



NOTICE OF REGULAR MEETING AGENDA
LANCASTER CITY COUNCIL
MUNICIPAL CENTER CITY COUNCIL CHAMBERS



211 N. HENRY STREET, LANCASTER, TEXAS

Monday, March 26, 2012 – 7:00 P.M.

CALL TO ORDER

INVOCATION: MINISTERIAL ALLIANCE

PLEDGE OF ALLEGIANCE: MAYOR PRO TEM JAMES DANIELS

PRESENTATION: RECOGNIZE ADOPT-A-SPOT PARTICIPANTS

CITIZENS' COMMENTS: (At this time citizens who have pre-registered before the call to order will be allowed to speak on any matter other than personnel matters or matters under litigation, for a length of time not to exceed three minutes. No Council action or discussion may take place on a matter until such matter has been placed on an agenda and posted in accordance with law.)

CONSENT AGENDA: (Items listed under the consent agenda are considered routine and are generally enacted in one motion. The exception to this rule is that a Council Member may request one or more items to be removed from the consent agenda for separate discussion and action.)

- 1C. Consider approval of minutes from the City Council Regular Meeting held March 12, 2012.
- 2C. Consider Resolution 2012-03-30 declaring that the candidate in District 5 is unopposed for the May 12, 2012 municipal Special Election and to declare said person elected; canceling said Special Election in single member District 5; and providing for all other provisions of Resolution 2012-02-21 ordering the General Election to remain in full force and effect.

Considera una resolución declara sin oposición al candidato en el distrito 5 en el 12 de mayo 2012 elección municipal especial elegido; cancelación de la elección en el distrito de miembros solo 5; establecer para todas las otras disposiciones de la resolución no. 02-21-2012, ordena la elección general que permanecerán en pleno vigor y efecto, y proporcionar una fecha efectiva.

ACTION:

3. Consider an ordinance amending the Code of Ordinances, Article 3.7000 Property Maintenance Code, by amending Section 3.7002, Exceptions and Amendments, by amending Section 111.2 Membership of Board, of the International Property Maintenance Code, 2006 Edition, by adding a new Section 111.2 of said International Code providing for appeals to the Municipal Court; providing notice of meeting; providing for court decision; and providing for appeal to District Court of Dallas County, Texas.

4. Discuss and consider an ordinance providing for the issuance of City of Lancaster, Texas, General Obligation Refunding Bonds, Series 2012 in an amount not to exceed \$14,500,000; levying a tax in payment thereof; approving the official statement; approving execution of a bond purchase contract and escrow agreement; and enacting other provisions relating thereto.

ADJOURNMENT

EXECUTIVE SESSION: The Council reserves the right to convene into executive session on any posted agenda item pursuant to Section 551.071(2) of the TEXAS GOVERNMENT CODE to seek legal advice concerning such subject.

ACCESSIBILITY STATEMENT: The Municipal Center is wheelchair-accessible. For sign interpretive services, call the City Secretary's office, 972-218-1311, or TDD 1-800-735-2989, at least 72 hours prior to the meeting. Reasonable accommodation will be made to assist your needs.

Certificate

I hereby certify the above Notice of Meeting was posted at the Lancaster City Hall on March 22, 2012 @ 5:00 pm and copies thereof were hand delivered to the Mayor, Mayor Pro-Tempore, Deputy Mayor Pro-Tempore and Council members.



Dolle K. Downe, TRMC
City Secretary

LANCASTER CITY COUNCIL
Agenda Communication for
March 26, 2012

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AG12-001

Consider approval of minutes from the City Council Regular Meeting held March 12, 2012.

Background

Attached for your review and consideration are minutes from the:

- City Council Regular Meeting held March 12, 2012

Prepared and submitted by:

Dolle K. Downe, City Secretary
March 16, 2012

MINUTES

LANCASTER CITY COUNCIL MEETING OF MARCH 12, 2012

The City Council of the City of Lancaster, Texas, met in Regular session in the Council Chambers of City Hall on March 12, 2012 at 7:00 p.m. with a quorum present to-wit:

Councilmembers Present:

Mayor Marcus E. Knight
Walter Weaver
Stanley Jaglowski
Marco Mejia
Mayor Pro Tem James Daniels, arrived at 7:07 p.m.
Deputy Mayor Pro Tem Nina Morris
Council District 5 vacant

City Staff Present:

Opal Mauldin Robertson, City Manager
Alicia Oyedele, Assistant to the City Manager
Breanna Colvin, Intern (City Manager's Office)
Sean Johnson, Parks and Recreation Director
Dori Lee, Human Resources Director
Larry Flatt, Police Chief
Thomas Griffith, Fire Chief
Rona Stringfellow Govan, Development Services Director
Jim Brewer, Building Official
Shwetha Pandurangi, City Engineer
Clovia English, Public Works Director
Sheree Haynes, Finance Director
Cami Loucks, Library Director
Dolle Downe, City Secretary
Robert E. Hager, City Attorney

Call to Order:

Mayor Knight called the meeting to order at 7:00 p.m. on March 12, 2012.

Invocation:

Pastor John Richardson with Zion Chapel gave the invocation.

Pledge of Allegiance:

Mayor Knight led the Pledge of Allegiance.

Proclamation:

Mayor Knight read and presented a proclamation to Tyger Williamson, fifth grader at Pleasant Run Elementary and state winner of the Arbor Day Poster Contest, proclaiming March 20, 2012 as Tyger Williamson Day in the City of Lancaster for the Arbor Day celebration to be held on said date. Mayor Knight congratulated Tyger and recognized his art teacher, Ms. Perdue, as well as family and friends in attendance.

Citizens Comments:

Dorie Torres, 4185 Portwood, stated that several years ago her house at 4181 Portwood had been demolished by the City even though she had tried to talk with the City before it was torn down; stated that her English is not very good and she did not understand the reason the house was torn down.

Mayor Knight suggested she visit with staff after the meeting to get more information.

James Lewis, 818 Katy Street, commented that the City had bulldozed Ms. Torres' house on Portwood without talking with her, along with four houses of his; said that Ms. Torres did not speak very much English and did not understand why the City tore down her house; stated that in the City of Lancaster there is a law requiring 25 signatures on a petition to get on the ballot; said no one doing business with the City would sign a petition which keeps people off the ballot; stated that the City should have long ago removed that requirement; said it benefits those in office; stated that the City should stop bullying people.

James Adams, 2003 Hash, stated with regard to item 7C [no parking ordinance for a portion of Jefferson Street] the complaint is that there is not sufficient parking in the area and that the City should provide parking due to the football, soccer, playground and other activities in the area, particularly on Saturdays; commented that the only place left to park is on the shoulder on Jefferson Street.

Executive Session:

At 7:13 p.m. Council recessed to go into Executive Session. At 7:14 p.m. the City Council convened into closed Executive Session pursuant to:

- 1A. Section § 551.072 of the TEXAS GOVERNMENT CODE to deliberate the purchase, exchange, lease, or value of real property north of Pleasant Run Road, east of Houston School Road and south of IH-20; and**
- 1B. Section § 551.074 (a)(1) of the TEXAS GOVERNMENT CODE to deliberate the evaluation and duties of a public officer or employee, to-wit: the City Manager.**
- 2. Reconvene into open session. Consider and take appropriate action(s), if any, on closed/executive session matters.**

The City Council recessed from Executive Session at 7:44 p.m. and convened into open session at 7:46 p.m.

No action was taken following the Executive Session.

Consent Agenda:

City Secretary Downe read the consent agenda.

- 3C. Consider approval of minutes from the City Council Regular Meeting held February 27, 2012.**

- 4C. Consider Resolution 2012-03-27 approving the terms and conditions of an amended Best Southwest Interlocal Agreement by and between the cities of Lancaster, Cedar Hill, Duncanville, DeSoto, and Midlothian, to add the cities of Red Oak and Venus for the cooperative purchase of goods and services.
- 5C. Consider Resolution 2012-03-28 approving the terms and conditions of an Interlocal Agreement by and between the City of Frisco and the City of Lancaster for the cooperative purchase of goods and services.
- 6C. Consider Resolution 2012-03-29 approving the terms and conditions of an Interlocal Agreement by and between the Harris County Department of Education and the City of Lancaster for the cooperative purchase of goods and services.
- 7C. Consider an ordinance designating a portion of Jefferson Street as a No Parking Zone at any time on any day on either side from the point of its intersection with Wintergreen Road to the point of its intersection with Pleasant Run Road in the City of Lancaster.

Councilmember Mejia pulled consent item 7C.

MOTION: Mayor Pro Tem Daniels made a motion, seconded by Deputy Mayor Pro Tem Morris, to approve consent items 3C - 6C. The vote was cast 6 for, 0 against.

Councilmember Mejia asked about limited parking available in the area during events and Saturday activities.

Parks and Recreation Director Johnson stated that during high volume events, a bus is used as a shuttle from the Life Center and the school district property to help ease parking.

Councilmember Mejia expressed concern about parking on the grass in front of the Pump Station due to the limited parking options and commented that parking on the grass violations need to be enforced; also commented that often there is trash everywhere and the City needed to enforce its litter ordinance. Parks and Recreation Director Johnson noted that each organization is required to make a deposit which could be used for trash pick-up if the area is left littered.

Deputy Mayor Pro Tem Morris asked how long the no parking has been being enforced. Parks and Recreation Director Johnson said he did not know about enforcement prior to his arrival, but for the two years he has been with the City, it has been enforced.

