve Ordinance 19-I, amending Chapter 17, Plumbing, of the Code of Ordinances, City of Alvin, Texas, providing the reference to the adoption of the 2018 International Plumbing Code as published with certain amendments and deletions; providing for a severability clause; providing for a penalty; providing for publication; providing for a savings clause; providing an effective date, and setting forth other provisions related thereto. Seconded by Council member Arendell; motion carried on a vote of 7 Ayes.

Consider an Engineering Services Agreement with LJA Engineering in an amount not to exceed $80,650 for additional engineering design services for the Lift Station 30 Expansion and Highway 35 Bypass Gravity Mains Project.

This project was identified in the 2015 Utility Master Plan that was approved by City Council on March 3, 2016 and consists of the expansion of lift station #30 from a firm capacity of 4.61 Million Gallons Daily (MGD) to a firm capacity of 9 MGD. The project also includes the replacement of approximately 4,300 linear feet of 30-inch gravity sanitary sewer main along Highway 35 Bypass with 36-inch gravity main, and the replacement of approximately 1,900 linear feet of 20-inch force (pressurized) main along Highway 35 Bypass with 24-inch force main.

On April 19, 2018, the City Council approved an Engineering Services Agreement for $668,865 with LJA Engineering for design services for the Lift Station 30 Expansion and Highway 35 Bypass Gravity Mains Project. As of February 2019, the project is at the 90% design stage. In February 2019, Freese and Nichols finished the Utility Capacity Study for two residential developments that are proposed northwest of the Forest Heights Subdivision and would require utility service for approximately 800 lots. The results of the study by Freese and Nichols indicates that Lift Station 30 would need to be further expanded beyond what was recommended in the 2015 Utility Master Plan, to 11.7 Million Gallons Daily (MGD) in order to serve any substantial additional development in the northwest part of the City that was not previously included in the 2015 Utility Master Plan. Since this project is currently in design, it is Staff's recommendation that the lift station be designed to meet the increased recommended capacity at this time.

The Engineering Services Agreement being considered will provide the additional engineering design, geotechnical data, and construction materials testing services to revise the current design to meet the required capacity. These additional design services will be funded by the 2019 Utility Bond. Staff recommended approval of this Agreement.

Council member Castro moved to approve an Engineering Services Agreement with LJA Engineering in an amount not to exceed $80,650 for additional engineering design services for the Lift Station 30 Expansion and Highway 35 Bypass Gravity Mains Project. Seconded by Council member Starkey; motion carried on a vote of 7 Ayes.

REPORTS FROM CITY MANAGER

Items of Community Interest and review preliminary list of items for next Council meeting.
Mr. Roland reviewed the preliminary list for the next City Council meeting.

ITEMS OF COMMUNITY INTEREST

Hear announcements concerning items of community interest from the Mayor, Council members, and City staff, for which no action will be discussed or taken.
Mrs. Roberts reviewed items of community interest.

Council member Thompson commended the city employees for participating in the Alvin ISD YET program; he thanked the city manager for assisting with opening the sidewalk on Mustang Road and announced that the animal shelter is in desperate need of dog food and is asking the public for donations.

Council member Richards thanked the city employees for the great job they do.

Council member Castro encouraged everyone to get out and vote this Saturday in the May 4, 2019 Election

Council member Adame commended the Alvin Rotary Club for hosting the Frontier Days festivities.

Council member Starkey mentioned that he was approached by a citizen who expressed his appreciation that the Frontier Days festivities were family oriented and an all-around wonderful event.

ADJOURNMENT

Mayor Horn adjourned the meeting at 8:25 p.m.

PASSED and APPROVED the 16th day of May 2019.

_____

Paul A. Horn, Mayor

ATTEST: _____

Dixie Roberts, City Secretary

AGENDA COMMENTARY

Meeting Date: 5/16/2019

Department: City Secretary **Contact:** Dixie Roberts, City Secretary

Agenda Item: Consider Resolution 19-R-24, declaring the results of the May 4, 2019 General Election for the purpose of electing members to City Council At Large Position 2, City Council District A, and City Council District D.

Type of Item: ☐Ordinance ☒Resolution ☐Contract/Agreement ☐Public Hearing ☐Plat ☐Discussion & Direction ☐Other

Summary: The official canvassing for this election will be held on Monday, May 13, 2019, which is within the statutory period to canvass this election per State Election Code. A full quorum of the governing body is not required for the canvassing of an election and can be completed with just two (2) members of the governing body in attendance. At the canvassing, the official election returns will be read aloud by the City Secretary and an affidavit signed declaring the official results.

Resolution 19-R-24 formally declares the results of this election in resolution and minute format, where it will be maintained as an official record of the City. Staff recommends approval of Resolution 19-R-24.

Funding Expected: Revenue ☐ Expenditure ☐ N/A ☒ **Budgeted Item:** Yes ☐ No ☐ N/A ☒

Funding Account: _____ **Amount:** _____ **1295 Form Required?** Yes ☐ No ☒

Legal Review Required: N/A ☐ Required ☒ **Date Completed:** 5/13/2019 SLH

Supporting documents attached:

- Resolution 19-R-24

Recommendation: Move to approve Resolution 19-R-24, declaring the results of the May 4, 2019 General Election for the purpose of electing members to City Council At Large Position 2, City Council District A, and City Council District D.

Reviewed by Department Head, if applicable ☐

Reviewed by City Attorney, if applicable ☒

Reviewed by Chief Financial Officer, if applicable ☐

Reviewed by City Manager ☒

RESOLUTION 19-R-24

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS, DECLARING THE RESULTS OF THE GENERAL ELECTION HELD ON MAY 4, 2019, FOR THE PURPOSE OF ELECTING A MEMBER TO CITY COUNCIL AT LARGE POSITION 2, DISTRICT A, AND DISTRICT D; AND PROVIDING FOR RELATED MATTERS.

WHEREAS, on May 4, 2019, a General Election was held in the City of Alvin, Texas, for the purpose of electing a member to City Council At Large Position 2, District A, and District D; and

WHEREAS, the said election was duly and legally held in conformity with the election laws of the State of Texas, and the results of said election have been verified and returned by the proper judges and clerks; and

WHEREAS, a total of 640 voters voted in such election; and

WHEREAS, the governing body as the canvassing authority of the City of Alvin, Texas, canvassed said returns on Monday May 13, 2019, and hereby declare the result of such General Election for public record;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS:

Section 1. The facts set forth the in the preamble of this Resolution are hereby found to be true and correct and are incorporated herein and made a part hereof for all purposes.

Section 2. The official canvass of the returns of General Election held on May 4, 2019, reflect that the following named persons received the number of votes appearing opposite their names in the respective position to be filled:

City Council At Large Position 2		
	Total Votes	**%**
Joel Castro	546	86.39
Jacob L. Myers	86	13.61

City Council District A		
	Total Votes	**%**
Martin Vela	100	100

City Council District D		
	Total Votes	**%**
Glenn Starkey	150	100

Section 3. In accordance with the official canvass of the returns of the General Election held on May 4, 2019, the following persons were duly elected to the respective position as shown:

Council Member At Large Position 2: Joel Castro
Council Member District A: Martin Vela
Council Member District D: Glenn Starkey

Section 5. Open Meetings Act. It is hereby officially found and determined that this meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

PASSED AND APPROVED on this the 16th day of May 2019.

CITY OF ALVIN, TEXAS

By: _____
Paul A. Horn, Mayor

ATTEST:

By: _____
Dixie Roberts, City Secretary

AGENDA COMMENTARY

Meeting Date: 5/16/2019

Department: City Secretary **Contact:** Dixie Roberts, City Secretary

Agenda Item: Accept Martin Vela's resignations from the Planning Commission and from the Building Board of Adjustments and Appeals.

Type of Item: ☐Ordinance ☐Resolution ☐Contract/Agreement ☐Public Hearing ☐Plat ☐Discussion & Direction ☒Other

Summary: This is the formal resignation letters from City Council member elect Martin Vela, resigning from the Planning Commission and from the Building Board of Adjustments and Appeals Board (BBOAA).

At a future meeting, City Council will appoint a member to fill the unexpired term left vacant on the BBOAA. By Ordinance, the BBOAA requires five (5) members. There are currently no applications on file for service on this board. The City Secretary's Office will advertise for this vacancy.

The Planning Commission currently has ten (10) members, not including Martin Vela. The City Charter requires that the Commission have **at least** five (5) members, **but no more** than eleven (11) members. On March 21, 2019 the City Secretary's Office received an application from Jamie Vaughn to serve on the Planning Commission. Jamie is a current Parks Board member and would also like to serve on the Planning Commission. This appointment is at the discretion of City Council, such appointment can be considered at a future meeting, if so desired by members of City Council.

Funding Expected: Revenue ☐ Expenditure ☐ N/A ☒ **Budgeted Item:** Yes ☐ No ☐ N/A ☒

Funding Account: _____ **Amount:** _____ **1295 Form Required?** Yes ☐ No ☒

Legal Review Required: N/A ☒ Required ☐ **Date Completed:** 5/13/2019 SLH

Supporting documents attached:

- Resignation letters from City Council member elect, Martin Vela.

Recommendation: Move to accept Martin Vela's resignations from the Planning Commission and from the Building Board of Adjustments and Appeals.

Reviewed by Department Head, if applicable ☐

Reviewed by Chief Financial Officer, if applicable ☐

Reviewed by City Attorney, if applicable ☒

Reviewed by City Manager ☒

May 13, 2019

Mrs. Dixie Roberts
City Secretary
City of Alvin
216 West Sealy Street
Alvin, Texas 77511

Ref: Planning Commission Resignation

Mrs. Roberts,

Please accept this letter as my resignation from the City of Alvin Planning Commission. It has be an honor to serve the City Council, the citizens of Alvin and fellow Commission Members of the Planning Commission.

Thank you,

Martin Vela

May 13, 2019

Mrs. Dixie Roberts
City Secretary
City of Alvin
216 West Sealy Street
Alvin, Texas 77511

Ref: Building Board of Adjustments and Appeals Resignation

Mrs. Roberts,

Please accept this letter as my resignation from the City of Alvin Building Board of Adjustments and Appeals. It has be an honor to serve the City Council, the citizens of Alvin and fellow Board Members of the City of Alvin Building Board of Adjustments and Appeals.

Thank you,

Martin Vela

AGENDA COMMENTARY

Meeting Date: 5/16/2019

Department: City Attorney **Contact:** Suzanne L. Hanneman, City Attorney

Agenda Item: Consider Resolution 19-R-25, authorizing the payment of the six ($0.06) cents per capita to the Gulf Coast Coalition of Cities to fund regulatory and related activities related to electric and gas utility service; and other matters related thereto.

Type of Item: ☐Ordinance ☒Resolution ☐Contract/Agreement ☐Public Hearing ☐Plat ☐Discussion & Direction ☐Other

Summary: The City of Alvin has been a member of the Gulf Coast Coalition of Cities (GCCC) since 2012. GCCC has been the primary public interest advocate before the Public Utility Commission, ERCOT, the Courts, and the Legislature on electric utility regulation matters for nearly two decades. There are non-reimbursable proceedings, rulemakings, and legislative efforts impacting the rates charged within the City. It is possible that additional efforts will be necessary on new issues that arise during the year, and it is important that GCCC be able to fund its participation on behalf of its member cities. When needed, a per capita assessment has historically been used, and is a fair method for the members to bear the burdens associated with the benefits received from that membership. With the current population of 26,474, according to Texas Municipal League Online Directory, the City of Alvin's shared cost will be $1,588.44. In 2018, the City of Alvin's assessment was $0.14 cents per capita, for a shared cost of $3,662.96.

