1111 Bayou Road
La Marque, Texas
409-938-9202

Mayor Bobby Hocking
Mayor Pro- Tem Keith Bell- District A ***Councilmember Robert Michetich- District C***
Councilmember Chris Lane- District B ***Councilmember Casey Mc Auliffe- District D***

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OFFICIALLY POSTED ON THE WEB:
DATE: 7.14.17 TIME: 12:00 p.m.

CITY OF LA MARQUE SPECIAL CALLED CITY COUNCIL AGENDA of July 17, 2017

Notice is hereby given that the City Council of the City of La Marque, Texas will conduct a Public Hearing and Special Called Meeting on Monday, July 17, 2017, beginning at 6:00 p.m. at 1109-B Bayou Road for the purpose of considering the following agenda**:**

(1) CALL MEETING TO ORDER

(2) ROLL CALL

(3) INVOCATION AND PLEDGE OF ALLEGIANCE

(4) PRESENTATION

a. Status Report- Wastewater Treatment Plant

(5) PUBLIC HEARING

a. Conduct a Public Hearing to receive public input regarding Ordinance **No. O-2017-0012**, authorizing the issuance of the City of La Marque, Texas General Obligation Refunding Bonds, Series 2017 in accordance with specified parameters; levying a tax in payment thereof; and enacting other provisions relating thereto **THIS IS THE FIRST AND FINAL READING (as per Texas Government Code 1201.028)**

(6) NEW BUSINESS

a. Discussion/possible action regarding Ordinance **No. O-2017-0012**, authorizing the issuance of the City of La Marque, Texas General Obligation Refunding Bonds, Series 2017 in accordance with specified parameters; levying a tax in payment thereof; and enacting other provisions relating thereto **THIS IS THE FIRST AND FINAL READING (as per Texas Government Code 1201.028)**

b. Discussion/possible action regarding authorizing the City Manager to negotiate a contract with Siemens Industries to supply, install, and manage an AMI (Advanced Metering Infrastructure) system as Phase II of the Energy Performance Contract Project to be presented to City Council at a future date for approval – City Manager C. Buttler

c. Discussion/possible action regarding approval to transfer funds from General Fund/Public Services Department (12) to Parks Fund in the amount of $11,148.00 – City Manager C. Buttler

d. Presentation/Discussion/possible action regarding adopting a formal Compensation Plan for Non-Collective Bargaining employees (excluding Telecommunicators) effective October 1, 2017 – Finance Director S. Kou

e. City Manager to present the Proposed FY 2017-2018 Budget of the City of La Marque.

(7) EXECUTIVE SESSION

Pursuant to the Open Meetings Act, Chapter 551, Texas Local Government Code, Section 551.071; Section 551.072; Section 551.073; Section 551.074; Section 551.076; Section 551.078, or Section 551.074, the following closed Meeting Executive Session will be held to discuss the following:

a. Local Government Code Section: 551.074 (Personnel Matters) - Discuss Requests for Qualifications for legal counsel for Municipal Prosecutorial Legal Services for the City of La Marque

(8) ACTION TAKEN FROM EXECUTIVE SESSION

a. Discussion/possible action regarding authorizing the City Manager to negotiate a contract with legal counsel for Municipal Prosecutorial Legal Services and present to City Council for approval by resolution at a future City Council meeting – City Manager C. Buttler

(9) ADJOURNMENT

CERTIFICATION:

I hereby certify that the above notice of meeting was posted at 1109-B Bayou Road, La Marque, Texas on or before July 14, 2017, before 5:30 p.m.

____

Robin Eldridge, TRMC
City Clerk

This facility is wheelchair accessible and accessible parking spaces are available. Request for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Clerk's office at (409) 938-9259, or Fax (409) 935-0401, or e-mail cityclerk@cityoflamarque.org for further information.