MOTION: Councilmember Mejia made a motion, seconded by Mayor Pro Tem Daniels, to approve an ordinance designating a portion of Jefferson Street as a No Parking Zone at any time on any day on either side from the point of its intersection with Wintergreen Road to the point of its intersection with Pleasant Run Road in the City of Lancaster. The vote was cast 5 for, 1 against [Weaver].

Presentations:

Presentation of service plaque honoring former District 5 Councilmember Clyde C. Hairston and acknowledgements from other dignitaries.

Mayor Knight presented former Mayor Pro Tem and Councilmember District 5, Clyde Hairston, a service plaque honoring his nearly nine years of service to the citizens and community. Mayor Knight thanked Mr. Hairston for his service to the citizens, Council and Lancaster.

Mr. Hairston thanked the Mayor and expressed his appreciation for being allowed to serve the citizens of Lancaster; said that he loves Lancaster. Mr. Hairston recognized former mayor, Joe Tillotson and former councilmember, Susan Anderson, saying that he enjoyed serving with them as well. He introduced his wife, noting their 35 years of marriage.

There were no other presentations.

MOTION: Councilmember Weaver made a motion, seconded by Deputy Mayor Pro Tem Morris, to adjourn. The vote was cast 6 for, 0 against.

The meeting was adjourned at 7:56 p.m.

ATTEST:

APPROVED:

Dolle K. Downe, City Secretary

Marcus E. Knight, Mayor

LANCASTER CITY COUNCIL
Agenda Communication for
March 26, 2012

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AG12-002

Consider a resolution declaring that the candidate in District 5 is unopposed for the May 12, 2012 municipal Special Election and to declare said person elected; canceling said Special Election in single member District 5; and providing for all other provisions of Resolution No. 2012-02-21 ordering the General Election to remain in full force and effect.

This request supports the City Council 2011-2012 Policy Agenda.

Goal: Civic Engagement

Background

Resolution No. 2012-02-21, approved by City Council on February 27, 2012, ordered the municipal General Election for the mayoral race and a Special Election for the vacated District 5 seat on May 12, 2012 in accordance with state law. Following the deadlines for an application for a place on the ballot and for the declaration of write-in candidates, single member District 5 is an uncontested Special Election.

Texas Election Code states that in single member districts, the City Council may cancel a Special Election if:

- 1) a candidate for an office that is to appear on the ballot in that district is unopposed; and
- 2) if no proposition is to appear on the ballot.

The deadline for an application for a place on the ballot and for write-in candidates was March 12, 2012 at 5:00 p.m. The Election Code states that the City Secretary must provide to the City Council a certification that a candidate for office is unopposed. The Certification of Unopposed Candidate is attached certifying that candidate LaShonjia Harris (District 5) is unopposed, that there are no write-in candidates, and that no propositions are on the ballot.

Considerations

- **Operational** – With receipt of the Certification of Unopposed Candidate, the City Council may declare the unopposed candidate elected to office, in which case the election for single member District 5 is canceled. Although the statute requires the

City Secretary make the certification to the City Council, the City Council is given discretion in declaring unopposed candidates elected and may hold the election regardless of the unopposed status of the candidate.

Under the Election Code, although an unopposed candidate may be declared elected and the single member district race canceled, the unopposed candidate may not take office before the canvass of the election is completed.

- **Legal** - City Attorney Hager has reviewed and approved as to form the resolution declaring the unopposed candidate elected and canceling the Special Election.
- **Financial** - Dallas County Elections has indicated that there will be some cost savings to the City in canceling the District 5 race. These savings are achieved primarily through savings on ballot production and will be specifically calculated at the time final election costs are determined and reported to those participating in the joint election.
- **Public Information** - There are no public information requirements.

Options/Alternatives

1. Council may accept the Certification of Unopposed Candidate and approve the resolution as presented. This action will declare Ms. Harris elected and cancel the Special Election (District 5 race). It will not affect the General Election race for the mayoral position.
2. Council may deny the resolution. This action will result in the District 5 race being on the ballot. Voters eligible to cast a ballot would be able to vote for the unopposed candidate.

Recommendation

Staff recommends that City Council accept the Certification of Unopposed Candidate for District 5 and approve the resolution declaring the unopposed candidate, LaShonjia Harris, elected to office, and canceling the Special Election for District 5.

Attachments

- Certification of Unopposed Candidate
- Resolution

Prepared and submitted by:
Dolle K. Downe, City Secretary

Date: March 13, 2012



City of Lancaster
OFFICE OF THE CITY SECRETARY

211 N. Henry Street * Lancaster, TX 75146 * 972.218.1311 * 972.218.1399 FAX
www.lancaster-tx.com



Certification of Unopposed Candidate
by the City Secretary

STATE OF TEXAS
COUNTY OF DALLAS
CITY OF LANCASTER

I, the undersigned, Dolle K. Downe, certify that I am the City Secretary of the City of Lancaster, Texas, and the authority responsible for preparing the ballot for the May 12, 2012 municipal special election. I further certify that no proposition is to appear on the ballot for the general and special election, no person has made a declaration of write-in candidacy, and the following candidate is unopposed:

LaShonjia Harris, District 5

WITNESS MY HAND AND SEAL OF OFFICE in Lancaster, Texas, this
13th day of March, 2012.

Dolle K. Downe, TRMC
City Secretary
City of Lancaster, Texas

Seal



RESOLUTION NO. 2012-03-30

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, DECLARING THAT THE CANDIDATE IN DISTRICT 5 IS UNOPPOSED FOR THE MAY 12, 2012 MUNICIPAL SPECIAL ELECTION AND TO DELCARE SAID PERSON ELECTED; CANCELING SAID ELECTION IN SINGLE MEMBER DISTRICT 5; PROVIDING FOR ALL OTHER PROVISIONS OF RESOLUTION NO. 2012-02-21 ORDERING THE GENERAL ELECTION TO REMAIN IN FULL FORCE AND EFFECT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, a municipal special election was called for May 12, 2012 in Resolution No. 2012-02-21 for the purpose of electing a councilmember to fill an unexpired term ending May 2013; and

WHEREAS, the City Secretary has certified in writing that there is no proposition on the ballot for the general or special election, that no person has made a declaration of write-in candidacy, and that the candidate for District 5 on the ballot is unopposed for election to office; and

WHEREAS, under these circumstances, Subchapter C, Chapter 2, Election Code, authorizes the City Council to declare the candidate elected to office and cancel the special election for the single member District 5;

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

Section 1. That the following candidate for councilmember District 5, who is hereby unopposed in the May 12, 2012 municipal special election, is declared elected to office, subject to the qualifications under state law and the home rule charter, and shall be issued a certificate of election following the time of the election and canvass thereof:

LaShonjia Harris, Councilmember District 5

Section 2. That the special election for a councilmember for single member District 5, is hereby canceled, and the city secretary is directed to cause a copy of this resolution to be posted on Election Day at each polling place that would have been used in the election.

Section 3. That all other provisions contained in Resolution No. 2012-02-21, ordering the May 12, 2012 general and special election including, but not limited to the publication and posting of notice and providing early voting dates, times and locations, shall remain in full force and effect as if set forth herein.

Section 4. That should any word, phrase, paragraph, or section of this resolution be held to be unconstitutional, illegal or invalid, the same shall not affect the validity of this resolution as a whole, or any part or provision thereof other than the part so decided to be unconstitutional, illegal or invalid, and shall not affect the validity of the resolution as a whole.

Section 5. That this resolution shall take effect immediately from and after its adoption and it is so resolved.

DULY ORDERED by the City Council of the City of Lancaster, Texas on this the 26th day of March 2012.

APPROVED:

Marcus E. Knight, Mayor

ATTEST:

Dolle K. Downe, City Secretary

APPROVED AS TO FORM:

Robert E. Hager, City Attorney



City of Lancaster
OFFICE OF THE CITY SECRETARY

211 N. Henry Street * Lancaster, TX 75146 * 972. 218.1311 * 972.218.1399 FAX
www.lancaster-tx.com



La certificación de candidatos sin oposición
por la Secretaria de la Ciudad

ESTADO DE TEXAS
CONDADO DE DALLAS
CIUDAD DE LANCASTER

Yo, el abajo firmante, Dolle K. Downe, certifico que soy el Secretario Municipal de la Ciudad de Lancaster, Texas, y la autoridad responsable de preparar la boleta para el 12 de mayo 2012 la elección municipal especial. Además certifico que no hay ninguna proposición que aparezca en la boleta de la elección general y especial, no hay candidato por escrito, y el candidato siguiente es sin oposición:

LaShonjia Harris, Distrito 5

DOY FE CON MI FIRMA Y SELLO DE OFICINA en Lancaster, Texas, el día 13 de marzo 2012.

Dolle K. Downe, TRMC
Secretaria de la Ciudad
Ciudad de Lancaster, Texas

Sello



RESOLUCION NO. 2012-03-30

UNA RESOLUCIÓN DEL CONSEJO MUNICIPAL DE LA CIUDAD DE LANCASTER, TEXAS, DECLARA SIN OPOSICIÓN AL CANDIDATO EN EL DISTRITO 5 EN EL 12 DE MAYO 2012 ELECCIÓN MUNICIPAL ESPECIAL ELEGIDO; CANCELACIÓN DE LA ELECCIÓN EN EL DISTRITO DE MIEMBROS SOLO 5; ESTABLECER PARA TODAS LAS OTRAS DISPOSICIONES DE LA RESOLUCIÓN NO. 02-21-2012, ORDENA LA ELECCIÓN GENERAL QUE PERMANECERÁN EN PLENO VIGOR Y EFECTO, Y PROPORCIONAR UNA FECHA EFECTIVA.