Funding Expected: Revenue ☐ Expenditure ☒ N/A ☐ **Budgeted Item:** Yes ☒ No ☐ N/A ☐

Funding Account: _____ **Amount:** _____ **1295 Form Required?** Yes ☐ No ☒

Legal Review Required: N/A ☐ Required ☒ **Date Completed:** _____

Supporting documents attached:

- Res. 19-R-25

Recommendation: Move to approve Resolution 19-R-25, authorizing the payment of the six ($0.06) cents per capita to the Gulf Coast of Coalition of Cities to fund regulatory and related activities related to electric and gas utility service; and other matters related thereto.

Reviewed by Department Head, if applicable ☐

Reviewed by City Attorney, if applicable ☒

Reviewed by Chief Financial Officer, if applicable ☐

Reviewed by City Manager ☒

RESOLUTION NO. 19-R-25

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS, AUTHORIZING CONTINUED PARTICIPATION WITH THE GULF COAST COALITION OF CITIES; AND AUTHORIZING THE PAYMENT OF SIX ($0.06) CENTS PER CAPITA TO THE COALITION TO FUND REGULATORY AND RELATED ACTIVITIES RELATED TO ELECTRIC AND GAS UTILITY SERVICE; AND OTHER MATTERS THERETO.

WHEREAS, the City of Alvin is a regulatory authority under the Public Utility Regulatory Act ("PURA") and has exclusive original jurisdiction over the rates and services of electric and natural gas utility service within the municipal boundaries of the City; and

WHEREAS, the Gulf Coast Coalition of Cities ("GCCC") has historically intervened in electric and gas utility rate proceedings and related rulemakings to protect the interests of municipalities and customers residing within municipal boundaries; and

WHEREAS, GCCC is participating in Public Utility Commission and Railroad Commission dockets and projects, as well as court proceedings, affecting transmission and distribution utility rates; and

WHEREAS, the City is a member of GCCC; and

WHEREAS, in order for GCCC to continue its participation in these activities that affect the provision of electric and gas utility service and the rates to be charged, it must assess its members for such costs.

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

Section 1. That the City is authorized to continue its membership with GCCC to protect the interests of the City of Alvin and protect the interests of utility customers residing and conducting business within the City limits.

Section 2. The City is further authorized to pay its assessment to GCCC of six cents ($0.06) per capita that being $1,588.44, based on the population figures for the City shown in the latest TML Directory of City Officials, currently 26,164.

Section 3. A copy of this Resolution shall be sent to Thomas Brocato, General Counsel for the Gulf Coast Coalition of Cities, at Lloyd Gosselink Rochelle and Townsend, 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

Section 4. The assessment payment check made payable to "Gulf Coast Coalition of Cities" shall be sent to the treasurer for the coalition, Bobby Gervais, Manvel City Hall, Legal Department, P.O. Box 187, Manvel, Texas 77578.

Section 5. **Open Meeting Act.** It is hereby officially found and determined that the meeting at which this resolution was passed was open to the public as required and that public notice of the time, place and purpose of said meeting was given as required by the Open Meeting Act, Chapter 551 of the Texas Government Code.

PASSED AND APPROVED on this 16th day of May 2019.

CITY OF ALVIN, TEXAS **ATTEST**

By: _____ By: _____
Paul A. Horn, Mayor Dixie Roberts, City Secretary

APPROVED AS TO FORM:

_____
Suzanne L. Hanneman
City Attorney

AGENDA COMMENTARY

Meeting Date: 5/16/2019

Department: City Council **Contact:** Paul Horn, Mayor

Agenda Item: Consider the Mayor's appointment of Mayor Pro-tem.

Type of Item: ☐Ordinance ☐Resolution ☐Contract/Agreement ☐Public Hearing ☐Plat ☐Discussion & Direction ☒Other

Summary:

City Council Position	Council member	Year Elected	Term Expires	Served as Mayor Pro-tem
At Large 1	Brad Richards	2012, 2015, 2018	2021	Yes
At Large 2	Joel Castro	*2018, 2019	2022	No
District A	Martin Vela	2019	2022	No
District B	Adam Arendell	2012, 2015, 2018	2021	Yes
District C	Keith Thompson	*2014, 2015, 2018	2021	Current
District D	Glenn Starkey	2016, 2019	2022	No
District E	Gabe Adame	2014, 2017	2020	Yes

*= filled unexpired term

Funding Expected: Revenue ☐ Expenditure ☐ N/A ☒ **Budgeted Item:** Yes ☐ No ☐ N/A ☒

Funding Account: _____ **Amount:** _____ **1295 Form Required?** Yes ☐ No ☒

Legal Review Required: N/A ☒ Required ☐ **Date Completed:** 5/13/2019 SLH

Supporting documents attached:

Recommendation: Move to approve the Mayor's appointment of City Council member _____ to serve as Mayor pro-tem.

Reviewed by Department Head, if applicable ☐

Reviewed by Chief Financial Officer, if applicable ☐

Reviewed by City Attorney, if applicable ☒

Reviewed by City Manager ☒

AGENDA COMMENTARY

Meeting Date: 5/16/2019

Department: City Manager **Contact:** Junru Roland, City Manager

Agenda Item: Consider Ordinance 19-K, authorizing the issuance of approximately $16,200,000 City of Alvin, Texas, Water and Sewer System Revenue Bonds, Series 2019; approving related agreements; approving the preparation and distribution of an Official Statement; enacting other provisions relating thereto; and providing for the effective date thereof.

Type of Item: ☒Ordinance ☐Resolution ☐Contract/Agreement ☐Public Hearing ☐Plat ☐Discussion & Direction ☐Other

Summary: In February 2014, the City engaged the services of Freese and Nichols to draft a Utility Master Plan. The adopted Utility Master Plan was completed in April 2016, and identified approximately $92 million in utility projects to be completed over the next 20 years. These improvements are necessary to provide for future growth, replace aging infrastructure, improve efficiency, and keep the City in compliance with TCEQ regulations.

Projects for the first 5 years are needed to address the existing water and wastewater system problems and are needed to serve anticipated growth within the next 5 years that the existing system does not have the capacity to currently serve. Projects to be funded from the proceeds of the 2019 Water & Sewer System Revenue Bonds are listed below:

Project Name	Project Costs	Description of project
Eastside Interceptor *Projected Construction Cost: $11,797,600* *$5,898,880 bonds issued in 2019* *$5,898,880 bonds to be issued in 2020*	$5,898,880	This proposed 54" wastewater pipeline serves the entire City and transports sewer to the wastewater treatment plant to be treated and discharged. The current interceptor is nearing its useful life and not large enough to handle the existing peak wastewater flows. The Eastside Interceptor will be large enough to handle future wastewater flows and will be more efficient to maintain.
Lift Station 30 Expansion & Hwy 35 Bypass Gravity Main *Projected Construction Cost: $10,064,900* *$5,777,300 bonds issued in 2019* *$4,287,600 bonds to be issued in 2020*	$5,777,300	The Utility Master Plan showed that this lift station has reached its useful life and not large enough to handle the future wastewater flows as the City grows. This project will increase the sewer line, lift station and force main capacity so that the City can serve existing and future development.

Water Improvements Phases I & II	$4,537,495	These water improvements consist of replacing water lines that will increase available fire flow capacity, improve water quality and provide better water system connectivity.
Total:	***$16,213,675***	

City staff participated in ratings call with Standard & Poor's on April 18, 2019. Standard & Poor's affirmed the City's Revenue Bond rating of A+ on the Series 2019 Water & Sewer System Revenue Bonds.

The Series 2019 Water and Sewer System Revenue Bonds are scheduled to be competitively bid at 10:00 a.m. on May 16, 2019. Thereafter, staff will know the exact dollar amount of bonds that will need to be issued to cover the project costs as well as other bond issuance costs. The City's Financial Advisors will be at the City Council meeting to present the results of the sale and ask City Council to approve Ordinance 19-K, authorizing the bond sale. Should City Council authorize the issuance of the Series 2019 Water & Sewer System Revenue Bonds, the bonds are expected to close, with funds deposited into the City's accounts on June 11, 2019.

Funding Expected: Revenue ☐ Expenditure ☐ N/A ☐ **Budgeted Item:** Yes ☐ No ☐ N/A ☒

Funding Account: _____ **Amount:** Approx. $16.2M **1295 Form Required?** Yes ☐ No ☒

Legal Review Required: N/A ☐ Required ☒ **Date Completed:** 5/13/2019 SLH

Supporting documents attached:

- Ordinance 19-K
- Standard and Poor's Rating Summary

Recommendation: Move to approve Ordinance 19-K, authorizing the issuance of $15,245,000 City of Alvin, Texas, Water and Sewer System Revenue Bonds, Series 2019; approving related agreements; approving the preparation and distribution of an Official Statement; enacting other provisions relating thereto; and providing for the effective date thereof.

Reviewed by Department Head, if applicable ☒

Reviewed by Chief Financial Officer, if applicable ☒

Reviewed by City Attorney, if applicable ☒

Reviewed by City Manager ☒

CITY OF ALVIN

ORDINANCE NO. 19-K
AUTHORIZING THE ISSUANCE OF

CITY OF ALVIN, TEXAS
WATER AND SEWER SYSTEM
REVENUE BONDS
SERIES 2019

Adopted: May 16, 2019

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Exhibit A – Form of the Bonds

ORDINANCE NO. 19-K

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF ALVIN, TEXAS, WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2019; APPROVING RELATED AGREEMENTS; APPROVING THE PREPARATION AND DISTRIBUTION OF AN OFFICIAL STATEMENT; AND ENACTING OTHER PROVISIONS RELATING THERETO

THE STATE OF TEXAS §
§
COUNTY OF BRAZORIA §

WHEREAS, City Council of the City of Alvin, Texas (the "City Council") finds and determines that the City of Alvin, Texas (the "City") is authorized by Chapter 1502, Texas Government Code, as amended (the "Act") to issue bonds payable from the net revenues of its water and sewer system to provide funds to acquire, purchase, construct, improve, renovate, enlarge or equip such system; and

WHEREAS, the City hereby finds and determines that the issuance and delivery of the bonds hereinafter authorized is necessary and in the public interest and the use of the proceeds in the manner herein specified constitutes a valid public purpose; and

WHEREAS, the City Council finds and determines that it is necessary and in the best interest of the City and its citizens that its bonds shall be issued for the purpose of (i) paying costs related to acquiring, constructing, improving, equipping and extending the System (as hereinafter defined), and (ii) paying the cost of issuing the Bonds (as hereinafter defined), which the City Council hereby determines to be necessary and feasible, all in accordance with the Constitution and general laws of the State of Texas, particularly the Act; and

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

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

ARTICLE I

FINDINGS AND DETERMINATIONS

Section 1.1 Findings and Determinations. It is hereby found and determined that the findings and recitations set out in the preamble to this Ordinance are found to be true and correct and they are hereby adopted by the City Council and made a part hereof for all purposes.

Section 1.2 Approval and Authorization. The City Council approves the following provisions and authorizes the Mayor or Mayor Pro Tem, the City Manager, the Chief Financial Officer, the City Secretary and other appropriate officials of the City to execute all necessary documents relating thereto or in furtherance thereof.

ARTICLE II

DEFINITIONS AND INTERPRETATIONS

Section 2.1 Definitions. In this Ordinance, the following terms shall have the following meanings, unless the context clearly indicates otherwise:

"Act" means Chapter 1502, Texas Government Code, as amended.

"Additional Parity Obligations" means all Parity Obligations hereafter issued or incurred by the City pursuant to Article VII.

"Annual Debt Service Requirements" means, for any fiscal or calendar year, an amount equal to the Debt Service of the particular Parity Obligations for which computation is being made, which will become due and payable during such annual period.

"Authorized Officer" means the City Manager or the Chief Financial Officer of the City (or the person performing the duties of the City Manager or Chief Financial Officer), who is authorized to act on behalf of the City in selling and delivering the Bonds, or such other officers of the City as designated in writing.