CITY COUNCIL AGENDA FORM

Meeting Date: 7/17/17 Agenda item: **5&6a**

Prepared by: Suzy Kou Reviewed by: Carol Buttler

Department: Finance

AGENDA ITEM DESCRIPTION: Discussion/possible action regarding Ordinance No. **O-2017-0012,** authorizing the issuance of the City of La Marque, Texas General Obligation Refunding Bonds, Series 2017 in accordance with specified parameters; levying a tax in payment thereof; and enacting other provisions relating thereto

THIS IS THE FIRST AND FINAL READING. (per Texas Government Code 1201.028)

X **Attachments for reference**

1. Ordinance
2. Sources and Uses of Funds (Savings Analysis)
3. Time Table
4. 2007 CO Ordinance

STAFF BRIEFING:

- This ordinance authorizes the issuance of refunding bonds for the purpose of achieving debt service savings for the City.
- This ordinance also authorizes the City to proceed with issuance of refunding bonds if certain savings threshold ($230,000) identified in the ordinance are met and to enter into ancillary agreements required to facilitate the payment of the bonds and the redemption of the refunded bonds.

HISTORY:

- **May 14, 2007**- City issued 2007 Certificate of Obligation of $3,750,000

TARGET IMPLEMENTATION: **September 1, 2017**

SIGNIFICANT ACTION DATES:

July 17, 2017- Council considers authorizing issuance of 2017 GO Refunding bonds on Series 2007 CO due for redemption September 1, 2017.

CITY COUNCIL AGENDA FORM

ACTION:

X	Ordinance		Resolution
	Proclamation		Special Presentation
	Finance Report		Public Hearing
	Other		

Cost Details:	
Budgeted	
Actual Bid	
Estimated Expenditure	
Acct. Name	
Line Items #	
Other Funding	

X Check box if there is no conflict with City Charter, ordinances, resolutions, or policies.

STAFF'S RECOMMENDATION: Motion to adopt Ordinance No**. O-2017-0012**, authorizing the issuance of the City of La Marque, Texas General Obligation Refunding Bonds, Series 2017 in accordance with specified parameters; levying a tax in payment thereof; and enacting other provisions relating thereto

FISCAL IMPACT: Savings of no less than threshold of $230,000 established in the ordinance.

ORDINANCE NO. _______

AUTHORIZING THE
ISSUANCE OF

CITY OF LA MARQUE, TEXAS
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2017

Adopted: July [____], 2017

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ORDINANCE NO. _________

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF LA MARQUE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017 IN ACCORDANCE WITH SPECIFIED PARAMETERS; LEVYING A TAX IN PAYMENT THEREOF; AND ENACTING OTHER PROVISIONS RELATING THERETO

THE STATE OF TEXAS §
COUNTY OF GALVESTON §

WHEREAS, there are presently outstanding certain obligations of the City of La Marque, Texas (the "City"), described on Schedule I attached hereto and incorporated herein by reference for all purposes (collectively, the "Refunded Obligation Candidates"); and

WHEREAS, it is intended that all or a portion of the Refunded Obligation Candidates shall be designated as Refunded Obligations (as hereinafter defined) in the Pricing Certificate (as hereinafter defined) and shall be refunded pursuant to this Ordinance and the Pricing Certificate; and

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207") authorizes the City to issue refunding bonds hereinafter authorized (the "Bonds") for the purpose of refunding the Refunded Obligations in advance of their maturities, and to accomplish such refunding by depositing directly with a paying agent for the Refunded Obligations (or other qualified escrow agent), the proceeds of such refunding bonds, together with other available funds or securities, in an amount sufficient to provide for the payment or redemption of the Refunded Obligations, and provides that such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Obligations; and

WHEREAS, upon the issuance of the refunding bonds herein authorized and the deposit of funds referred to above, the Refunded Obligations shall no longer be regarded as being outstanding, except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the ordinances authorizing the issuance of the Refunded Obligations shall be, with respect to the Refunded Obligations, discharged, terminated and defeased; and

WHEREAS, the City hereby finds and determines that the refunding contemplated in this Ordinance is in the best interest of the City and will allow the City to achieve present value debt service savings and that such benefit is sufficient consideration for the refunding of the Refunded Obligations; and

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

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA MARQUE, TEXAS:

ARTICLE I
DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01. Definitions.

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

"Authorized Denomination" means $5,000 or any integral multiple thereof unless otherwise specified in the Pricing Certificate.

"Authorized Officer" means the Mayor or City Manager of the City.

"Bond" means any of the Bonds.

"Bonds" means the City's bonds authorized to be issued by Section 3.01 of this Ordinance.