CONSIDERANDO, que la elección especial municipal fue llamado el 12 de mayo de 2012 en la Resolución No. 2012-02-21 con el propósito de elegir un concejal para llenar in termino no vencido que finaliza en mayo de 2013;

POR CUANTO, la Secretaría del Ayuntamiento ha certificado por escrito que no hay propuesta en la boleta electoral, que ninguna persona haya hecho una declaración de la escritura en la candidatura, y que el candidato por el Distrito 5 en la boleta electoral no tiene oposición en las elecciones a la oficina, y

CONSIDERANDO que, en estas circunstancias, subcapítulo C, capítulo 2, del Código Electoral autoriza al Ayuntamiento a declarar el candidato elegido para el cargo y cancelar las eleccion especial para el único miembro del Distrito 5;

AHORA, POR LO TANTO, SE RESUELVE EL CONSEJO MUNICIPAL DE LA CIUDAD DE LANCASTER, TEXAS:

Sección 1. Que el candldato slguente para concejal del Distrito 5, que queda sin oposición en el 12 de mayo 2012 las eleccion municipales especial, se declara electo para un cargo, con sujeción a los requisitos bajo la ley estatal y la Carta de Autonomía, y se expedirá un certificado de elecciones despues a la hora de la elección y escrutinio de las mismas:

LaShonjia Harris, Concejal del Distrito 5

Sección 2. Que la elección especial para un concejal de un distrito único miembro, el Distrito 5, queda cancelado, y la secretaria de la ciudad se dirige a la causa una copia de esta resolución para ser publicado en el dia elecciones en cada lugar de votación que se han utilizado en la elección.

Sección 3. Que todos las demás disposiciones contenidos en la Resolución No. 2012-02-21, ordenando el 12 de mayo 2012 las elecciones generales, incluyendo pero no llimitado a la publlicación y la publicación de la notificación y señala las fechas de votación anticipada, los tiempos y lugares, permanecerán en pleno vigor y efecto como el presente documento.

Sección 4. Que si cualquier palabra, frase, párrafo o sección de la presente resolución se realizará a ser inconstitucional, ilegal o no válida, la misma no afectará a la validez de esta resolución en su conjunto, o cualquier parte o disposición del mismo, exceptuando la parte que así lo decida es inconstitucional, ilegal o no válido, y no afectará la validez de la resolución en su conjunto.

Sección 5. La presente resolución entrará en vigor inmediatamente y después de su adopción y se resuelve así.

DEBIDAMENTE ORDENADO por el Consejo Municipal de la Ciudad de Lancaster, Texas el día de hoy 26 de marzo de 2012.

APROBADO:

Marcus E. Knight, el Alcalde

DOY FE:

Dolle K. Downe, Secretaria de la Ciudad

APROBADA EN FORMA:

Robert E. Hager, Abogado de la Ciudad

LANCASTER CITY COUNCIL
Agenda Communication for
March 26, 2012

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AG12-003

Discuss and consider an ordinance amending the Code of Ordinances, Article 3.7000 Property Maintenance Code, by amending Section 3.7002, Exception and Amendments, by amending Section 111.2 Membership of Board, of the International Property Maintenance Code, 2006 Edition, by adding a new Section 111.2 of said International Code providing for appeals to the Municipal Court; providing notice of meeting; providing for court decision; and providing for appeal to District Court of Dallas County, Texas.

This request supports the City Council 2011-2012 Policy Agenda.

Goal: Healthy, Safe and Vibrant Neighborhoods

Background

City Council discussed this item at its March 19, 2012 work session. This agenda item addresses the recent Texas Supreme Court ruling *Stewart vs. City of Dallas* that began a movement by municipalities to determine what method cities should use to consider future substandard building cases. The history of municipal authority to decrease the amount of substandard structures derives from a combined application of Chapters 214 and 54 of the Texas Local Government Code. Historically, cities have used one of three methods for the substandard building abatement process.

1. Adopt an ordinance under Chapter 214 relating to the condition of structures in the City and provide for a notice and public hearing before the City Council, an appointed property standards and appeals board, or the city's municipal court acting in a civil capacity.
2. Bring a civil action under Chapter 54 in the Dallas County District court or the City's Municipal Court of Record to make a judicial determination that a structure is substandard.
3. Provide for an alternative enforcement process under Section 54.044 by creating an administrative adjudication hearing under which an administrative penalty may be imposed for the enforcement of a substandard structure ordinance.

The *Stewart vs. City of Dallas* case involved a property that fell into disrepair, was inhabited by homeless persons, and had numerous code violations. The City of Dallas' Property Standards and Appeals Board determined that the house was a nuisance and ordered its demolition. Before the demolition, the owner appealed the board's decision to district court. The appeal did not delay the demolition, and the house was demolished. After the appeal was heard by the Supreme Court, it was decided that the home was not a public nuisance, that the demolition was a "taking" by the City of Dallas and awarded the owner damages.

Chapter 214 does not identify a specific administrative body to make a nuisance determination, but does authorize a city the use of the municipal court to act in a civil capacity. Chapter 54 authorizes a city to create a board to determine violations of public safety ordinances like those in Chapter 214. The Texas Supreme Court added: *"the nuisance determination made by a judge rather than an appointed administrative body is a more constitutional necessity"*.

Any substandard case brought in the past before the appointed property standards and appeals board followed the prescribed steps as outlined: (1) Identify substandard structures based upon minimum standards; (2) Provide a notice of public hearing; (3) hold a public hearing; (4) Make a determination; and (5) Give the property owner the right of an appeal. All future cases would follow the same prescribed guidelines to determine if a structure is substandard and a nuisance.

The proposed ordinance places the municipal judge as the authority to consider cases independently and make a ruling rather than the Property Standards and Appeals Board. This amendment repeals, in its entirety, the Property Standards and Appeals Board.

Considerations

- **Operational** - The Building Inspections Division is primarily responsible for identifying properties within the City that are substandard. This Division will continue to identify nuisance properties, determine them substandard, and schedule cases with the Municipal Court. Building Inspections staff would continue to follow the prescribed statutory requirements in providing a notice of the public hearing at the City's Municipal Court of Record. The Municipal Court will now oversee the process of scheduling cases, holding the hearing in accordance with the Texas Local Government Code, and providing a final determination. Additionally, the City Attorney's office has assigned the Prosecutor to review and/or defend the City's position in the cases brought before the Municipal Court Judge. The property owner would further have the right to appeal the decision of the Municipal Court Judge in the Dallas County District Court.

If the ordinance is adopted, the City Secretary's office will notify members of the Property Standards and Appeals Board regarding the amendment to the ordinance and dissolution of the board, thank members for their service on the board, and

encourage submission of an application to be considered for another City board or commission.

- **Legal** - The City Attorney has prepared the attached ordinance.
- **Financial** - There is no financial impact with the passage of this ordinance.
- **Public Information** - There are no public information requirements.

Options/Alternatives

1. Council may approve the ordinance as presented.
2. Council may deny the ordinance and direct staff.

Recommendation

Staff recommends approval of the ordinance as presented.

Attachments

- Ordinance

Prepared and submitted by:
Larry King, Assistant Building Official

Date: March 20, 2012

AN ORDINANCE OF THE CITY OF LANCASTER, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF LANCASTER, TEXAS, AMENDING THE CODE OF ORDINANCES BY AMENDING CHAPTER 3, BY AMENDING SECTION 3.7002, EXCEPTION AND AMENDMENTS, BY AMENDING THE SECTION 111.2 MEMBERSHIP OF BOARD, OF THE INTERNATIONAL PROPERTY MAINTENANCE CODE, 2006 EDITION, BY ADDING A NEW SECTION 111.2 OF SAID INTERNATIONAL CODE PROVIDING FOR APPEALS TO THE MUNICIPAL COURT; PROVIDING NOTICE OF MEETING; PROVIDING FOR COURT DECISION; PROVIDING FOR APPEAL TO DISTRICT COURT OF DALLAS COUNTY, TEXAS THERETO; PROVIDING FOR SEVERABILITY; PROVIDING A REPEALING CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.

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

SECTION 1. That Chapter 3 of the Lancaster Code of Ordinances be, and the same is, hereby amended by repealing Article 3.7000, Property Maintenance Code, Exceptions and Amendments to Section 111.2 by adding a new Section 111.2 to Section 3.7002, Appeals to Municipal Court Membership of Board in its entirety, which shall read as follows:

“ARTICLE 3.7000 PROPERTY MAINTENANCE CODE

.....

Sec. 3.7002. Exceptions and Amendments

.....

“Section 111.2 Membership of Board**, Delete as written and replace with the new Section 111.2 Appeal to Municipal Court as follows;

Appeals to Municipal Court

- (a) Any person directly affected by a decision of the code official or a notice or order issued under this code shall have the right to appeal to the City of Lancaster Municipal Court, hereinafter referred to as the “Court”, provided that a written application for appeal is filed within 20 days after the day the decision, notice or order was served. An application for appeal shall be based on a claim that the true intent of this code or the rules legally

adopted there under have been incorrectly interpreted, the provisions of this code do not fully apply, or the requirements of this code are adequately satisfied by other means.