"Average Annual Debt Service Requirements" means the quotient obtained by dividing (i) the sum of the Debt Service of the particular Parity Obligations for which computation is being made which, on the date of such computation, are Outstanding within the meaning of this Ordinance from the date of computation to the date such Parity Obligations are to be paid by (ii) the number of years (or fractions thereof) from the interest payment date next preceding the date of computation to the date of final maturity of such Parity Obligations.

"Balloon Obligations" means Parity Obligations of a particular issue or series of Parity Obligations of which 25% or more of the principal or maturity amount of the same issue or series matures in the same year and is not required to be amortized below such percentage by payment or redemption prior to that year. An ordinance authorizing the issuance of Parity Obligations to be treated as Balloon Obligations shall designate such Parity Obligations as Balloon Obligations. Parity Obligations that include a put feature, a stepped-up interest rate and call right, or other similar obligation or right and incentive to refund may be treated as Balloon Obligations maturing in the year of the put, stepped-up interest rate, or other incentive if such Parity Obligations are designated as Balloon Obligations in the ordinance authorizing their issuance.

"Blanket Issuer Letter of Representations" means the Blanket Issuer Letter of Representations between the City, the Paying Agent/Registrar and DTC.

"Bond" or "Bonds" means the City of Alvin, Texas, Water and Sewer System Revenue Bonds, Series 2019 authorized by Section 3.1 of this Ordinance.

"Bond Counsel" means Bracewell LLP.

"Business Day" means any day which is not a Saturday, Sunday, or a day on which the Paying Agent/Registrar is authorized by law or executive order to close.

"City" means the City of Alvin, Texas or the City Council of the City acting in its official capacity.

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

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

"Comptroller" means the Comptroller of Public Accounts of the State of Texas.

"Dated Date" means June 1, 2019.

"Debt Service" means, for any given period, the principal of, premium, if any, interest and other payments on the Parity Obligations scheduled to become due and payable during such period subject to the following special rules:

(a) Debt Service shall exclude interest which has been capitalized or for which amounts have been set apart in a dedicated fund or account;

(b) Interest accruing on Parity Obligations issued as capital appreciation bonds or capital appreciation notes shall be treated as principal payable at maturity of such bonds or notes;

(c) Interest (other than on capital appreciation bonds or notes) shall be deemed to accrue monthly and principal also shall be deemed to accrue monthly but only during the twelve months immediately preceding any scheduled principal payment (or during such shorter periods as may be appropriate if principal payments are more frequent than every twelve months);

(d) Debt Service shall be calculated on the assumption that no Parity Obligations will cease to be Outstanding except by reason of payment on their scheduled payment dates, unless the City has affirmatively elected to prepay such obligations, and any demand features or put features exercisable by the holders of Parity Obligations or Parity Notes prior to scheduled payment dates shall not be taken into account in computation of Debt Service;

(e) Debt Service on Parity Obligations which bear interest at variable or adjustable rates such that future rates cannot be ascertained, shall be calculated using a rate which shall be estimated and certified by the Chief Financial Officer (or the officer of the City performing the duties of the Chief Financial Officer) as that rate which would have been borne by such Parity Obligations if on the date of certification they had been issued as twenty-five year obligations bearing a fixed rate of interest, but such interest rate shall not be less than the following: (i) if interest is excludable from gross income under the applicable provisions of the Internal Revenue Code, the most recently published Bond Buyer "Revenue Bond Index" (or comparable index if no longer published) plus fifty (50) basis points or (ii) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus fifty (50) basis points;

(f) If any of the Parity Obligations constitute Balloon Obligations, then such amounts shall be treated as if such Obligations are refunded through the issuance of Parity Obligations having a twenty-five year level amortization bearing interest at the rates provided by paragraph (e) above, on the date of the earliest permitted exercise of the put feature, stepped-up interest rate and call feature or similar obligation or right and incentive to refund as further set forth in the ordinance authorizing a series of Balloon Obligations or the final maturity date of such Balloon Obligations, as the case may be;

(g) Debt Service on Parity Notes, so long as their payment is secured by a Parity Credit Agreement or issued under a Parity Credit Agreement that established a direct purchase note program or similar short-term or interim borrowing program during the term of such Parity Credit Agreement, shall be computed on the assumption that the principal amount of such Parity Notes shall be financed and refinanced as if such principal amount were to be refinanced in the next ensuing fiscal year through the issuance of Parity Obligations having a twenty-five year level amortization bearing interest at the rates provided in paragraph (e) above;

(h) Parity Credit Agreements shall not be deemed to impose any additional Debt Service by reason of the repayment or reimbursement obligations that they impose, but any periodic payments they require for the continued availability of the Parity Credit Agreement shall be included within the computation of Debt Service;

(i) Debt Service on Parity Contract Obligations shall mean all amounts scheduled to be paid thereunder by the City other than for purposes that would qualify as Maintenance and Operation Expenses.

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

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

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

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

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

"Gross Revenues" means while any Outstanding Parity Obligations are Outstanding, all revenues, income and receipts of every nature derived or received by the City from the operation and ownership of the System and the interest income from the investment or deposit of money in the Revenue Fund, the Interest and Sinking Fund and the Reserve Fund and any other revenues hereinafter pledged to the payment of all Parity Obligations. When used with reference to the Bonds and any Additional Parity Obligations hereafter issued, Gross Revenues shall not include any of the following:

(a) utility deposits and other funds collected by the City to which a third party holds a contractually based reversionary interest or other legal or equitable ownership interest;

(b) payments received from the federal government, unless the City first receives an opinion from nationally recognized bond counsel to the effect that such payments, if included in Gross Revenues, would not adversely affect the excludability of the interest on any Parity Obligations the interest on which is otherwise excludable from gross income for federal income tax purposes;

(c) the proceeds of any Parity Obligations;

(d) any monies received as grants, appropriations, or gifts unless they are designated by official action of the City Council at the time of receipt as being included as part of Gross Revenues; and

(e) the revenue or income derived from a contract or contracts with persons, corporations, municipal corporations, political subdivisions, or other entities that are pledged for the requirements of the obligations issued to finance Special Projects or the revenue or income derived from the operation of such Special Projects, unless otherwise provided by City Council.

"Initial Bond" means the Initial Bond authorized by Section 3.4(d) of this Ordinance.

"Initial Purchaser" means the initial purchaser of the Bonds identified in Section 9.1 of this Ordinance.

"Insurer" means Build America Mutual Assurance Company.

"Interest and Sinking Fund" means the interest and sinking fund for payment of principal of and interest on the Bonds described in Section 6.5 of this Ordinance.

"Interest Payment Date" means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being February 1 and August 1 of each year, commencing on February 1, 2020.

"Maintenance and Operation Expenses" means the reasonable and necessary expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs and extensions necessary to provide efficient service (but only such repairs and extensions as, in the judgment of the governing body of the City, are necessary to (i) keep the System in operation and provide adequate service to the City and its residents, or (ii) respond to a physical accident or condition which would otherwise impair the System), which expenses include payments to the

City's general fund or other funds for expenses, salaries, materials and labor associated with the operation and maintenance of the System, and all payments under contracts now or hereafter defined as operating expenses by the Legislature of the State of Texas. Maintenance and Operation Expenses shall specifically exclude the following:

(a) any allowance for depreciation, property retirement, depletion, or obsolescence;

(b) other items not requiring an outlay of cash;

(c) so long as payments received from the federal government are excluded from Gross Revenues, an amount of expenses that would otherwise constitute Maintenance and Operation Expenses for such period equal to the payments received from the federal government for such period to the extent that the payments received from the federal government are used to pay such expenses; and

(d) so long as monies received as grants, appropriations or gifts are excluded from Gross Revenues, an amount of expenses that would otherwise constitute Maintenance and Operation Expenses for such period equal to such grants, appropriations or gifts to the extent that they are used to pay such expenses.

"Maximum Annual Debt Service" means the maximum Annual Debt Service Requirements calculated for any future Fiscal Year.

"MSRB" means the Municipal Securities Rulemaking Board.

"Net Revenues" means all Gross Revenues remaining after deducting the Maintenance and Operation Expenses.

"Ordinance" means this bond ordinance and all amendments hereof and supplements hereto.

"Outstanding" when used with respect to Parity Obligations means, as of the date of determination, all Parity Obligations authenticated and delivered under this Ordinance, except:

(a) Parity Obligations theretofore canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(b) Parity Obligations for whose payment or redemption money or securities authorized for that purpose under Texas law shall have theretofore been deposited with the Paying Agent/Registrar or any paying agent or escrow agent for such Parity Obligations in trust for the Owners of such Parity Obligations pursuant to this Ordinance; provided, that, if such Parity Obligations are to be redeemed, notice of such redemption has been duly given or waived pursuant to this Ordinance or irrevocable provision for the giving of such notice satisfactory to the Paying Agent/Registrar has been made pursuant to this Ordinance; and

(c) Parity Obligations upon transfer of or in exchange for or in lieu of which other Parity Obligations have been authenticated and delivered pursuant to this Ordinance.

"Owner" when used with respect to any Bond, means the person or entity in whose name such Bond is registered in the Register. Any reference to a particular percentage or proportion of the Owners mean the Owners at the particular time of the specified percentage or proportion in aggregate principal amount of all Bonds then Outstanding under this Ordinance, exclusive of Bonds held by the City.

"Parity Bonds" means the Bonds, the Series 2018 Bonds, and each series of Additional Parity Obligations from time to time hereafter issued, but only to the extent such Parity Bonds remain Outstanding.

"Parity Contract Obligations" means capitalized lease obligations, installment purchase agreements, purchase contracts or other contract agreements to acquire, purchase, improve or install facilities of the System, other than goods and services that are acquired in the ordinary course of business, that are shown on the liability side of the balance sheet under generally accepted accounting principles and are secured by a first lien on and a pledge of Net Revenues.

"Parity Credit Agreements" means all Parity Credit Agreements to which the City is a party as permitted in Section 7.4.

"Parity Notes" means all Parity Notes issued by the City from time to time pursuant to Section 7.3.

"Parity Obligations" means any Parity Bonds, Parity Notes, Parity Contract Obligations and Parity Credit Agreements issued or incurred by the City.

"Paying Agent/Registrar" means initially Zions Bancorporation, National Association or any successor thereto as provided in this Ordinance.

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

"Record Date" means the fifteenth day of the month next preceding an Interest Payment Date.

"Register" means the books of registration kept by the Paying Agent/Registrar, in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to, each Owner.

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

"Reserve Fund" means the Reserve Fund established by Section 6.3 of this Ordinance and further described in Section 6.6 of this Ordinance.

"Reserve Fund Participant Account" means the account described and so named in Section 6.6 of this Ordinance.

"Reserve Fund Participants" means, with respect to Parity Obligations, any series of Parity Obligations designated by a resolution authorizing the issuance of such Parity Obligations as "Reserve Fund Participants" and secured by a lien on the Reserve Fund Participant Account of the Reserve Fund.

"Reserve Fund Surety Obligation" means (i) any surety bond or insurance policy having a rating in one of the three highest generic rating categories by one of Moody's Investors Service, Inc., Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, or Fitch Ratings, Inc. (or if such entities are no longer in existence, by comparable services), issued to the City for the benefit of the Owners of the Parity Obligations (or a particular issue or series of Parity Obligations) to satisfy any part of the Reserve Fund Requirement, if any, for such Parity Obligations (or a particular issue or series of Parity Obligations); and (ii) to the extent allowed by law, a letter or line of credit issued by any financial institution, provided that a rating agency having an outstanding rating on the Parity Obligations would rate the Parity Obligations in one or its three 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 series of Parity Obligations and the interest thereon.

"Reserve Fund Requirement" means the amount, if any, specified in a resolution authorizing Parity Obligations as the Reserve Fund Requirement or, if not so specified, $0.

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

"SEC" means the United States Securities and Exchange Commission.

"Series 2018 Bonds" means the City's Water and Sewer System Revenue Bonds, Series 2018.

"Series 2019 Project Fund" means the separate fund of the City established in Section 9.3 of this Ordinance.