"Bond Counsel" means Bracewell LLP.

"Business Day" means a day that is not a Saturday, Sunday, legal holiday or other day on which banking institutions in the city where the Designated Payment/Transfer Office is located are required or authorized by law or executive order to close.

"Chapter 1207" means Chapter 1207, Texas Government Code, as amended.

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

"Dated Date" means the date of the Bonds designated in the Pricing Certificate.

"Debt Service" means, collectively, all amounts due and payable with respect to the Bonds representing the principal, premium, if any, and the interest due on the Bonds.

"Debt Service Fund" means the Debt Service Fund established by Section 2.02(a).

"Designated Payment/Transfer Office" means (i) with respect to the initial Paying Agent/Registrar, its corporate trust office or 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.

“Escrow Agent” means the escrow agent designated in the Pricing Certificate, if any.

“Escrow Agreement” means the escrow agreement by and between the City and the Escrow Agent relating to the Refunded Obligations, if any.

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

“Initial Bond” has the meaning set forth in Section 3.04.

“Initial Purchaser” means, if the Bonds are sold pursuant to a competitive sale, the initial purchaser of the Bonds designated in the Pricing Certificate.

“Interest Payment Date” means the date or dates upon which interest on the principal of the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being March 1 and September 1 each year, commencing on March 1, 2018, or such other dates as may be specified in the Pricing Certificate.

“Maturity” means the date on which the principal of the Bonds becomes due and payable according to the terms thereof, whether at Stated Maturity or by proceedings for prior redemption.

“MSRB” means the Municipal Securities Rulemaking Board.

“Notice of Sale” means the notice approved by the Authorized Officer and utilized in the sale of the Bonds, if the Bonds are sold in a competitive sale.

“Ordinance” means this Ordinance.

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

“Paying Agent/Registrar” means the paying agent/registrar designated in the Pricing Certificate.

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

“Pricing Certificate” means a certificate or certificates establishing the terms effectuating the sale of the Bonds to be signed by the Authorized Officer.

“Purchase Contract” means the agreement between the City and the Underwriter pursuant to which the sale of the Bonds is effectuated if the Bonds are sold in a negotiated sale.

"Record Date" means the fifteenth 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.

"Refunded Obligations" mean the obligations of the City designated as such in the Pricing Certificate from the list of Refunded Obligation Candidates described in Schedule I attached hereto.

"Register" means the bond register.

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

"Representations Letter" means the Blanket Letter of Representations between the City and DTC.

"Rule" means Rule 15c2-12, as amended from time to time, adopted by the SEC under the Securities Exchange Act of 1934.

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

"Special Payment Date" means the date that is 15 days after the Special Record Date.

"Special Record Date" means the new record date for interest payment established in the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter.

"State" means the State of Texas.

"Stated Maturity" means the respective stated maturity dates of the Bonds specified in the Pricing Certificate.

"Unclaimed Payments" means money deposited with the Paying Agent/Registrar for the payment of principal, premium, if any, or interest, or money set aside for the payment of Bonds duly called for redemption prior to Stated Maturity and remaining unclaimed by the Owners of such Bonds for 90 days after the applicable payment or redemption date.

"Underwriter" means, if the Bonds are sold pursuant to a negotiated sale, the underwriter or underwriters of the Bonds designated in the Pricing Certificate.

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) Any action required to be taken on a date which is not a Business Day shall be taken on the next succeeding Business Day and have the same effect as if taken on the date so required.

(c) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Ordinance.

(d) Article and section references shall mean references to articles and sections of this Ordinance unless otherwise designated.

ARTICLE II
SECURITY FOR THE BONDS

Section 2.01. Tax Levy.

(a) Pursuant to the authority granted by the Constitution and the laws of the State, there shall be levied and there is hereby levied for the current year and for each succeeding year hereafter while any part of the principal of the Bonds or any interest thereon is outstanding and unpaid, an ad valorem tax on all 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 taxable 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 Debt Service Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Debt Service 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 and to pay related expenses.

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

Section 2.02. Debt Service Fund.

(a) The City hereby establishes a special fund or account to be designated the "City of La Marque, Texas General Obligation Refunding Bonds, Series 2017, Debt Service Fund" (the "Debt Service Fund") said fund 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 Debt Service 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 and associated expenses.