- (b) Membership, rules and procedures of the Court shall be those as determined by the Court in accordance with state law unless otherwise so stated herein.
 - (1) Postponed hearing. When a party seeks a postponement in accordance with the rules of the court based on good cause.
- (c) Notice of meeting. The court shall convene upon notice from the code official within 20 days of the filing of an appeal, or at stated periodic sessions of the court. Notice of any meeting shall be given to the public in accordance with the requirements of the rules of the court.
- (d) Open hearing. All hearings before the court shall be open to the public in accordance with state law. The appellant, the appellant's representative, the code official and any person whose interests are affected shall be given an opportunity to be heard.
- (e) Court decision. The court may grant an extension of time to make all repairs and improvements necessary to meet code requirements, enforce the recommendation of the official, or reverse the decision of the code official, or may order the repair or removal of the structure or destruction.
 - (1) Records and copies. The decision of the court may be recorded. Copies shall be furnished to the appellant and to the code official upon request.
 - (2) Administration. The code official shall take immediate action in accordance with the decision of the board.
- (f) Court review. Any person, whether or not a previous party of the appeal, shall have the right to apply to the district court for an appeal de novo. Application for review shall be made in the manner and within 30 days following the decision and order of the Court.
- (g) Stays of enforcement. Appeals of notice and orders (other than Imminent Danger notices) shall stay the enforcement of the notice and order until the appeal is heard by the district court.

.....”

SECTION 2. That all provisions of the Ordinances of the City of Lancaster, Texas, in conflict with the provisions of this ordinance be, and the same are hereby, repealed, and all other provisions of the Ordinances of the City not in conflict with the provisions of this ordinance shall remain in full force and effect.

SECTION 3. That should any word, sentence, paragraph, subdivision, clause, phrase or section of this ordinance, or of the Code of Ordinances, as amended hereby, be adjudged or held to be void or unconstitutional, the same shall not affect the validity of the remaining portions of said

ordinance or the Code of Ordinances, as amended hereby, which shall remain in full force and effect.

SECTION 4. That this ordinance shall take effect immediately from and after its passage as the law and charter in such cases provide.

DULY PASSED by the City Council of the City of Lancaster, Texas, this the 26th day of March 2012.

APPROVED:

MARCUS E. KNIGHT, MAYOR

ATTEST:

DOLLE K. DOWNE, CITY SECRETARY

APPROVED AS TO FORM:

ROBERT E. HAGER, CITY ATTORNEY
(REH.mpm)

LANCASTER CITY COUNCIL
Agenda Communication for
March 26, 2012

4

AG12-004

Discuss and consider an ordinance providing for the issuance of City of Lancaster, Texas, General Obligation Refunding Bonds, Series 2012 in an amount not to exceed \$14,500,000; levying a tax in payment thereof; approving the Official Statement; approving execution of a bond purchase contract and escrow agreement; and enacting other provisions relating thereto.

This request supports the City Council 2011-2012 Policy Agenda.

Goal: Financially Sound City Government

Background

Based upon current market conditions, the City has the potential to refund portions of its outstanding general obligation debt in May, 2012 to produce significant debt service savings. The bonds to be considered are the General Obligation Refunding Bonds, Series 2002 and the Tax and Water/Sewer Revenue Certificates of Obligation, Series 2003. A large portion of the debt is related to the Lancaster Recreational Development Corporation Fund (Type B/4B).

Staff met with First Southwest, the City's financial advisors, on March 5, 2012 to discuss options. Based on their recommendation, we are proposing a Parameter Bond Refunding Ordinance. The Council establishes and approves bond sale parameters within the ordinance for maximum interest rate, minimum savings threshold for refundings, maximum aggregate principal amount of issue, final maturity date, and expiration of delegated authority. The Council delegates the final pricing authority to the Pricing Officer. The Pricing Officer can only approve refunding if all Council parameters are met. If parameters are not met, the City's outstanding debt service remains unchanged. The reason for the Parameter Bond Sale allows flexibility in market timing. Bond issuance is in a day-to-day mode meaning that bonds can be priced at any time and in an interest rate environment that is advantageous to the City rather than locked into pricing on the date of a specific City Council meeting.

The parameters proposed in the ordinance are: (1) the delegated Pricing Officer is the City Manager (2) the maximum true interest cost is 3.25% (3) the minimum savings threshold is 4.0% present value savings (4) the maximum principal amount is \$14,500,000, and (5) a final maturity date of February 15, 2024. The expiration of the parameter authority is 180 days from the date of the signed ordinance.

Our Financial Advisors, First Southwest, will make a brief presentation, outlining the cost savings and parameter ordinance.

Considerations

- **Legal** - The Parameter Bond Refunding Ordinance is allowed under Section 1207 Texas Government Code. The draft ordinance has been prepared by our bond counsel, West & Associates, LLP.
- **Financial** - The refunding results are anticipated to be a savings of at minimum \$1.2 million with no out of pocket costs. The final maturity of the bonds will not be extended and remains February 2024. There are options to receive the majority of the savings upfront or level savings throughout the term of the bond.

Recommendation

Staff recommends approval of the ordinance authorizing the issuance of General Obligation Refunding Bonds, Series 2012 in an amount not to exceed \$14,500,000 and proposed parameters.

Attachments

- Ordinance

Prepared and submitted by:
Sheree Haynes, Director of Finance

Date: March 20, 2012

ORDINANCE NO. _____

relating to

CITY OF LANCASTER, TEXAS
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2012

Adopted: March 26, 2012

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AN ORDINANCE PROVIDING FOR THE ISSUANCE OF CITY OF LANCASTER, TEXAS, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012 IN AN AMOUNT NOT TO EXCEED \$14,500,000; LEVYING A TAX IN PAYMENT THEREOF; APPROVING THE OFFICIAL STATEMENT; APPROVING EXECUTION OF A BOND PURCHASE CONTRACT AND ESCROW AGREEMENT; AND ENACTING OTHER PROVISIONS RELATING THERETO

WHEREAS, there are presently outstanding certain obligations of the City of Lancaster, Texas (the "City"), described on Schedule I attached hereto (collectively, the "Refunded Obligation Candidates");

WHEREAS, the City now desires to refund all or a portion of such Refunded Obligation Candidates (such refunded obligations to be hereinafter referred to as the "Refunded Obligations");

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207") authorizes the City to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with the paying agent for any of the Refunded Obligations or a trust company or commercial bank, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations;

WHEREAS, Chapter 1207 further authorizes the City to enter into an escrow agreement with the paying agent for any of the Refunded Obligations with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit;

WHEREAS, the City Council hereby finds and determines that the refunding contemplated in this Ordinance will benefit the City by providing a present value savings of debt service payable by the City in an amount to be certified in the Pricing Certificate, and that such benefit is sufficient consideration for the refunding of the Refunded Obligations;

WHEREAS, the City Council has found and determined that it is necessary and in the best interest of the City and its citizens that it authorize by this Ordinance the issuance and delivery of an amount of bonds in one or more series at this time, the proceeds of which will be sufficient to (i) pay costs of issuance of such bonds and (ii) refund the Refunded Obligations;

WHEREAS, the City Council desires to delegate, pursuant to Chapter 1207 and the parameters of this Ordinance, to the Authorized Officer, the authority to approve the amount, the interest rate, the number of series, the price and terms of the Bonds authorized hereby and to otherwise take such actions as are necessary and appropriate to effect the sale of the Bonds and to select the specific maturities or series of Refunded Obligation Candidates to be refunded;

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

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

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01 Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Ordinance, the following terms shall have the meanings specified below:

“Authorized Officer” means the City Manager of the City.

“Bond” means any of the Bonds.

“Bond Date” means the date designated as the initial date of the Bonds by Section 3.02(a) of this Ordinance.

“Bond Purchase Contract” means the bond purchase contract described in Section 7.01(b) of this Ordinance.

“Bonds” means the City’s bonds authorized to be issued by Section 3.01 of this Ordinance and designated as “City of Lancaster, Texas, General Obligation Refunding Bonds, Series 2012.”

“City” means the City of Lancaster, Texas.

“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.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Ordinance, 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.

“EMMA” means the Electronic Municipal Market Access System.

“Escrow Agent” means the place of payment for the Refunded Obligations or the trust company or commercial bank identified in the Escrow Agreement, and its successors in such capacity.

“Escrow Agreement” means that certain Escrow Agreement between the City and the Escrow Agent pertaining to the defeasance of the Refunded Obligations.

“Escrow Fund” means the fund by that name established in the Escrow Agreement.

“Event of Default” means any event of default as defined in Section 10.01 of this Ordinance.

“Gross Proceeds” means any proceeds of the Bonds and replacement proceeds of the Bonds, as defined in Section 1.148-1(b) of the Regulations.

“Initial Bond” means the initial bond or bonds authorized by Section 3.04 of this Ordinance.

“Interest and Sinking Fund” means the interest and sinking fund or funds established by Section 2.02 of this Ordinance.

“Interest Payment Date” means the date or dates on which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being February 15 and August 15 of each year, commencing on the date set forth in the Pricing Certificate.

“Investment” means any investment property as defined in Sections 148(b)(2) and 148(b)(3) of the Code, and any other tax-exempt obligation.

“MSRB” means the Municipal Securities Rulemaking Board.

“Owner” means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

“Paying Agent/Registrar” means initially The Bank of New York Mellon Trust Company, National Association, or any successor thereto as provided in this Ordinance.