"Special Project" means, to the extent permitted by law, any waterworks or sanitary sewer system property, improvement or facility declared by the City not to be part of the System and substantially all of the costs of acquisition, construction, and installation of which is paid from proceeds of a financing transaction other than the issuance of bonds payable from ad valorem taxes or Gross Revenues or Net Revenues of the System, and for which all maintenance and operation expenses are payable from sources other than Gross Revenues or Net Revenues of the System.

"System" means all properties, facilities, improvements, equipment, interests, and rights constituting the water and sanitary sewer system of the City, including all future extensions, replacements, betterments, additions, and improvements to the System. The System shall not include any Special Project.

Section 2.2 Interpretations. All terms defined herein and all pronouns used in this Ordinance shall be deemed to apply equally to singular and plural and to all genders. Whenever

in the Ordinance an office or officer of the City is named or referred to by title, it shall be deemed to include any office or officer of the City succeeding to the principal functions and powers of the named office or officer of the City, including an individual serving in that capacity on an interim basis. The titles and headings of the articles and sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Parity Obligations and the validity of the lien on and pledge of the Net Revenues to secure the payment of the Parity Obligations.

ARTICLE III

TERMS OF THE BONDS

Section 3.1 Authorization and Authorized Amount. The Bonds shall be issued, pursuant to the Act, in fully registered form in the principal amount of $15,245,000 for the purpose of (i) paying costs related to acquiring, constructing, improving, equipping and extending the System, and (ii) paying the cost of issuing the Bonds, which the City Council hereby determines to be necessary and feasible, all in accordance with the Constitution and general laws of the State of Texas, particularly the Act.

Section 3.2 Designation, Date, and Interest Payment Dates. The Bonds shall be designated as "City of Alvin, Texas, Water and Sewer System Revenue Bonds, Series 2019," and shall be dated the Dated Date. The Bonds shall bear interest at the rates set out in Section 3.3 of this Ordinance from the later of the Issuance Date, or the most recent Interest Payment Date to which interest has been paid or duly provided for, calculated on the basis of a 360-day year of twelve 30-day months, payable on each Interest Payment Date until maturity or earlier redemption.

Section 3.3 Principal Amounts and Interest Rates; Numbers and Denominations.

(a) The Bonds shall be issued in fully registered form, without coupons, in denominations of $5,000 or any integral multiple thereof and shall be numbered specifically from R-1, upward, except for the Initial Bond, which shall be numbered I-1. The Bonds may be transferred and exchanged as set out in this Ordinance. Bonds delivered on transfer of or in exchange for other Bonds shall be numbered in order of their authentication by the Paying Agent/Registrar, shall be in the denomination of $5,000 or integral multiples thereof, and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

(b) The Bonds shall mature, subject to prior redemption in accordance with this Ordinance, on February 1 in each of the years and in the amounts set out in the following schedule.

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2020	$765,000	5.000%	2030	$760,000	4.000%
2021	765,000	5.000	2031	760,000	4.000
2022	765,000	5.000	2032	760,000	3.000
2023	765,000	5.000	2033	760,000	3.000
2024	765,000	5.000	2034	760,000	3.000
2025	765,000	5.000	***	***	***
2026	765,000	5.000	2036	1,520,000	3.000
2027	765,000	5.000	2037	760,000	3.000
2028	765,000	5.000	2038	760,000	3.000
2029	760,000	4.000	2039	760,000	3.000

Section 3.4 Execution of Bonds; Seal. (a) The Bonds shall be signed on behalf of the City by the Mayor or Mayor Pro Tem and countersigned by the City Secretary, by their manual, lithographed, or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds.

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

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Paying Agent/Registrar's Authentication Bond substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. In lieu of the executed Paying Agent/Registrar's Authentication Bond described above, the Initial Bond delivered at the Closing Date shall have attached hereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and has been registered by the Comptroller.

(d) On the Closing Date, the Initial Bond, being a single bond representing the entire principal amount of the Bonds, payable in stated installments to the Initial Purchaser or its designee, executed by manual or facsimile signature of the Mayor or Mayor Pro Tem and the City Secretary of the City, approved by the Attorney General, and registered and manually signed by the Comptroller, shall be delivered to the Initial Purchaser or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver definitive Bonds to DTC.

Section 3.5 Payment of Principal and Interest. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of

America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The interest on each Bond shall be payable on each Interest Payment Date, by check mailed by the Paying Agent/Registrar on or before the Interest Payment Date to the Owner of record as of the Record Date.

If the date for payment of the principal of or interest on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day with the same force and effect as if made on the date payment was originally due.

Section 3.6 Special Record Date. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for 30 days thereafter, the Paying Agent/Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Paying Agent/Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the City. Such Special Record Date shall be 15 days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five (5) days prior to the Special Record Date, to each affected Owner of record as of the close of business on the day prior to the mailing of such notice.

Section 3.7 Ownership; Unclaimed Principal and Interest. The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal of or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Amounts held by the Paying Agent/Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Owner after the expiration of three years from the date such amounts have become due and payable shall be reported and disposed of by the Paying Agent/Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

Section 3.8 Registration, Transfer, and Exchange. So long as any Bonds remain Outstanding, the Paying Agent/Registrar shall keep the Register at its Designated Payment/Transfer Office, and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Ordinance.

Each Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond for transfer, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor,

within three Business Days after such presentation, a new Bond or Bonds registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar, for a Bond or Bonds of like maturity and interest rate and in any authorized denomination, in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section. Each Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The City or the Paying Agent/Registrar may require the Owner of any Bond 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 such Bond. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the City.

Section 3.9 Mutilated, Lost, or Stolen Bonds. Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate, and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the City, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authorize and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding.

The City or the Paying Agent/Registrar may require the Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Paying Agent/Registrar. The City or the Paying Agent/Registrar may require the Owner of a lost, apparently destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

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

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

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

(iv) meet any other reasonable requirements of the City and the Paying Agent/Registrar.

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

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

Each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.10 Cancellation of Bonds. All Bonds paid in accordance with this Ordinance, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be cancelled and destroyed upon the making of proper records regarding such payment. The Paying Agent/Registrar shall furnish the City with appropriate certificates of destruction of such Bonds.

Section 3.11 Book-Entry System. (a) The Initial Bond shall be registered in the name of the Representative. Except as provided in Section 3.12 hereof, all other Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

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

as shown in the Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Ordinance with respect to interest checks being mailed to the Owner of record as of the Record Date, the phrase "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

Section 3.12 Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the City in its sole discretion, determines that the beneficial owners of the Bonds be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

Section 3.13 Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Blanket Letter of Representations.

ARTICLE IV

REDEMPTION PROVISIONS

Section 4.1 Optional Redemption.

(a) The City has reserved the right to redeem at its option the Bonds maturing on and after February 1, 2029, in whole or from time to time in part, before their respective scheduled maturity dates, on February 1, 2028, or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption.

(b) The City, at least 45 days before the redemption date, unless a shorter period shall be satisfactory to the Paying Agent/Registrar, shall notify the Paying Agent/Registrar of such redemption and of the principal amount of Bonds to be redeemed.

Section 4.2 Mandatory Sinking Fund Redemption.

(a) The Bonds designated as "Term Bonds" in the form of Bond attached hereto as Exhibit A ("Term Bonds"), are subject to scheduled mandatory redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without premium, plus accrued

interest to the redemption date, out of moneys available for such purpose in the Debt Service Fund, on the dates and in the respective principal amounts as set forth in the form of Bond contained in Exhibit A.

(b) Prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.5.

(c) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.3 Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to Section 4.1 hereof, the City shall determine the maturity or maturities (or mandatory sinking fund redemption amount with respect to Term Bonds) and the principal amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot, or other customary method that results in random selection, the Bonds, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

(b) Principal amounts may be redeemed only in integral multiples of $5,000. If a Bond subject to redemption is in a denomination larger than $5,000, a portion of such Bond may be redeemed, but only in integral multiples of $5,000. Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.8 hereof, shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity, Issuance Date, and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Section 4.4 Notice of Redemption.

(a) Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least 30 days prior to the date fixed for redemption by sending written notice by first class mail, postage prepaid, to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register.

(b) Notice shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds Outstanding of a particular maturity are to be redeemed, the numbers of the Bonds or portions thereof of such maturity to be redeemed.

(c) The City reserves the right to give notice of its election or direction to redeem Bonds under Section 4.1 conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities,

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

(d) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

ARTICLE V

FORM OF BOND; BOND INSURANCE

Section 5.1 Form of Bond.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State to accompany the Initial Bond, the Certificate of the Paying Agent/Registrar, and the Assignment form which shall accompany, appear on or be attached or affixed to each of the Bonds, (i) shall be substantially in the form attached hereto as Exhibit A, with such appropriate insertions, omissions, substitutions, and other variations as may be necessary or desirable and not prohibited by this Ordinance, and (ii) 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 any legend relating to bond insurance for the Bonds or reproduction of an opinion of counsel) as, consistently herewith, may be determined by the Authorized Officer or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) The definitive Bonds may be produced by any customary method, as determined by the officers executing such Bonds, as evidenced by their execution thereof. The Initial Bond submitted to the Attorney General of the State may be typewritten and photocopied or otherwise reproduced.

Section 5.2 CUSIP Numbers. The City may secure identification numbers through the CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence, or another entity that provides securities identification numbers for municipal securities, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds or any errors or omissions in the printing of such number shall be of no significance or effect in regard to the legality thereof and neither the City nor Bond Counsel are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 5.3 Legal Opinion. The approving legal opinion of Bond Counsel may be attached to or printed on the reverse side of each Bond.

Section 5.4 Bond Insurance. The Initial Purchaser has obtained bond insurance from the Insurer and the Bonds may bear an appropriate legend as provided by the Insurer.

ARTICLE VI

SECURITY AND SOURCE OF PAYMENT FOR ALL PARITY OBLIGATIONS

Section 6.1 Pledge and Source of Payment.

(a) The City hereby covenants and agrees that all Gross Revenues of the System shall be deposited and paid into the special funds established for the Parity Obligations, as provided in this Ordinance, and shall be applied in the manner set out herein, to provide for the payment of all Maintenance and Operation Expenses and to provide for the payment of principal, interest and any redemption premium of the Parity Obligations and all expenses of paying, securing and insuring the same. The Parity Obligations shall constitute special obligations of the City that shall be payable solely from, and shall be equally and ratably secured by a first lien on, the Net Revenues, as collected and received by the City, from the operation and ownership of the System, which Net Revenues shall, in the manner herein provided, be set aside for and pledged to the payment of the Parity Obligations in the Interest and Sinking Fund. For the additional benefit of the owners of the Parity Obligations that are Reserve Fund Participants, the City hereby further grants a lien on the Reserve Fund Participant Account of the Reserve Fund, as and to the extent provided in the a subsequent ordinance authorizing such Parity Obligations. For the additional benefit of the owners of the Parity Obligations that are not Reserve Fund Participants, the City may create one or more additional separate accounts within the Reserve Fund and grant a lien on such accounts for the benefit of the Owners of such series of Parity Obligations, all as more particularly described in Section 6.6 of this Ordinance. Except with respect to the Reserve Fund Participant Account or the other separate accounts of the Reserve Fund described in this Section or applicable ordinance authorizing the issuance of Parity Obligations, all Parity Obligations shall be in all respects on a parity with and of equal dignity with one another.

(b) The Bonds, together with any Additional Parity Obligations, are special obligations of the City, payable solely from the Net Revenues. The Owners of the Parity Obligations shall never have the right to demand payment out of any funds raised or to be raised by taxation.

(c) The Net Revenues hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof or any further act, and the lien of this pledge shall be valid and binding as against all parties of any kind having a claim of any kind in tort, contract or otherwise against the City, irrespective of whether such parties have notice thereof.

Section 6.2 Rates and Charges. So long as any Parity Obligations remain Outstanding, the City shall fix, charge and collect rates and charges for the use and services of the System which are fully sufficient to produce Net Revenues in each fiscal year at least equal to 115% of the Annual Debt Service Requirements for such fiscal year on all Parity Obligations then Outstanding, plus an amount equal to the sum of all deposits required to be made to the Reserve Fund in such fiscal year; but in no event shall Net Revenues ever be less than the amount required to maintain the Interest and Sinking Fund and the Reserve Fund as hereinafter provided, and, to the extent that

funds for such purpose are not otherwise available, to pay all other outstanding obligations payable from the Net Revenues of the System, as and when the same become due.

The City will not grant or permit any free service from the System except for public buildings and institutions operated by the City.

Section 6.3 Special Funds.

(a) The following special funds are hereby created, established and confirmed, and such funds shall be maintained and accounted for as hereinafter provided, so long as any Parity Obligations remain Outstanding:

(i) Water & Sewer System Operational Fund (the "Revenue Fund");

(ii) Water and Sewer System Revenue Bonds Interest and Sinking Fund (the "Interest and Sinking Fund"); and

(iii) Water and Sewer System Revenue Bonds Reserve Fund (the "Reserve Fund").

The Revenue Fund shall be maintained as a separate account on the books of the City. The Interest and Sinking Fund and the Reserve Fund shall be maintained at an official depository bank of the City separate and apart from all other funds and accounts of the City and shall constitute trust funds which shall be held in trust for the benefit of the Owners of the Parity Obligations and the proceeds of which shall be and are hereby pledged to the payment of the Parity Obligations. All of the Funds named above shall be used solely as provided in this Ordinance so long as any Parity Obligations remain Outstanding.

(b) The City reserves the right to establish additional accounts and subaccounts within any fund as necessary or desirable in furtherance of the intents, and purposes of the City. Each such account or subaccount within a fund shall be designated in a manner that indicates the identity of such fund and that distinguishes such account or subaccount from all other accounts and subaccounts established under this Master Resolution.

(c) The City reserves the right to establish one or more additional funds or accounts for such purposes as the City may determine from time to time, including, but not limited to the purposes of providing for the issuance of obligations that are secured by a lien on the Net Revenues of the System that are subordinate to that securing the Parity Obligations and the creation of reserves for any lawful City purpose.

Section 6.4 Flow of Funds. All Gross Revenues of the System (except for interest and earnings on investments in the Reserve Fund and the Interest and Sinking Fund) shall be deposited as collected into the Revenue Fund. Money from time to time on deposit in the Revenue Fund shall be applied as follows in the following order of priority:

(a) First, to pay Maintenance and Operation Expenses.

(b) Second, to make all deposits into the Interest and Sinking Fund required by this Ordinance and any ordinance authorizing the issuance of Additional Parity Obligations.

(c) Third, on a pro rata basis to the Reserve Fund Participant Account, if any, and each debt service reserve fund account of the Reserve Fund created by any ordinance authorizing the issuance of Parity Obligations, when and in the amounts required by this Ordinance and any ordinance authorizing Additional Parity Obligations.

(d) Fourth, to make deposits to any funds and accounts designated for subordinate lien obligations by future action of the City Council.

(e) Fifth, for (i) the payment of any certificates of obligation or general obligation bonds or refunding bonds issued for a System purpose or secured by a pledge of System Revenues that is not on parity with the Parity Obligations or any future obligations with a pledge of revenues superior to that securing such obligations, including, without limitation the City's Outstanding Tax and Revenue Certificates of Obligation Series 2015, (ii) the payment of a franchise fee or similar charge for the benefit of operating the System as established by the City Council from time to time, (iii) the redemption prior to maturity of any Outstanding Parity Obligations or other obligations secured by or payable from revenues of the System, or (iv) any lawful System purpose.

Whenever the total amounts on deposit to the credit of the Interest and Sinking Fund and the Reserve Fund shall be equivalent to the sum of the aggregate principal amount of all Outstanding Parity Obligations plus the aggregate amount of all interest accrued and to accrue thereon, no further payments need be made into the Interest and Sinking Fund or the Reserve Fund and such Parity Obligations shall not be regarded as being Outstanding except for the purpose of being paid with money on deposit in such Funds.

Section 6.5 Interest and Sinking Fund. On or before the last Business Day of each month so long as any Parity Obligations remain Outstanding, after making all required payments and provision for payment of Maintenance and Operation Expenses, there shall be transferred into the Interest and Sinking Fund from the Revenue Fund, such amounts as will be sufficient, when added to amounts already on deposit therein, to equal the aggregate amount of (i) Debt Service on all Parity Obligations accrued through such date, plus (ii) all charges and other costs and expenses relating thereto accrued through such date.

Money deposited to the credit of the Interest and Sinking Fund shall be used solely for the purpose of paying principal (at maturity or prior redemption or to purchase Parity Obligations issued as term bonds in the open market to be credited against mandatory redemption requirements), interest, any redemption premium and other amounts due on the Parity Obligations, plus all bank charges and other costs and expenses relating to such payment. On or before each payment date on the Parity Obligations, the City shall transfer from the Interest and Sinking Fund to the paying agent for the Parity Obligations amounts sufficient to make such payment.

Section 6.6 Reserve Fund.

(a) The City reserves the right to establish and maintain as hereinafter provided a balance in the Reserve Fund Participant Account or other subaccount within the Reserve Fund equal to the Reserve Fund Requirement for Parity Obligations that are secured thereby as

established in an ordinance authorizing such Parity Obligations. The City may establish and maintain a balance in the Reserve Fund Participant Account of the Reserve Fund equal to the Reserve Fund Requirement for the Parity Bonds that are secured thereby. Alternatively, within the Reserve Fund, subaccounts may be established pursuant to an ordinance authorizing a particular series of Parity Bonds into which the applicable Reserve Fund Requirement for the particular series of Parity Bonds that are not Reserve Fund Participants may be deposited. The City is not obligated to establish a Reserve Fund Requirement or utilize the Reserve Fund in connection with the issuance of any future series of Parity Obligations.

(b) The establishment of or any increase in the Reserve Fund Requirement resulting from the issuance of any Parity Obligations shall be specified in the ordinance authorizing the issuance of such Parity Obligations. The Reserve Fund Requirement shall, as provided in the resolution authorizing such Parity Obligations, be satisfied by depositing to the credit of the Reserve Fund Participant Account (in the case of Additional Parity Obligations that are Reserve Fund Participants) or such other designated accounts, as applicable, (in the case of Additional Bonds that are not Reserve Fund Participants) of the Reserve Fund (i) after making required transfers from the Revenue Fund into the Interest and Sinking Fund, transfers into the Reserve Fund from the Revenue Fund, in approximately equal monthly installments made on or before the last Business Day of each month following the month of delivery of such Parity Obligations, amounts sufficient to accumulate within sixty (60) months the Reserve Fund Requirement; (ii) proceeds of such Parity Obligations or other lawfully available funds in not less than the amount which, together with investment earnings thereon as estimated by the City, will be sufficient to fund fully the Reserve Fund Requirement by no later than the end of the period of time for which the payment of interest on such Parity Bonds has been provided out of proceeds of such Additional Parity Obligations or investment earnings thereon as estimated by the City or from other lawfully available funds other than Net Revenues; or (iii) a Reserve Fund Surety Obligation that is in an amount equal to the amount required to be funded. Any downgrade of an issuer of a Reserve Fund Surety Obligation shall have no effect on the value of such instrument for the purposes of meeting the Reserve Fund Requirement and the City shall have no obligation to supplement or replace such Reserve Fund Surety Obligation or make additional cash contributions to the Reserve Fund as a result of such downgrade. The City further expressly reserves the right to substitute at any time a Reserve Fund Surety Obligation for any funded amounts in the Reserve Fund and to apply the funds thereby released for any lawful purpose, including without limitation any purpose for which Parity Obligations may be issued or in order to pay debt service on Parity Obligations (and with respect to funds on deposit in the Reserve Fund that are proceeds of the Parity Obligations, such released funds may only be used for any purpose for which Parity Obligations may be issued or in order to pay debt service on the Parity Obligations). The City also reserves the right to provide for the use of a Reserve Fund Surety Obligation in relationship to a series-specific debt service reserve requirement as may be required under any ordinance authorizing the issuance of Parity Obligations.

(c) In any month in which any account of the Reserve Fund contains less than the applicable Reserve Fund Requirement (or so much thereof as shall then be required to be therein if the City has elected to accumulate the Reserve Fund Requirement for any series of Bonds as above provided), then on or before the last Business Day of such month, after making all required transfers to the Interest and Sinking Fund, there shall be transferred on a pro rata basis into the Reserve Fund Participant Account (in the case of Parity Obligations that are Reserve Fund

Participants) and such other designated accounts, as applicable, (in the case of Parity Obligations that are not Reserve Fund Participants) of the Reserve Fund from the Revenue Fund, such amounts as shall be required to permit the City to pay all obligations under Reserve Fund Surety Obligation allocable to the Reserve Fund Participant Account or such other designated accounts, as applicable, within a twelve (12) month period and such additional amounts as shall be sufficient to enable the City within a twelve (12) month period to reestablish in the Reserve Fund Participant Account or such other designated accounts within the Reserve Fund, as applicable, the Reserve Fund Requirement for the Parity Obligations secured thereby; provided, however, that in the event that such monthly transfer requirements ever exceed one-twelfth (1/12th) of the Maximum Annual Debt Service Requirements scheduled to occur in any future Fiscal Year on all Parity Obligations then Outstanding, any remaining required transfers shall be accomplished pursuant to Section 6.7 below. After such amounts have been accumulated in the Reserve Fund Participant Account and such other designated accounts (as described above), and so long thereafter as such accounts contain the Reserve Fund Requirement, no further transfers shall be required to be made into the Reserve Fund Participant Account or such other designated accounts within the Reserve Fund, and any excess amounts in such accounts shall be transferred to the Interest and Sinking Fund or such other Funds as may be permitted by federal tax law. But if and whenever the balance in the Reserve Fund Participant Account or such other designated accounts is reduced below the applicable Reserve Fund Requirement, monthly transfers to such accounts shall be resumed and continued in such amounts as shall be required to restore the Reserve Fund Participant Account or such other designated accounts within the Reserve Fund, as applicable, to such amount within a twelve (12) month period.

(d) The Reserve Fund Participant Account shall be used to pay the principal of and interest on the Parity Bonds that are Reserve Fund Participants at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose (with the requirement that all cash and investments on deposit in such account be depleted before drawing upon any Reserve Fund Surety Obligation, unless provided otherwise in each of the Reserve Fund Surety Obligations allocable to the Reserve Fund Participant Account) and to repay amounts drawn under any Reserve Fund Surety Obligation allocable to such Reserve Fund Participant Account for such purpose, together with interest thereon, in accordance with the terms of the City's reimbursement obligations incurred in connection with such Reserve Fund Surety Obligation. The Reserve Fund Participant Account may also be used to make the final payments for the retirement or defeasance of all Parity Obligations then Outstanding that are secured thereby.

(e) With respect to any Series of Parity Obligations that are not Reserve Fund Participants (such as the Bonds), any account created within the Reserve Fund for the benefit of such series of Parity Obligations shall be used to pay the principal and interest on such series of Parity Obligations at any time when there is not sufficient money available if the Interest and Sinking Fund for such purpose (with the requirement that all cash and investments on deposit in such account be depleted before drawing upon any Reserve Fund Surety Obligation, unless provided otherwise in each of the Reserve Fund Surety Obligations allocable to such account) and to repay amounts drawn under any Reserve Fund Surety Obligation allocable to such account for such purpose, together with interest thereon, in accordance with the terms of the City's reimbursement obligations incurred in connection with such Reserve Fund Surety Obligation. Any such account shall also be used to make the final payments for the retirement and defeasance of the series of Parity Obligations then Outstanding that are secured thereby.