“Pricing Certificate” means a certificate or certificates to be signed by the Authorized Officer.

“Record Date” means the last business day of the month next preceding an Interest Payment Date.

“Refunded Obligation Candidates” means the obligations of the City described in Schedule I attached hereto which are authorized to be designated as Refunded Obligations in the Pricing Certificate.

“Refunded Obligations” means those obligations of the City to be designated in the Pricing Certificate from the Refunded Obligation Candidates described in Schedule I attached hereto.

“Register” means the Register specified in Section 3.06(a) of this Ordinance.

“Regulations” means all temporary, proposed and final regulations applicable to Sections 103 and 141 through 150 of the Code.

“Representation Letter” means the Blanket Letter of Representations between the City and DTC.

“Representative” means the representative for the Underwriters named in the Bond Purchase Contract.

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

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

“Special Payment Date” means the Special Payment Date prescribed by Section 3.03(b).

“Special Record Date” means the Special Record Date prescribed by Section 3.03(b).

“Term Bonds” has the meaning set forth in Section 4.03 hereof.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of principal of or interest on the Bonds as the same come due and payable and remaining unclaimed by the Owners of such Bonds after the applicable payment or redemption date.

“Underwriters” means the Underwriters named in the Bond Purchase Contract.

“Yield” means the yield computed under Section 1.148-4 of the Regulations for a Bond or issue of Bonds, and yield computed under Section 1.148-5 of the Regulations for an investment.

Section 1.02 Findings.

The declarations, determinations and findings declared, made and found in the preamble to this Ordinance are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.03 Table of Contents, Titles and Headings.

The table of contents, 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 and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.04 Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein.

ARTICLE II

SECURITY FOR THE BONDS; INTEREST AND SINKING FUND

Section 2.01 Tax Levy.

(a) Pursuant to the authority granted by the Texas Constitution and the laws of the State of Texas, there shall be levied and there is hereby levied for the current year and for each succeeding year hereafter while any of the Bonds or any interest thereon is outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the City, at a rate sufficient, within the limit prescribed by law, to pay the debt service requirements of the Bonds, being (i) the interest on the Bonds, and (ii) a sinking fund for their redemption at maturity or a sinking fund of two percent (2%) per annum (whichever amount is greater), when due and payable, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the City most recently approved in accordance with law and the money thus collected shall be deposited as collected to the Interest and Sinking Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Bonds when and as due and payable in accordance with their terms and this Ordinance.

(d) If the lien and provisions of this Ordinance shall be released in a manner permitted by Article XI hereof, then the collection of such ad valorem tax may be suspended or appropriately reduced, as the facts may permit, and further deposits to the Interest and Sinking Fund may be suspended or appropriately reduced, as the facts may permit. In determining the aggregate principal amount of outstanding Bonds, there shall be subtracted the amount of any Bonds that have been duly called for redemption and for which money has been deposited with the Paying Agent/Registrar for such redemption.

Section 2.02 Interest and Sinking Fund.

(a) The City hereby establishes a special fund or account to be designated the "City of Lancaster, Texas, General Obligation Refunding Bonds, Series 2012, Interest and Sinking Fund," or such other designation as is set forth in the Pricing Certificate, for the Bonds, said fund or funds to be maintained at an official depository bank of the City separate and apart from all other funds and accounts of the City.

(b) Money on deposit in or required by this Ordinance to be deposited to the Interest and Sinking Fund shall be used solely for the purpose of paying the interest on and principal of the Bonds when and as due and payable in accordance with their terms and this Ordinance.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01 Authorization.

The City's Bonds, to be designated "City of Lancaster, Texas, General Obligation Refunding Bonds, Series 2012," or such other designation or designations as set forth in the Pricing Certificate, are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including specifically Chapter 1207, Texas Government Code, as amended, and Article VIII of the Charter of the City. The Bonds shall be issued in the number of series and aggregate principal amount designated in the Pricing Certificate, such amount not to exceed \$14,500,000, for the purpose of providing funds for refunding the Refunded Obligations and paying the costs of issuing the Bonds.

Section 3.02 Date, Denomination, Maturities and Interest.

(a) The Bonds shall be dated the date set forth in the Pricing Certificate. The Bonds shall be in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof, and shall be numbered separately from one upward, except the Initial Bond, which shall be numbered T-1.

(b) The Bonds shall mature on February 15 in the years and in the principal amounts set forth in the Pricing Certificate provided that the maximum maturity for the Bonds shall not exceed the number of years set forth in Exhibit B.

(c) Interest shall accrue and be paid on each Bond respectively until its maturity or prior redemption, from the later of the date set forth in the Pricing Certificate or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective maturity specified in the Pricing Certificate. Such interest shall be payable on each Interest Payment Date until maturity or prior redemption. Interest on the Bonds shall be calculated on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each.

Section 3.03 Medium, Method and Place of Payment.

(a) The principal of and interest on the Bonds shall be paid in lawful money of the United States of America.

(b) Interest on the Bonds shall be payable to each Owner as shown in the Register at the close of business on the Record Date; provided, however, in the event of nonpayment of interest on a scheduled Interest Payment Date and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") shall be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be fifteen (15) days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by first-class

United States mail, postage prepaid, to the address of each Owner of a Bond appearing on the Register at the close of business on the last business day next preceding the date of mailing of such notice.

(c) Interest shall be paid by check, dated as of the Interest Payment Date, and sent by the Paying Agent/Registrar to each Owner by United States mail, first class postage prepaid, to the address of each Owner as it appears in the Register, or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement. At the option of an Owner of at least \$1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar.

(d) The principal of each Bond shall be paid to the Owner thereof on the due date (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

(f) Unclaimed Payments shall be segregated in a special escrow account and held in trust, uninvested by the Paying Agent/Registrar, for the accounts of the Owners of the Bonds to which the Unclaimed Payments pertain. Subject to Title 6 of the Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains three years after the retirement of all outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, neither the City, the Paying Agent/Registrar nor any other person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed monies or on account of any such Bonds, subject to Title 6 of the Texas Property Code.

Section 3.04 Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the City by the Mayor and the City Secretary, by their manual 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) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall 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 Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his duly authorized agent, which Certificate shall be evidence that the Bond has been duly approved by the Attorney General of the State of Texas, that it is a valid and binding obligation of the City and that it has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing Date, one Initial Bond of each series representing the entire principal amount of all the Bonds of such series and the terms set forth in the Pricing Certificate, payable in stated installments to the Representative, or its designee, executed by the Mayor and City Secretary of the City by their manual or facsimile signatures, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Representative or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver a single registered, definitive Bond for each maturity, in the aggregate principal amount thereof, to DTC on behalf of the Underwriters.

Section 3.05 Ownership.

(a) 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 as provided herein (except interest shall be paid to the person in whose name such Bond is registered on the Record Date or Special Record Date, as applicable), 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.

(b) All payments made to the Owner of a Bond 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.

Section 3.06 Registration, Transfer and Exchange.

(a) So long as any Bonds remain outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a register (the "Register") in which, 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 this Ordinance.

(b) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000 and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) Each exchange Bond delivered by the Paying Agent/ Registrar in accordance with this Section shall constitute an original contractual obligation of the City and 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 exchange Bond is delivered.

(e) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for any different denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond.

(f) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond called for redemption, in whole or in part, where such redemption is scheduled to occur within forty five (45) calendar days after the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

Section 3.07 Cancellation.

All Bonds paid or redeemed before scheduled maturity in accordance with this Ordinance, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Ordinance, shall be cancelled and proper records shall be made regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall then return such cancelled Bonds to the City or may in accordance with law destroy such cancelled Bonds and periodically furnish the City with certificates of destruction of such Bonds.

Section 3.08 Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and

other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Ordinance.

(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and shall authenticate and deliver in exchange therefor Bonds of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.09 Replacement Bonds.

(a) 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 tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, 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 authenticate and deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first:

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

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

(iii) pays 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 is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the City and the Paying Agent/Registrar.

(c) 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.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and 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 Book-Entry Only System.

Notwithstanding any other provision hereof, upon initial issuance of the Bonds, the ownership of the Bonds shall be registered in the name of Cede & Co., as nominee of DTC. The definitive Bonds shall be initially issued in the form of a single separate fully registered certificate for each of the maturities thereof.

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 a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, 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 a bondholder, as shown in the Register of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of and interest on such 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 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 payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a 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., the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

The Representation Letter previously executed and delivered by the City, and applicable to the City's obligations delivered in book-entry-only form to DTC as securities depository is hereby ratified and approved for the Bonds.

Section 3.11 Successor Securities Depository; Transfer Outside Book-entry Only System.

In the event that the City or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter of the City to DTC, or in the event DTC discontinues the services described herein, the City or the Paying Agent/Registrar 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 of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the 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 bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

Section 3.12 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 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 Representation Letter.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01 Limitation on Redemption.

The Bonds shall be subject to redemption before scheduled maturity only as provided in this Article IV.

Section 4.02 Optional Redemption.

(a) The City reserves the option to redeem Bonds in the manner provided in the Form of Bond set forth in Section 6.02 of this Ordinance with such changes as are required by the Pricing Certificate.

(b) If less than all of the Bonds are to be redeemed pursuant to an optional redemption, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

(c) The City, at least forty-five (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 date and of the principal amount of Bonds to be redeemed.

Section 4.03 Mandatory Sinking Fund Redemption.

(a) Bonds designated as "Term Bonds," if any, in the Pricing Certificate 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 Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth in the Pricing Certificate.

(b) At least forty-five (45) days 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 4.05.

The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.03 shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least forty-five (45) days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.04 Partial Redemption.

(a) A portion of a single Bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Bond is to be partially redeemed, the Paying Agent/Registrar shall treat each \$5,000 portion of the Bond as though it were a single Bond for purposes of selection for redemption.

(b) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Ordinance, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

(c) The Paying Agent/Registrar shall promptly notify the City in writing of the principal amount to be redeemed of any Bond as to which only a portion thereof is to be redeemed.

Section 4.05 Notice of Redemption to Owners.

(a) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by United States mail, first class postage prepaid, not less than thirty (30) days

before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register at the close of business on the business day next preceding the date of mailing such notice.

(b) The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed.

(c) The City reserves the right to give notice of its election or direction to redeem Bonds under Section 4.02 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, and the rescission shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

(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.

Section 4.06 Payment Upon Redemption.

(a) Before or on each redemption date, the City shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust such amounts as are received by the Paying Agent/Registrar from the City and shall use such funds solely for the purpose of paying the principal of and accrued interest on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of and accrued interest on such Bond to the date of redemption from the money set aside for such purpose.

Section 4.07 Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 4.05 of this Ordinance and subject to any conditions or rights reserved by the City under Section 4.05(c), the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the City defaults in its obligation to make provision for the payment of the principal thereof, or accrued interest thereon, such Bonds or portions thereof shall cease to

bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

(b) If the City shall fail to make provision for payment of all sums due on a redemption date, then any Bond or portion thereof called for redemption shall continue to bear interest at the rate stated on the Bond until due provision is made for the payment of same by the City.

Section 4.08 Lapse of Payment.

Money set aside for the redemption of Bonds and remaining unclaimed by the Owners of such Bonds shall be subject to the provisions of Section 3.03(f) hereof.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01 Appointment of Initial Paying Agent/Registrar.

The Bank of New York Mellon Trust Company, National Association, is hereby appointed as the initial Paying Agent/Registrar for the Bonds.

Section 5.02 Qualifications.

Each Paying Agent/Registrar shall be a commercial bank, a trust company organized under the laws of the State of Texas, or any 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 5.03 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 5.02 of this Ordinance. The Mayor is hereby authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the City and the Paying Agent/Registrar. The signature of the Mayor shall be attested by the City Secretary of the City. The form of the Paying Agent/Registrar Agreement presented at this meeting is hereby approved with such changes as may be approved by bond counsel to the City.

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

Section 5.04 Termination.

The City, upon not less than sixty (60) days notice, reserves the right to terminate the appointment of any Paying Agent/ Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination.

Section 5.05 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 United States mail, first class postage prepaid, at the address in the Register thereof, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 5.06 Agreement to Perform Duties and Functions.

By accepting the appointment as Paying Agent/Registrar and executing the Paying Agent/Registrar Agreement, 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 5.07 Delivery of Records to Successor.

If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, 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.

ARTICLE VI

FORM OF THE BONDS

Section 6.01 Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Bonds, (i) shall be generally in the form set forth in this Article, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and the Pricing Certificate, 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 reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The definitive Bonds shall be typewritten, photocopied, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 6.02 Form of the Bonds.

The form of the Bond, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Bonds, shall be generally as follows, provided, however, that the substantially final form of the Bonds shall be set forth in or attached to the Pricing Certificate and shall incorporate and reflect the final terms of the Bonds set forth in the Pricing Certificate:

(a) Form of Bond.

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas
County of Lubbock
CITY OF LANCASTER, TEXAS
GENERAL OBLIGATION REFUNDING BOND
SERIES 2012

INTEREST RATE: _____% MATURITY DATE: _____, _____ BOND DATE: _____, _____¹ CUSIP NUMBER: _____

The City of Lancaster (the "City"), in the County of Dallas, State of Texas, for value received, hereby promises to pay to

or registered assigns, on the Maturity Date specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the Bond Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing _____². All capitalized terms used herein but not defined shall have the meaning assigned to them in the Ordinance (defined below).

¹ Information to be inserted from Pricing Certificate.

² Information to be inserted from Pricing Certificate.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the "Designated Payment/Transfer Office") of The Bank of New York Mellon Trust Company, National Association, as Paying Agent/Registrar or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office thereof. Interest on this Bond is payable by check dated as of the interest payment date, and will be mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the registered owner; provided, however, such registered owner shall bear all risk and expense of such other banking arrangement. At the option of an Owner of at least \$1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of interest on a scheduled payment date and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by first-class United States mail, postage prepaid, to the address of each owner of a Bond appearing in the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

This Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$_____³ (herein referred to as the "Bonds"), issued pursuant to a certain ordinance of the City (the "Ordinance") for the purpose of providing funds with which to refund certain outstanding obligations of the City, and to pay the costs of issuing the Bonds.

[The City has reserved the option to redeem the Bonds maturing on or after February 15, 20__ before their respective scheduled maturities in whole or in part in integral multiples of \$5,000 on _____, _____, or on any date thereafter, at a redemption price of par, plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the City shall determine the maturity or maturities and the amounts thereof to be

³ Information to be inserted from Pricing Certificate.

redeemed and shall direct the Paying Agent/Registrar to call by lot or other customary method that results in a random selection of the Bonds, or portions thereof, within such maturity or maturities and in such principal amounts, for redemption.]⁴

[Bonds maturing on February 15 in each of the years ____ through ____, inclusive (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:

<u>Redemption Date</u>	<u>Principal Amount</u>
------------------------	-------------------------

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 Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, 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.

Notice of such redemption or redemptions shall be given by first class mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the registered owner of each of the Bonds to be redeemed in whole or in part. In the Ordinance, 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 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, and the rescission shall not constitute an event of default. Further, in the case of a conditional

⁴ Insert optional redemption provisions, if any, and revise as necessary to conform to the Pricing Certificate.

redemption, the failure of the City to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.]⁵

As provided in the Ordinance, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; thereupon, one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within forty five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Paying Agent/Registrar shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that ad valorem taxes upon all taxable property in the City have been levied for and pledged to the payment of the debt service requirements of the Bonds, within the limit prescribed by law; and that the total indebtedness of the City, including the Bonds, does not exceed any constitutional or statutory limitation.

⁵ Insert mandatory sinking fund redemption provisions, if any, and conform as necessary to the Pricing Certificate.

IN WITNESS WHEREOF, the City has caused this Bond to be executed by the manual or facsimile signature of the Mayor of the City and countersigned by 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.

Mayor, City of Lancaster, Texas

City Secretary,
City of Lancaster, Texas

[SEAL]

(b) Form of Comptroller's Registration Certificate.

The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such certificate on the Initial Bond is fully executed.

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

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the City of Lancaster, Texas, and that this Bond has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, _____.

[SEAL]

Comptroller of Public Accounts
of the State of Texas

(c) Form of Certificate of Paying Agent/Registrar. The following Certificate of Paying Agent/Registrar may be deleted from the Initial Bond if the Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Bond of this series of Bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Bonds referred to in the within mentioned Ordinance.

The Bank of New York Mellon Trust Company,
National Association, as Paying Agent/Registrar

Dated: _____

By: _____
Authorized Signatory

(d) 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 Paying Agent/Registrar.

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this Section, 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

(ii) in the first paragraph of the Bond, the words “on the Maturity Date specified above” shall be deleted and the following will be inserted: “on February 15 in each of the years, in the principal installments and bearing interest at the per annum rates in accordance with the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rate</u>
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(Information to be inserted from the Pricing Certificate pursuant to Section 3.02 of this Ordinance)

Section 6.03 CUSIP Registration.

The City may secure identification numbers through CUSIP Global Services, managed on behalf of the American Bankers Association by Standard & Poor’s Financial Services LLC, 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 shall be of no significance or effect as regards the legality thereof and neither the City nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 6.04 Legal Opinion.

The approving legal opinion of West & Associates, L.L. P., Bond Counsel and Andrews Kurth LLP, Special Tax Counsel, may be attached to or printed on the reverse side of each Bond over the certification of the City Secretary of the City, which may be executed in facsimile.

Section 6.05 Statement of Insurance.

A statement relating to a municipal bond insurance policy, if any, to be issued for the Bonds may be printed on or attached to each Bond.

ARTICLE VII

SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS

Section 7.01 Sale of Bonds; Official Statement.

(a) The Bonds shall be sold at negotiated sale to the Underwriters in accordance with the terms of this Ordinance, including this Section 7.01(a) and Exhibit B hereto, provided that all of the conditions set forth in Exhibit B can be satisfied. As authorized by Chapter 1207, the Authorized Officer is authorized to act on behalf of the City upon determining that the conditions set forth in Exhibit B can be satisfied, in selling and delivering the Bonds and carrying out the other procedures specified in this Ordinance, including determining whether to acquire bond insurance for the Bonds, the aggregate principal amount of the Bonds and price at which each of the Bonds will be sold, the aggregate principal amount of the Refunded Obligations and their redemption dates, the number and designation of series of Bonds to be issued, the form in which the Bonds shall be issued, the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, the first

interest payment date, the initial date from which interest will accrue, the dates, prices and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the City and shall be subject to mandatory sinking fund redemption, and all other matters relating to the issuance, sale and delivery of the Bonds and the refunding of the Refunded Obligations, all of which shall be specified in the Pricing Certificate.