(f) The City directs and requires the Paying Agent/Registrar for any series of bonds benefitting from a Reserve Fund Surety Obligation to ascertain the necessity for claim or draw upon the applicable Reserve Fund Surety Obligation, and to provide notice to the issuer thereof in accordance with its terms and to make such claims or draws thereon as may be necessary to provide for the timely payment of principal of and interest on the Parity Obligations to which it pertains.

(g) The Bonds are not a Reserve Fund Participant. No account has been established within the Reserve Fund for the benefit of the Bonds, and there is no Reserve Fund Requirement for the Bonds.

Section 6.7 Deficiencies in Funds. If in any month there shall not be deposited into any Fund maintained pursuant to this Article the full amounts required herein, amounts equivalent to such deficiency shall be set apart and paid into such Fund or Funds from the first available and unallocated money in the Revenue Fund, and such payment shall be in addition to the amounts otherwise required to be paid into such Funds during the succeeding month or months. To the extent necessary, the rates and charges for the System shall be increased to make up for any such deficiencies.

Section 6.8 Investment of Funds; Transfer of Investment Income.

(a) Money in the Revenue Fund, the Interest and Sinking Fund and the Reserve Fund may, at the option of the City, be invested as permitted by law (including through a guaranteed investment contract authorized by section 2256.015 of the Texas Government Code); provided that all such deposits and investments shall be made in such manner that the money within each Fund will be available at the proper time or times, and provided further that in no event shall such deposits or investments of money in the Reserve Fund mature later than the final maturity date of the Parity Obligations. Any obligation in which money is so invested shall be kept and held in the Fund from which the investment was made. All such investments shall be promptly sold when necessary to prevent any default in connection with the Parity Obligations.

(b) All interest and income derived from such deposits and investments shall be credited as received to the Fund from which the investment was made.

ARTICLE VII

ADDITIONAL PARITY OBLIGATIONS

Section 7.1 Additional Parity Obligations Generally. The City reserves the right to issue, for any lawful purpose (including the refunding of any previously issued Parity Obligations or any other bonds, notes, or obligations of the City issued in connection with or payable from the revenues of the System), one or more series of Additional Parity Obligations payable from and secured by a first lien on the Net Revenues of the System on a parity with the Bonds and any then Outstanding Parity Obligations. Additional Parity Obligations may mature on any date in any of the years in which they are scheduled to mature.

Section 7.2 Conditions Precedent to the Issuance of Additional Parity Obligations. The City may issue Additional Parity Obligations if the following conditions have been met:

(a) The Interest and Sinking Fund and the accounts within the Reserve Fund each contain the amount of money then required to be on deposit therein;

(b) For either the preceding fiscal year or any consecutive 12-month period out of the 18-month period immediately preceding the month in which the ordinance authorizing such Additional Parity Obligations is adopted (the "Base Period"), either:

(i) Net Revenues of the System were equal to at least 115% of the Average Annual Debt Service Requirements on all Parity Obligations that will be Outstanding after the issuance of the series of Additional Parity Obligations then proposed to be issued, as certified by the City's Chief Financial Officer (or the officer of the City performing the duties of the Chief Financial Officer) or by an independent certified public accountant or firm of independent certified public accountants; or

(ii) Net Revenues of the System, as adjusted to give effect to any rate increase for the System that has been in effect for at least 60 days prior to the adoption of the ordinance authorizing the issuance of the series of Additional Parity Obligations then proposed to be issued, to the same extent as if such rate increase had been in effect for the entire Base Period, would have been at least equal to the amount required in paragraph (1) above, as certified by an independent consulting engineer or independent firm of consulting engineers;

provided, however, that this requirement shall not apply to the issuance of any series of Additional Parity Obligations for refunding purposes that will have the result of reducing the Average Annual Debt Service Requirements on Parity Obligations or for the purpose of providing permanent financing for funds borrowed under a commercial paper program or a direct purchase note program.

(c) Provision is made in the bond ordinance authorizing the Additional Parity Obligations then proposed to be issued for appropriate additional or larger payments to be made into the Interest and Sinking Fund in such additional amounts as are required by the payment of all principal of and interest on the Additional Parity Obligations, as the same comes due.

Section 7.3 Parity Notes. The City reserves the right to issue, for any lawful purpose for which it may issue Parity Obligations, Parity Notes payable from and secured by a first lien on and pledge of Net Revenues; provided, however, that no Parity Notes may be issued unless:

(a) Each of the requirements contained in Section 7.2 has been satisfied; and

(b) The payment of principal of and interest on the Parity Notes is guaranteed by or comparably secured by a Parity Credit Agreement or the Parity Notes are issued under a Parity Credit Agreement that establishes a direct purchase note program or similar short-term or interim borrowing program.

Section 7.4 Parity Credit Agreements. To the extent permitted by law, the City reserves the right to enter into Parity Credit Agreements for the purpose of contracting with financial institutions to issue letters of credit, insurance policies, surety bonds, guarantees or other

instruments to further secure Parity Obligations, Parity Notes and Parity Contract Obligations with respect to a letter of credit, issuance policy, surety bond, guarantee or similar instrument to further security Parity Obligations, Parity Notes or Parity Contract Obligations. The City may enter into Parity Credit Agreements for such purpose and secure its obligations under such Parity Credit Agreements, including its obligations to repay and reimburse the issuers of such Parity Credit Agreements for any advances or payments that they make, by a first lien on and pledge of the Net Revenues, on a parity with the other Parity Obligations; provided, however, that the City shall not enter into any Parity Credit Agreements unless:

(a) The Chief Financial Officer of the City (or the officer of the City performing the duties of the Chief Financial Officer) certifies in writing with respect to a letter of credit, issuance policy, surety bond, guarantee or similar instrument to further secure Parity Obligations, Parity Notes or Parity Contract Obligations that the acquisition and entering such Parity Credit Agreement will reduce the overall costs to the City with respect to the Parity Obligations, Parity Notes or Parity Contract Obligations to be secured by such Parity Credit Agreement; provided, however, that such a finding shall not be required in connection with a note purchase agreement that establishes a direct purchase note program or similar short-term or interim borrowing program; and

(b) The Parity Credit Agreement and all contracts and proceedings related thereto are approved by the Attorney General of Texas to the extent required by law.

Section 7.5 Parity Contract Obligations. To the extent permitted by law, the City reserves the right to incur Parity Contract Obligations or enter into credit agreements or contractual obligations for any lawful purpose for which it may issue Parity Obligations and Parity Notes payable from and secured by a first lien on and pledge of Net Revenues; provided, however, that no Parity Contract Obligations may be incurred unless:

(a) Each of the requirements (a) through (c) contained in Section 7.2 has been satisfied; and

(b) The Parity Contract Obligation and all procedures related thereto are approved by the Attorney General of Texas to the extent required by law.

Section 7.6 Subordinate Lien Bonds. The City reserves the right to issue, for any lawful purpose, bonds, notes or other obligations secured in whole or in part by liens on the Net Revenues that are junior and subordinate to the lien on the Net Revenues securing payment of the Parity Obligations. Such subordinate lien obligations may be further secured by any other source of payment lawfully available for such purpose.

Section 7.7 Special Project Bonds. The City reserves the right to issue revenue bonds secured by liens on and pledges of revenues and proceeds derived from Special Projects.

ARTICLE VIII

COVENANTS AND PROVISIONS RELATING TO ALL PARITY OBLIGATIONS

Section 8.1 Punctual Payment of Parity Obligations. The City will punctually pay or cause to be paid the interest on and principal of all Parity Obligations according to the terms thereof and will faithfully do and perform, and at all times fully observe, any and all covenants, undertakings, stipulations and provisions contained in this Ordinance and in any ordinance authorizing the issuance of Additional Parity Obligations.

Section 8.2 Maintenance of System. So long as any Parity Obligations remain Outstanding, the City covenants that it will at all times maintain the System, or within the limits of its authority cause the same to be maintained, in good condition and working order and will operate the same, or cause the same to be operated, in an efficient and economical manner at a reasonable cost and in accordance with sound business principles. In operating and maintaining the System, the City will comply with all contractual provisions and agreements entered into by it and with all valid rules, regulations, directions or orders of any governmental, administrative, or judicial body promulgating same, noncompliance with which would materially and adversely affect the operation of the System.

Section 8.3 Sale or Encumbrance of System. So long as any Parity Obligations remain Outstanding, the City will not sell, dispose of or, except as permitted herein, further encumber the System; provided, however, that this provision shall not prevent the City from disposing of any portion of the System which is being replaced or is deemed by the City to be obsolete, worn out, surplus or no longer needed for the proper operation of the System. Any agreement pursuant to which the City contracts with a person, corporation, municipal corporation or political subdivision to operate the System or to lease and/or operate all or part of the System shall not be considered as an encumbrance of the System.

Section 8.4 Insurance. The City further covenants and agrees that it will keep the System insured with insurers of good standing against risks, accidents or casualties against which and to the extent customarily insured against by political subdivisions of the State of Texas operating similar systems, to the extent that such insurance is available at a reasonable cost. The cost of all such insurance together with any additional insurance, shall be a part of the Maintenance and Operation Expenses. All net proceeds of such insurance shall be applied to repair or replace the insured property that is damaged or destroyed, or to make other capital improvements to the System, or to redeem Parity Obligations.

Section 8.5 Accounts, Records, and Audits. So long as any Parity Obligations remain Outstanding, the City covenants and agrees that it will maintain a proper and complete system of records and accounts pertaining to the operation of the System in which full, true and proper entries will be made of all dealings, transactions, business and affairs which in any way affect or pertain to the System or the Gross Revenues or the Net Revenues thereof. The City shall after the close of each of its fiscal years cause an audit report of such records and accounts to be prepared by an independent certified public accountant or independent firm of certified public accountants.

Section 8.6 Competition. To the extent it legally may, the City will not grant any franchise or permit for the acquisition, construction, or operation of any competing facilities which might be used as a substitute for the System and will prohibit the operation of any such competing facilities.

Section 8.7 Pledge and Encumbrance of Net Revenues. The City covenants and represents that it has the lawful power to create a lien on and to pledge the Net Revenues to secure the payment of the Parity Obligations and has lawfully exercised such power under the Constitution and laws of the State of Texas.

Section 8.8 Bondowners' Remedies. This Ordinance shall constitute a contract between the City and the Owners of the Parity Obligations from time to time Outstanding (including any bond insurers of Parity Obligations) and shall remain in effect until the Parity Obligations and the interest thereon shall be fully paid or discharged or provision therefor shall have been made as provided herein (including payments of any amounts due to bond insurers of Parity Obligations). In the event of a default in the payment of the principal of or interest on any of the Parity Obligations or a default in the performance of any duty or covenant provided by law or in this Ordinance, the Owner or Owners of any of the Parity Obligations may pursue all legal remedies afforded by the Constitution and laws of the State of Texas to compel the City to remedy such default and to prevent further default or defaults. Without in any way limiting the generality of the foregoing, it is expressly provided that any Owner of any of the Parity Obligations may at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance of all duties required to be performed by the City under this Ordinance, including the making and collection of reasonable and sufficient rates and charges for the use and services of the System, the deposit of the Gross Revenues into the special funds herein provided, and the application of the Gross Revenues and the Net Revenues in the manner required in this Ordinance.

Section 8.9 Federal Income Tax Exclusion.

(a) General. The City intends that the interest on the Bonds be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150 of the Code. The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would (i) cause the interest on the Bonds to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes or (ii) result in the violation of or failure to satisfy any provision of Section 103 and 141 through 150 of the Code. In particular, the City covenants and agrees to comply with each requirement of this Section 8.9; provided, however, that the City will not be required to comply with any particular requirement of this Section 8.9 if the City has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that (i) such noncompliance will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes or (ii) compliance with some other requirement specified in such Counsel's Opinion will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement will constitute compliance with the corresponding requirement specified in this Section 8.9.