The authority granted to the Authorized Officer under this Section 7.01(a) shall expire at 10:00 p.m., on the 180th day following the date of this Ordinance (the "Expiration Date"), unless otherwise extended by the City Council by separate action. Bonds sold pursuant to a Bond Purchase Contract executed on or before the Expiration Date may be delivered after such date.

Any finding or determination made by the Authorized Officer relating to the issuance and sale of the Bonds and the execution of the Bond Purchase Contract in connection therewith shall have the same force and effect as a finding or determination made by the City Council.

(b) The Authorized Officer is hereby authorized and directed to execute and deliver, and the City Secretary is hereby authorized and directed to attest, a bond purchase contract (the "Bond Purchase Contract") which shall be in the form approved by the Authorized Officer. Upon completion of the terms of the Bond Purchase Contract in accordance with the terms of the Pricing Certificate and this Ordinance, the Authorized Officer is authorized and directed to execute such Bond Purchase Contract on behalf of the City and the Authorized Officer and all other officers, agents and representatives of the City are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds. The Bonds shall initially be registered in the name of the Representative.

(c) The form and substance of the Preliminary Official Statement and any addenda, supplement or amendment thereto, with such appropriate variations as shall be approved by the Authorized Officer, are hereby in all respects approved and adopted and is hereby deemed final as of its date within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The Authorized Officer and City Secretary are hereby authorized and directed to cause to be prepared a final Official Statement (the "Official Statement") incorporating applicable pricing information pertaining to the Bonds, and to execute the same by manual or facsimile signature and deliver appropriate numbers of executed copies thereof to the Underwriters. The Official Statement as thus approved, executed and delivered, with such appropriate variations as shall be approved by the Authorized Officer and the Underwriters, may be used by the Underwriters in the public offering and sale thereof. The City Secretary is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Official Statement, and the preliminary public offering of the Bonds by the Underwriters, is hereby approved and confirmed.

(d) 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 including, without limitation, the Bond Purchase Contract.

(e) The obligation of the Underwriters identified in subsection (a) of this Section to accept delivery of the Bonds is subject to the Underwriters being furnished with the final, approving opinion of West & Associates, L.L.P., bond counsel for the City and Andrews Kurth LLP, special tax counsel for the City, which opinions shall be dated and delivered on the Closing Date.

Section 7.02 Control and Delivery of Bonds.

(a) The Authorized Officer of the City 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 Underwriters thereof under and subject to the general supervision and direction of the Authorized Officer, against receipt by the City of all amounts due to the City under the terms of sale.

(c) In the event the Mayor or City Secretary is absent or otherwise unable to execute any document or take any action authorized herein, the Mayor Pro Tem and the Assistant City Secretary, respectively, shall be authorized to execute such documents and take such actions, and the performance of such duties by the Mayor Pro Tem and the Assistant City Secretary shall for the purposes of this Ordinance have the same force and effect as if such duties were performed by the Mayor and City Secretary, respectively.

Section 7.03 Deposit of Proceeds.

(a) First: All amounts, if any, received on the Closing Date as accrued interest on the Bonds from the Bond Date to the Closing Date shall be deposited to the Interest and Sinking Fund.

(b) Second, a portion of the proceeds from the sale of the Bonds, funds transferred from the interest and sinking funds for the Refunded Obligations, and other funds of the City, if any, as set forth in the Pricing Certificate shall be applied to establish an Escrow Fund to refund the Refunded Obligations and, to the extent not otherwise provided for, to pay all expenses arising in connection with the establishment of such Escrow Fund and the refunding of the Refunded Obligations.

(c) Third: The remaining balance received on the Closing Date shall be deposited to a special account of the City and used to pay the costs of issuance of the Bonds.

ARTICLE VIII

INVESTMENTS

Section 8.01 Investments.

(a) Money in the Interest and Sinking Fund created by this Ordinance and the account provided for in Section 7.03(c), at the City's option, may be invested in such securities or obligations as permitted under applicable law. The City's Finance Director, and any other officer of the City authorized to make investments on behalf of the City, are hereby authorized and directed to execute and deliver, on behalf of the City, any and all investment agreements, guaranteed investment contracts or repurchase agreements in connection with the investment of moneys on deposit in the Interest and Sinking Fund and the account provided for in Section 7.03(c), but only to the extent such investment agreements, guaranteed investment contracts or repurchase agreements are authorized investments under applicable law.

(b) Any securities or obligations in which money in the Interest and Sinking Fund is so invested shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the fund from which the investment was made.

Section 8.02 Investment Income.

(a) Interest and income derived from investment of the Interest and Sinking Fund shall be credited to such fund.

(b) Upon payment of the cost of issuance associated with the Bonds, any amount that remains in the fund or account set forth in Section 7.03(c) shall be transferred to the credit of the Interest and Sinking Fund and segregated in a special escrow account. The money in such special escrow account shall be used for the payment of principal, premium, if any, and interest on the Bonds, on the respective due dates thereof or dates as of which Bonds have been called for redemption.

(c) The investment and application of money in the Escrow Fund shall be in accordance with the provisions of the Escrow Agreement.

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01 Payment of the Bonds.

On or before each Interest Payment Date for the Bonds and while any of the Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such interest on and principal of the Bonds as will accrue or mature on the applicable Interest Payment Date, maturity date or date of prior redemption.

Section 9.02 Other Representations and Covenants.

(a) The City will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance and in each Bond; the City will promptly pay or cause to be paid the principal of and interest on each Bond on the dates and at the places and manner prescribed in such Bond; and the City will, at the times and in the manner prescribed by this Ordinance, deposit or cause to be deposited the amounts of money specified by this Ordinance.

(b) The City is duly authorized under the laws of the State of Texas to issue the Bonds; all action on its part for the creation and issuance of the Bonds has been duly and effectively taken; and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the City in accordance with their terms.

Section 9.03 Federal Income Tax Exclusion.

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

- (a) The City shall not use, permit the use of or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City shall have received a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.
- (b) Except as permitted by Section 141 of the Code and the regulations and rulings thereunder, the City shall, at all times prior to the last stated maturity of the Bonds,
 - (1) exclusively own, operate, and possess all property the acquisition, construction, or improvement of which is to be financed directly or indirectly with Gross

Proceeds of such series of the Bonds (including property financed with Gross Proceeds of the Refunded Obligations or notes or bonds refunded by the Refunded Obligations and not use or permit the use of such Gross Proceeds or any property acquired, constructed, or improved with such Gross Proceeds in any activity carried on by any person or entity other than a state or local government, unless such use is solely as a member of the general public, or

(2) not directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds of such series of the Bonds or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Refunded Obligations or notes or bonds refunded by the Refunded Obligations other than taxes of general application and interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

- (c) Except to the extent permitted by Section 141 of the Code and the regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, Gross Proceeds are considered to be “loaned” to a person or entity if (1) property acquired, constructed or improved with Gross Proceeds (including property financed with Gross Proceeds of the Refunded Obligations or notes or bonds refunded by the Refunded Obligations) is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes, (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output, or similar contract or arrangement, or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or such property are otherwise transferred in a transaction which is the economic equivalent of a loan.
- (d) Except to the extent permitted by Section 148 of the Code and the regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the final stated maturity or final payment of the Refunded Obligations, directly or indirectly invest Gross Proceeds of such Bonds in any Investment (or use such Gross Proceeds to replace money so invested), if as a result of such investment the Yield of all Investments allocated to such Gross Proceeds whether then held or previously disposed of, exceeds the Yield on the Refunded Obligations.
- (e) Based on all of the facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered, the City reasonably expects that the proceeds of the Bonds and the Refunded Obligations (to the extent any of such proceeds remain unexpended) will not be used in a manner that would cause the Bonds or the Refunded Obligations or any portion thereof to be “arbitrage bonds” within the meaning of Section 148 of the Code.
- (f) At all times while the Bonds are outstanding, the City will identify and properly account for all amounts constituting gross proceeds of the Bonds in accordance with the Regulations. The City will monitor the yield on the investments of the

proceeds of the Bonds and, to the extent required by the Code and the Regulations, will restrict the yield on such investments to a yield which is not materially higher than the yield on the Bonds. To the extent necessary to prevent the Bonds from constituting "arbitrage bonds," the City will make such payments as are necessary to cause the yield on all yield restricted nonpurpose investments allocable to the Bonds to be less than the yield that is materially higher than the yield on the Bonds.