(b) No Private Use or Payment and No Private Loan Financing. The City covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other

investment income derived from Bond proceeds, regulate the use of property financed or refinanced, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Bonds will not be "private activity bonds" within the meaning of section 141 of the Code. Moreover, the City will certify, through an authorized officer, employee or agent that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "private activity bonds" within the meaning of section 141 of the Code.

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

(d) Bonds Are Not Hedge Bonds. The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be "hedge bonds" within the meaning of section 149(g) of the Code. .

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

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

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

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

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

(j) Continuing Obligation. Notwithstanding any other provision of this Ordinance, the City's obligations under the covenants and provisions of this Section 8.9 will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the excludability of interest on the Bonds from gross income for federal income tax purposes.

ARTICLE IX

PROVISIONS CONCERNING SALE AND APPLICATION OF PROCEEDS OF BONDS

Section 9.1 Sale of Bonds; Official Statement.

(a) The sale and delivery of the Bonds, having been duly advertised and offered for sale at competitive bid, are hereby sold and awarded to Robert W. Baird & Co., Inc. (the "Initial Purchaser") for a purchase price equal to the principal amount thereof plus a cash premium in the amount of $1,157,974.42, being the bid which produced the lowest true interest cost, subject to the approving opinion as to the legality of the Bonds of the Attorney General of the Texas and the opinion of Bond Counsel.

(b) The form and substance of the Preliminary Official Statement, including any addenda, supplement or amendment thereto, as approved by the City Manager is hereby ratified and approved. The City Council hereby authorizes the preparation of a final Official Statement. The Official Statement, as approved by an Authorized Officer of the City and the Initial Purchaser, may be used by the Initial Purchaser in the public offering and sale of the Bonds. The use and

distribution of the Preliminary Official Statement, and the preliminary public offering of the Bonds by the Initial Purchaser, is hereby ratified, approved and confirmed.

Section 9.2 Control and Delivery of Bonds.

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

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

Section 9.3 Series 2019 Project Fund.

(a) The City hereby establishes a separate fund to be known as the "Series 2019 Project Fund" in order to provide for the efficient administration of the proceeds of the Bonds. The earnings on the investment of the proceeds deposited in the Series 2019 Project Fund shall remain in such fund to accomplish the purposes of the Bonds. The monies in such fund shall be secured and invested in the manner required by law, including specifically the Public Funds Investment Act, and the City's investment policy, including through a guaranteed investment contract as authorized by Section 2256.015 of the Government Code; provided that all such investments shall be made in such a manner that the money required to be expended from the Series 2019 Project Fund will be available at the proper time or times.

(b) All officers of the City are authorized to execute such documents, certificates and receipts as they may deem appropriate in order to consummate the delivery of the Bonds in accordance with the terms of sale therefor. Further, in connection with the submission of the record of proceedings for the Bonds to the Attorney General of the State of Texas for examination and approval of such Bonds, the appropriate officer of the City is hereby authorized and directed to issue a check of the City payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount to be the lesser of (i) 1/10th of 1% of the principal amount of the Bonds or (ii) $9,500).

(c) The obligation of the Initial Purchaser identified in subsection (a) of this Section to accept delivery of the Bonds is subject to the Initial Purchaser being furnished with the final, approving opinion of Bond Counsel, which opinion shall be dated and delivered the Closing Date.

Section 9.4 Use of Proceeds. Proceeds from the sale of the Bonds shall, promptly upon receipt by the City, be applied as follows:

(a) the amount of $16,200,000.00, consisting of $15,245,000.00 principal amount of Bond proceeds plus premium received from the sale of the Bonds in the amount of $955,000.00

shall be deposited in the Series 2019 Project Fund and used for the purposes specified in Section 3.1;

(b) premium received from the sale of the Bonds in the amount of $202,974.42 shall be used to pay the costs of issuing the Bonds; and

(c) any amounts remaining following the payment of the costs of issuing the Bonds shall be deposited into the Series 2019 Project Fund for the Bonds.

ARTICLE X

PAYING AGENT/REGISTRAR

Section 10.1 Appointment of Initial Paying Agent/Registrar. Zions Bancorporation, National Association, or its successor, is hereby appointed as the initial Paying Agent/Registrar for the Bonds. The Paying Agent/Registrar agreement is hereby approved, and the Mayor is hereby authorized to execute and deliver such agreement.

Section 10.2 Qualifications. Each Paying Agent/Registrar shall be a commercial bank, trust company organized under the laws of the State of Texas, or other entity duly qualified and legally authorized to serve as, and perform the duties and services of, paying agent and registrar for the Bonds.

Section 10.3 Maintaining Paying Agent/Registrar.

(a) At all times while any Bonds are Outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 10.2 of this Ordinance. The Mayor is hereby authorized and directed to execute, and the City Secretary to attest, an agreement (the "Paying Agent/Registrar Agreement"), in the form presented at this meeting, with the Paying Agent/Registrar specifying the duties of the City and the Paying Agent/Registrar.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the City will promptly appoint a replacement.

Section 10.4 Termination. The City reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated a certified copy of a resolution of the City (i) giving notice of the termination of the appointment and of the Paying Agent/Registrar Agreement, stating the effective date of such termination, and (ii) appointing a successor Paying Agent/Registrar; provided, that, no such termination shall be effective until a successor Paying Agent/Registrar has accepted the duties of Paying Agent/Registrar for the Certificates.

Section 10.5 Notice of Change to Owners. Promptly upon each change in the entity serving as Paying Agent/Registrar, the City will cause notice of the change to be sent to each Owner by first class United States mail, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 10.6 Agreement to Perform Duties and Functions. By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and functions of Paying Agent/Registrar prescribed thereby.

Section 10.7 Delivery of Records to Successor. If a Paying Agent/Registrar is replaced, such Paying Agent, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

Section 10.8 Paying Agents May Own Parity Obligations. The paying agents for the Parity Obligations, in their individual or any other capacity, may become holders or pledgees of the Parity Obligations with the same rights they would have if they were not paying agents.

ARTICLE XI

CONTINUING DISCLOSURE

Section 11.1 Annual Reports.

(a) The City shall provide annually to the MSRB, (i) within six (6) months after the end of each Fiscal Year of the City ending in or after 2019, financial information and operating data with respect to the City of the general type included in the Official Statement Tables numbered 1 through 12, and including financial statements of the City if audited financial statements of the City are then available, and (ii) if not provided as part of such financial information and operating data, audited financial statements when they become available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in the notes to the financial statements for the most recently concluded Fiscal Year, or such other accounting principles as the City may be required to employ, from time to time, by State law or regulation, and (ii) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such financial statements becomes available.

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

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

Section 11.2 Material Event Notices.

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

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) 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;

(vii) Modifications to rights of the holders of the Bonds, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the City;

Note to paragraph (xii): For the purposes of the event identified in paragraph (xii) of this section, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental

authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(xiii) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

Note to paragraphs (xv) and (xvi): For purposes of the events identified in paragraphs (xv) and (xvi) of this section and in the definition of Financial Obligation in Section 2.1, the City intends the words used in such paragraphs to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the "2018 Release") and any further written guidance provided by the SEC or its staff with respect with respect to the amendments to the Rule effected by the 2018 Release.

(b) The City shall provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the City to provide required annual financial information in accordance with Section 11.1 above. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

Section 11.3 Limitations, Disclaimers, and Amendments.

(a) The City shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any bond calls and any defeasances that cause the City to be no longer an "obligated person".

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it

has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

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

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

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

(e) The provisions of this Article may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (i) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (A) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Ordinance that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (B) an entity or individual person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Bonds. The provisions of this Article may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 11.1 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

ARTICLE XII

AMENDMENTS

Section 12.1 Amendments. This Ordinance shall constitute a contract with the Owners, 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. The City may, without consent of or notice to any Owners, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of the Owners of the Bonds holding a majority in aggregate principal amount of the Bonds then Outstanding, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Owners of Outstanding Bonds, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by Owners for consent to any such amendment, addition, or rescission.

ARTICLE XIII

DISCHARGE

Section 13.1 Discharge. The Bonds may be defeased, discharged or refunded in any manner now or hereafter allowed by law.

ARTICLE XIV

MISCELLANEOUS

Section 14.1 Changes to Ordinance. Bond Counsel is hereby authorized to make changes to the terms of this Ordinance if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Bonds by the Attorney General of Texas.

Section 14.2 Further Proceedings. The Mayor or Mayor Pro Tem, the City Manager, the Chief Financial Officer, the City Secretary, and other appropriate officials of the City are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Ordinance.

Section 14.3 No Personal Liability. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Ordinance, against any official or employee of the City or any person executing any Bonds.

Section 14.4 Parties Interested. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Paying Agent/Registrar and the Owners of the Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants,

stipulations, promises and agreements in this Ordinance shall be for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Owners of the Bonds.

Section 14.5 Repealer. All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency. If any Section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 14.6 Open Meeting. It is hereby officially found and determined that the meeting at which this Ordinance was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act.

Section 14.7 Effective Date. This Ordinance shall take effect upon its passage.

PASSED, PROVED AND EFFECTIVE APPROVED this 16th day of May, 2019.

City Secretary
City of Alvin, Texas

Mayor
City of Alvin, Texas

[SEAL]

APPROVED AS TO FORM:

City Attorney

EXHIBIT A

FORM OF THE BONDS

(a) Form of Bonds.

REGISTERED
No. _____

REGISTERED
$_____

United States of America
State of Texas
County of Brazoria

CITY OF ALVIN, TEXAS
WATER AND SEWER SYSTEM
REVENUE BONDS
SERIES 2019

INTEREST RATE:	MATURITY DATE:	CLOSING DATE:	CUSIP NO.:
_____%	February 1, 20__	June 11, 2019	_____ ___

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

The City of Alvin, Texas, a municipal corporation duly incorporated under the laws of the State of Texas (herein the "City") for value received, promises to pay, but solely from certain Net Revenues as hereinafter provided, to the registered owner identified above or registered assigns, on the maturity date specified above, upon presentation and surrender of this Bond to Zions Bancorporation, National Association, (the "Registrar"), at its principal payment office in Houston, Texas, the principal amount identified above, payable in any coin or currency of the United States of America which on the date of payment is legal tender for the payment of debts due the United States of America, and to pay, solely from such Net Revenues, interest thereon at the rate shown above, calculated on the basis of a 360-day year of twelve 30-day months, from the later of the Closing Date of the Bonds, or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Bond is payable by check on February 1 and August 1, beginning on February 1, 2020, mailed to the registered owner of record as of the close of business on the fifteenth day of the month preceding each interest payment date.

THIS BOND is dated June 1, 2019 and is one of a duly authorized issue of Bonds, aggregating $15,245,000 (the "Bonds"), issued for the purpose of (i) paying costs related to acquiring, constructing, improving, equipping and extending the System (as defined in the Ordinance), and (ii) paying the cost of issuing the Bonds, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Chapters 1502, Texas Government Code, as amended, and pursuant to an ordinance adopted by the City Council (the "Ordinance").

THE CITY RESERVES THE RIGHT to redeem the Bonds maturing on February 1, 2029, in whole or from time to time in part, in integral multiples of $5,000, on February 1, 2028, or any date thereafter at par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. Reference is made to the Ordinance for complete details concerning the manner of redeeming the Bonds.

BONDS MATURING on February 1, 2036 (the "Term Bonds") are subject to mandatory sinking fund redemption prior to their scheduled maturity, and will be redeemed by the City, in part at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the redemption date, on the dates and in the principal amounts shown in the following schedule:

$1,520,000 Term Bonds Maturing February 1, 2036

Mandatory Redemption Date	Principal Amount
February 1, 2035	$760,000
February 1, 2036 (maturity)	$760,000

The Paying Agent/Registrar will select by lot or by any other customary method that results in a random selection the specific Term Bonds (or with respect to Term Bonds having a denomination in excess of $5,000, each $5,000 portion thereof) to be redeemed by mandatory redemption. The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to the foregoing mandatory sinking fund redemption provisions hereof shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

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

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the principal payment office of the Registrar in Houston, Texas, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his or her authorized representative, subject to the terms and conditions of the Ordinance.

THE BONDS ARE EXCHANGEABLE at the principal payment office of the Registrar in Houston, Texas, for Bonds in the principal amount of $5,000 or any integral multiple thereof, subject to the terms and conditions of the Ordinance.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Ordinance unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

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

THE CITY has covenanted in the Ordinance that it will at all times provide a legally qualified registrar for the Bonds and will cause notice of any change of registrar to be mailed to each registered owner.

THIS BOND AND THE SERIES OF WHICH IT IS A PART are special obligations of the City that are payable from and are equally and ratably secured by a first lien on the revenues of the City's waterworks and sewer system remaining after deduction of the operation and maintenance expenses of that system (the "Net Revenues"), as defined and provided in the Ordinance, which Net Revenues are required to be set aside and pledged to the payment of the Bonds, and all additional obligations issued on a parity therewith, in the Interest and Sinking Fund and the Reserve Fund maintained for the payment of all such bonds, all as more fully described and provided for in the Ordinance. This Bond and the series of which it is a part, together with the interest thereon, are payable solely from such Net Revenues and do not constitute an indebtedness or general obligation of the City. This Bond is not a Reserve Fund Participant and there is no Reserve Fund requirement for the Bonds. The holder of this obligation is not entitled to demand payment of this obligation out of any money raised by taxation.

THE CITY HAS RESERVED THE RIGHT to issue additional parity revenue obligations, subject to the restrictions contained in the Ordinance, which may be equally and ratably payable from, and secured by a first lien on and pledge of, the Net Revenues in the same manner and to the same extent as this Bond and the series of which it is a part. The City has also reserved the right to issue bonds or other obligations secured in whole or in part by liens on the Net Revenues junior and subordinate to the lien on the Net Revenues securing the Bonds.

IT IS HEREBY DECLARED AND REPRESENTED that this Bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this Bond have been performed, existed, and been done in accordance with law; that the Bonds do not exceed any statutory limitation; and that provision has been made for the payment of the principal of and interest on this Bond and all of the Bonds by the creation of the aforesaid lien on and pledge of the Net Revenues.

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the Mayor and countersigned with the manual or facsimile signature of the City

Secretary, and the official seal of the City has been duly impressed, or placed in facsimile, on this Bond.

City Secretary City of Alvin, Texas	Mayor City of Alvin, Texas

[SEAL]

(b) Form of Authentication Certificate.

CERTIFICATE OF REGISTRAR

This is one of the Bonds referred to in the within mentioned Ordinance. The series of Bonds of which this Bond is a part was originally issued as one Initial Bond which was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
as Paying Agent/Registrar

Date:_____ By:_____

(c) 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 hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Registrar.

(d) Form of Statement of Insurance.

The Bonds shall bear a Statement of Insurance in the following form:

STATEMENT OF INSURANCE

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, or its successor as paying agent for the Bond (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Resolution or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the Resolution, at law or in equity.

(e) The Initial Bond shall be in the form set forth in paragraphs (a) and (c) above, except for the following alterations:

(i) immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the word "CUSIP" deleted;

(ii) in the first paragraph of the Bond, the words "on the maturity date specified above" and "at the rate shown above" shall be deleted and the following shall be inserted at the end of the first sentence "..., with such principal to be paid in installments on February 1 in each of the years and in the principal amounts identified in the following schedule and with such installments bearing interest at the per annum rates set forth in the following schedule:

(iii) the Initial Bond shall be numbered I-1.

(iv) The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

I HEREBY CERTIFY THAT this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas and 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 _____

[SEAL]

_____
Comptroller of Public Accounts of
the State of Texas

CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS §
COUNTY OF BRAZORIA §

We, the undersigned officers of the City Council of Alvin, Texas, hereby certify as follows:

1. The City Council of Alvin, Texas convened in a regular meeting on the 16th day of May, 2019, at the regular meeting place thereof within said City. The duly constituted officers and members of said City Council, to wit, were as follows:

Paul Horn	Mayor
Brad Richards	Council Member At Large 1
Joel Castro	Council Member At Large 2
Martha Vela	Council Member, District A
Adam Arendell	Council Member, District B
Keith Thompson	Mayor Pro Tem and Council Member, District C
Glenn Starkey	Council Member, District D
Gabe Adame	Council Member, District E

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

ORDINANCE NO. 19-K

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF ALVIN, TEXAS, WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2019; APPROVING RELATED AGREEMENTS; APPROVING THE PREPARATION AND DISTRIBUTION OF AN OFFICIAL STATEMENT; AND ENACTING OTHER PROVISIONS RELATING THERETO; AND PROVIDING FOR THE EFFECTIVE DATE THEREOF

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

_____ Member(s) shown present voted "Aye."

_____ Member(s) shown present voted "No."

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

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

SIGNED AND SEALED this 16th day of May, 2019.

City Secretary
City of Alvin, Texas

[SEAL]

Summary:

Alvin, Texas; Water/Sewer

Primary Credit Analyst:
Omid Rahmani, Dallas + 1 (214) 765 5880; omid.rahmani@spglobal.com

Secondary Contact:
Gregory Dziubinski, Chicago + 1 (312) 233 7085; gregory.dziubinski@spglobal.com

Table Of Contents

Rationale

Outlook

Summary:

Alvin, Texas; Water/Sewer

Credit Profile		
US$16.2 mil wtr and swr sys rev bnds ser 2019 due 02/01/2039		
Long Term Rating	A+/Stable	New
Alvin WS (BAM)		
Unenhanced Rating	A+(SPUR)/Stable	Affirmed
Many issues are enhanced by bond insurance.		

Rationale

S&P Global Ratings assigned its 'A+' long-term rating to Alvin, Texas' series 2019 water and sewer system revenue bonds At the same time, S&P Global Ratings affirmed its 'A+' rating on the city's existing water and sewer system revenue bonds. The outlook is stable.

The rating reflects, in our opinion, the combination of an extremely strong enterprise risk profile and a strong financial risk profile.

The enterprise risk profile reflects our view of the utility system's:

- Extremely strong local area economy, with access to the Houston-Woodlands-Sugarland metropolitans statistical area (MSA);
- Economically stable and diverse customer base;
- Rates that we view as low compared with those of regional peers; and
- What we view as good overall operational management practices.

The financial risk profile reflects our view of the utility system's:

- Strong debt service coverage;
- Very strong liquidity position;
- What we view as generally good financial management practices; and
- Debt levels that we view as somewhat high compared with those of regional peers, with just less than $28.7 million of revenue debt outstanding.

The proceeds from the 2019 bonds will be used to fund the construction of various improvements to the system.

Net revenues of the water system secure the bonds. We view the bond provisions as credit neutral. The city will maintain a rate covenant at 1.15x annual debt service. The city's additional bonds test calls for net revenues to cover average annual debt service of all debt, including proposed debt, by at least 1.15x. In addition, we understand that no

reserve fund will be included for this issuance.

Enterprise risk

Our assessment of the utility system's enterprise risk profile as extremely strong reflects our view of the city's extremely strong local area economy, with access to the Houston-Woodlands-Sugarland MSA; economically stable and diverse customer base; and rates that we view as low in relation to those of regional peers, coupled with a good operational management framework.

Alvin, with a population of about 26,000, is 25 miles southeast of Houston and within the Houston-Woodlands-Sugarland MSA. Alvin benefits from its access to Johnson Space Center, Houston, the Houston Medical Center Complex, and the area's petrochemical industry. The city's water and wastewater system serves over 7,500 customers. According to officials, the city is experiencing steady growth and development within the short-to-medium term. Median household effective buying income (MHHEBI) is, in our opinion, good at 95% of the national average. In addition, Brazoria County's 4.4% unemployment rate is in line with national trends. The city owns and operates five well sites and three water plants. The total pumping capacity of the wells is 5,700 gallons per minute combined or a total plant capacity of eight million gallons per day (mgd). The average daily capacity is approximately 2.6 mgd and the peak is 4.3 mgd. The city is a member of the Brazoria County Groundwater Conservation District.

For residential customers, based on the city's actual average billing rates, the monthly water bill is about $62. As a percentage of MHHEBI, the average 5,000-gallon bill is about 1.6%, which we consider low in relation to regional peers. The city maintains a comprehensive long-term rate study in addition to an automatic annual consumer price index (CPI) increase. The city council has the ability to raise rates whenever necessary above the suggested ratios of the rate study and the CPI. In addition, Alvin's internal policies state that the city will strive to maintain working capital at 25% of budgeted expenditures.

Based on our operational management assessment (OMA), we view the water enterprise to be a '2' on a six-point scale, with '1' being the strongest. This indicates, in our view, that operational and organizational policies are comprehensive in nature. The OMA of good includes strong asset management programs for monitoring existing infrastructure; the availability of a multi-year rate study, coupled with the ability to make rate adjustments; and the availability of a detailed and codified succession plan, as well as available comprehensive drought and disaster management plans, if needed.

Financial risk

Our assessment of the utility system's financial risk profile as strong reflects our view of the city's strong debt service coverage metrics, very strong liquidity position, somewhat high debt profile, and good financial management framework.

All-in coverage is S&P Global Ratings' adjusted DSC metric that treats certain recurring financial obligations as if they were debt; in Alvin's case, we incorporate the utility's support of the general obligation bonds issued on the system's behalf. We also make an adjustment to include transfer payments to the general fund for administrative costs since we view them as a recurring use of utility revenues. The city's all-in coverage metrics are strong, in our view. In the previous three fiscal years, the city's all-in coverage metrics ratios have somewhat fluctuated from just under sufficiency in fiscal 2016 to about 1.5x coverage in fiscal 2017 and 1.88x in fiscal 2018. The drop in the utility fund's

coverage metrics in fiscal 2016 was associated with the costs of a total meter replacement program, which began in 2015 and was expensed. The city's coverage metrics have historically been about 1.5x-1.7x. However, we expect Alvin's all-in coverage metrics to be somewhat lower as the city continues to leverage up to fund its capital improvement needs.

Liquidity is an identified strength of the system. Unrestricted cash and investments have remained stable, ranging from just less than $9.5 million in fiscal 2016 to about $9.2 million in fiscal 2018. Unrestricted cash and investments at fiscal year-end stood at the equivalent of 716 days' cash on hand. In relation to the city's capital improvement plan (CIP), these amounts may slightly fluctuate. However, based on management's indications, we expect the unrestricted liquidity position to remain very strong through the management of the CIP and rates.

We consider the system's debt-to-capitalization ratio somewhat high at approximately 54%, with just less than $28.7 million of debt outstanding after including this issuance. The city maintains a comprehensive multi-year CIP. The current CIP calls for approximately a leveraging up of an additional $50.8 million for various improvement projects and expansions associated with the system in the next five years. The city's external multi-year rate study addressed this uptick in debt with regular annual suggested rate increases to maintain financial performance.

Based on our financial management assessment (FMA), we view the city as a '2' on a six-point scale, with '1' being the strongest. We also assigned a FMA of good, indicating we consider financial practices good and somewhat comprehensive. The city maintains a conservative annual capital budget. The city council receives monthly updates regarding the system's budget and any deviations from projections are analyzed. We also consider the adherence to a comprehensive CIP, audits that comply with generally accepted accounting principles, as well as detailed and codified investment and liquidity policies credit positive.

Outlook

The stable outlook reflects our expectation of overall economic stability, coupled with maintenance of strong coverage and very strong liquidity levels that are commensurate with the current rating level.

Upside scenario

We could raise the rating should coverage metrics be maintained in-line with the previous two fiscal years through the upcoming capital intensive period, coupled with stability in the system's liquidity position.

Downside scenario

We could lower the rating should there be a consistent drop in system coverage levels or liquidity during the period of increased debt issuance.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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