- (g) The City will not take any action or knowingly omit to take any action, if taken or omitted, would cause the Bonds to be treated as "federally guaranteed" obligations for purposes of Section 149(b) of the Code.
- (h) The City represents that not more than fifty percent (50%) of the proceeds of any new money portion of the Bonds or any new money issue refunded by, the Refunded Bonds was invested in nonpurpose investments (as defined in Section 148(f)(b)(A) of the Code) having a substantially guaranteed yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the City reasonably expected at the time each issue of the Refunded Bonds was issued that at least eighty-five percent (85%) of the spendable proceeds of the Bonds or the Refunded Bonds would be used to carry out the governmental purpose of such Bonds within the corresponding three-year period beginning on the respective dates of the Bonds or the Refunded Bonds.
- (i) The City will take all necessary steps to comply with the requirement that certain amounts earned by the City on the investment of the gross proceeds of the Bonds, if any, be rebated to the federal government. Specifically, the City will (i) maintain records regarding the receipt, investment and expenditure of the gross proceeds of the Bonds as may be required to calculate such excess arbitrage profits separately from records of amounts on deposit in the funds and accounts of the City allocable to other obligations of the City or moneys which do not represent gross proceeds of any obligations of the City and retain such records for at least six years after the day on which the last outstanding Bond is discharged, (ii) account for all gross proceeds under a reasonable, consistently applied method of accounting, not employed as an artifice or device to avoid, in whole or in part, the requirements of Section 148 of the Code, including any specified method of accounting required by applicable Regulations to be used for all or a portion of the gross proceeds, (iii) calculate, at such times as are required by applicable Regulations, the amount of excess arbitrage profits, if any, earned from the investment of the gross proceeds of the Bonds and (iv) timely pay, as required by applicable Regulations, all amounts required to be rebated to the federal government. In addition, the City will exercise reasonable diligence to assure that no errors are made in the calculations required by the preceding sentence and, if such an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter, including payment to the federal government of any delinquent amounts owed to it, including interest thereon and penalty.

- (j) 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 smaller profit or a larger loss than would have resulted if such arrangement had been at arm's length and had the yield on the issue not been relevant to either party.
- (k) The City will timely file or cause to be filed with the Secretary of the Treasury of the United States the information required by Section 149(e) of the Code with respect to the Bonds on such form and in such place as the Secretary may prescribe.
- (l) The City will not issue or use the Bonds as part of an "abusive arbitrage device" (as defined in Section 1.148-10(a) of the Regulations). Without limiting the foregoing, the Bonds are not and will not be a part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code and the Regulations, by (i) enabling the City to exploit the difference between tax exempt and taxable interest rates to gain a material financial advantage, or (ii) increasing the burden on the market for tax-exempt obligations.
- (m) Proper officers of the City charged with the responsibility for issuing the Bonds are hereby directed to make, execute and deliver certifications as to facts, estimates or circumstances in existence as of the Issue Date and stating whether there are facts, estimates or circumstances that would materially change the City's expectations. On or after the Issue Date, the City will take such actions as are necessary and appropriate to assure the continuous accuracy of the representations contained in such certificates.
- (n) The covenants and representations made or required by this Section are for the benefit of the Bond holders and any subsequent Bond holder, and may be relied upon by the Bond holder and any subsequent Bond holder and bond counsel to the City.

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

Notwithstanding any other provision of this Ordinance, the City's representations and obligations under the covenants and provisions of this Section 7.5 shall survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion of interest on the Bonds from the gross income of the owners for federal income tax purposes.

ARTICLE X

DEFAULT AND REMEDIES

Section 10.01 Events of Default.

Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the City, which default materially and adversely affects the rights of the Owners, including but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any Owner to the City.

Section 10.02 Remedies for Default.

(a) Upon the happening of any Event of Default, then any Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Owners of Bonds then outstanding.

Section 10.03 Remedies Not Exclusive.

(a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

ARTICLE XI

DISCHARGE

Section 11.01 Discharge.

The Bonds may be defeased, discharged or refunded in any manner permitted by applicable law.

ARTICLE XII

CONTINUING DISCLOSURE UNDERTAKING

Section 12.01 Annual Reports.

(a) The City shall provide annually to the MSRB, within six (6) months after the end of each fiscal year, financial information and operating data with respect to the City of the general type included in the final Official Statement, being the information described in Exhibit A hereto. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit A hereto, 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 and (iii) submitted through EMMA, in an electronic format with accompany identifying information, as prescribed by the MSRB. If the audit of such financial statements is not complete within such period, then the City shall provide notice that audited financial statements are not available and shall provide unaudited financial statements for the applicable fiscal year to the MSRB. The City shall provide audited financial statements for the applicable fiscal year to the MSRB, when and if audited financial statements become 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 referenced 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 12.02 Event Notices.

(a) The City shall notify the MSRB, in a timely manner (not in excess of ten (10) business days after the occurrence of an event), of any of the following events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) nonpayment 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 Owners, if material;
- (viii) redemption 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;
- (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; and
- (xiv) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

The City will provide notice of such events to the MSRB in an electronic format and accompanied by identifying information, as prescribed by the MSRB.

(b) As used in clause (xii) above, the phrase “bankruptcy, insolvency, receivership or similar event” means 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 of governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving the City Council and official or officers of the City 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.

(c) The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 12.01 of this Ordinance by the time required by such Section.

Section 12.03 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. 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 12.01 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in type of financial information or operating data so provided.

ARTICLE XIII

AMENDMENTS; ATTORNEY GENERAL MODIFICATION

Section 13.01 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 and receipt of a counsel's opinion that such amendment, addition or rescission of any provisions of the Ordinance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds, 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 (i) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price, 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, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds required to be held by Owners for consent to any such amendment, addition, or rescission.

Section 13.02 Attorney General Modification.

In order to obtain the approval of the Bonds by the Attorney General of the State of Texas, any provision of this Ordinance may be modified, altered or amended after the date of its adoption if required by the Attorney General in connection with the Attorney General's examination as to the legality of the Bonds and approval thereof in accordance with the applicable law. Such changes, if any, shall be provided to the City Secretary and the City Secretary shall insert such changes into this Ordinance as if approved on the date hereof.

ARTICLE XIV

REDEMPTION OF REFUNDED OBLIGATIONS; APPROVAL OF ESCROW AGREEMENT; PURCHASE OF ESCROWED SECURITIES

Section 14.01 Redemption of Refunded Obligations.

(a) The City hereby calls the Refunded Obligations for redemption prior to maturity on the dates and at the prices set forth in the Pricing Certificate.

(b) The Finance Director is hereby authorized and directed to cause a copy of this Ordinance to be delivered to each paying agent/registrars for the Refunded Obligations, the delivery of which shall constitute notice of redemption and notice of defeasance to such paying agent/registrars.

Section 14.02 Escrow Securities.

The Mayor and the Authorized Officer, either or both, are hereby authorized to make necessary arrangements for the purchase of the Escrow Securities referenced in the Escrow Agreement, as may be necessary for the Escrow Fund and the application for the acquisition of the Escrow Securities is hereby approved and ratified. Following the deposits to the Escrow Fund as specified herein and in the Pricing Certificate, the Refunded Obligations shall be payable solely from and secured by such deposits.

Section 14.03 Arrangements for Defeasance of Refunded Obligations.

The Authorized Officer may execute and deliver an escrow agreement, a deposit agreement or a similar agreement (each an "Escrow Agreement") or a letter of instructions or any other instrument relating to the safekeeping, investment, administration and disposition of moneys deposited to effect the defeasance of the Refunded Obligations in such form and subject to such terms and conditions as the Authorized Officer determines may be necessary or convenient to carry out the intent and purpose of this Ordinance.

Section 14.04 Notice of Redemption.

Each paying agent/registrars for the Refunded Obligations is hereby authorized and directed to give notice of redemption and deposit with respect to the Refunded Obligations as required under the ordinance pursuant to which the Refunded Obligations were issued.

ARTICLE XV

EFFECTIVE IMMEDIATELY

Section 15.01 Effective Immediately.

Notwithstanding the provisions of the City Charter, this Ordinance shall become effective immediately upon its adoption at this meeting pursuant to Section 1201.028, Texas Government Code.

PRESENTED, FINALLY PASSED AND APPROVED, AND EFFECTIVE on the 26th day of March, 2012, at a regular meeting of the City Council of the City of Lancaster, Texas.

Marcus E. Knight, Mayor

ATTEST:

Dolle K. Downe, City Secretary

[SEAL]

SCHEDULE I
REFUNDED OBLIGATION CANDIDATES

All outstanding callable maturities of the following obligations of the City:

Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 1995

General Obligation Refunding Bonds, Series 2002

Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2003

General Obligation Refunding and Improvement Bonds, Series 2007

Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2007

General Obligation Bonds, Taxable Series 2010A (Build America Bonds – Direct Payment)

Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Taxable Series 2010A (Build America Bonds – Direct Payment)

Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2011

EXHIBIT A

DESCRIPTION OF ANNUAL DISCLOSURE OF FINANCIAL INFORMATION

The following information is referred to in Article XII of this Ordinance.

Annual Financial Statements and Operating Data

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

1. The portions of the financial statements of the City appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.
2. Statistical and financial data set forth in the Official Statement in Tables 1-6, Tables 8-14, Table 15 (under the caption "FINANCIAL INFORMATION: CURRENT INVESTMENTS"), and "APPENDIX A - GENERAL INFORMATION REGARDING THE CITY".

Accounting Principles

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

EXHIBIT B

SALE PARAMETERS

In accordance with Section 7.01(a) of the Ordinance, the following conditions with respect to the Bonds must be satisfied in order for the Authorized Officer to act on behalf of the City in selling and delivering the Bonds to the Underwriters:

- (a) the Bonds shall not bear a maximum true interest cost greater than 3.50%.
- (b) the aggregate principal amount of the Bonds shall produce proceeds in an amount sufficient to fund the purposes described in Section 3.01 and such aggregate principal amount shall not exceed the maximum amount authorized in Section 3.01;
- (c) the refunding of the Refunded Obligations shall result in a minimum savings threshold of 4% present value savings;
- (d) the maximum maturity for the Bonds shall not exceed February 15, 2024; and
- (e) the authority granted to the Authorized Officer shall expire at 10:00 p.m. on the 180th day following the date of this Ordinance.