ARTICLE III
AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01. Authorization.

The City's Bonds to be designated "City of La Marque, Texas, General Obligation Refunding Bonds, Series 2017," unless otherwise designated in the Pricing Certificate, are hereby authorized to be issued and delivered in accordance with the Constitution and the laws of the State, specifically Chapter 1207. The Bonds shall be issued in the aggregate principal amount not to exceed $2,750,000 for the purpose of 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 Dated Date, shall be issued in fully registered form, without coupons, in denominations of $5,000 or any integral multiple thereof, and shall be numbered separately from R-1 upward or such other designation acceptable to the City and the Paying Agent/Registrar, except the Initial Bond, which shall be numbered I-1. Bond delivered on transfer of or in exchange for other Bonds shall be numbered in order of the their authentication by the Paying Agent/Registrar, shall be in denominations of $5,000 or any integral multiple thereof, and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

(b) The Bonds shall mature on the same day in each of the years and in the principal amounts, and shall bear interest at the per annum rates, all as set forth in the Pricing Certificate.

(c) Interest shall accrue and be paid on each Bond, respectively, until the principal amount thereof has been paid or provision for such payment has been made, from the later of (i) the Closing Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rate per annum for each respective maturity specified in the Pricing

Certificate. Such interest shall be payable on each Interest Payment Date until Maturity and shall be calculated on the basis of a 360-day year of twelve 30-day months.

Section 3.03. Medium, Method and Place of Payment.

(a) Debt Service shall be paid in lawful money of the United States of America as provided in this Section.

(b) Interest on each Bond shall be paid by check dated as of the Interest Payment Date, sent United States mail, first class postage prepaid, by the Paying Agent/Registrar to each Owner, as shown in the Register at the close of business on the Record Date, at the address of each such Owner as such appears in the Register or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the Owner; provided, however, that such Owner shall bear all risk and expenses of such other customary banking arrangements.

(c) The principal of each Bond shall be paid to the Owner thereof on the due date thereof (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.

(d) If the date for the payment of Debt Service is not a Business Day, the date for such payment shall be the next succeeding Business Day, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in this Section.

(e) In the event of a 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 special 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 United States mail, first class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice.

(f) Unclaimed Payments shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which the Unclaimed Payments pertain. Subject to any applicable escheat, unclaimed property, or similar law, including Title 6 of the Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three (3) 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 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 Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to Title 6, 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 or Mayor Pro Tem and City Clerk, 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 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 on 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 her duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing Date, an initial Bond (the "Initial Bond"), being a single Initial Bond representing the entire principal amount of the Bonds designated in the Pricing Certificate, executed by manual or facsimile signature of the Mayor or Mayor Pro Tem and City Clerk, approved by the Attorney General of the State of Texas, registered and manually signed by the Comptroller of Public Accounts of the State of Texas, and payable in stated installments to the Underwriter or its designee (if the Bonds are sold in a negotiated sale) or the Initial Purchaser or its designee (if the Bonds are sold in a competitive sale), will be delivered to the Underwriter or its designee (if the Bonds are sold in a negotiated sale) or the Initial Purchaser or its designee (if the Bonds are sold in a competitive sale) against payment therefor. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver registered definitive Bonds to DTC in accordance with Section 3.09 hereof. To the extent the Paying Agent/Registrar is eligible to participate in DTC's FAST System, as evidenced by an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

Section 3.05. Ownership.

(a) The City, the Paying Agent/Registrar and any other person may treat the Owner as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof and premium, if any, thereon, for the further purpose of making and receiving payment of the interest thereon (subject to the provisions herein that interest is to be paid to the person in whose name the 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 in accordance with this Section shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.06. <u>Registration, Transfer and Exchange</u>.

(a) So long as any Bonds remain outstanding, the City shall cause the Paying Agent/Registrar to keep at its Designated Payment/Transfer Office 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 to the Paying Agent/Registrar at the Designated Payment/Transfer Office with such endorsement or other instrument of transfer and assignment 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 for a Bond or Bonds of the same maturity and interest rate and in any Authorized Denominations, 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 transferred or exchanged in accordance with this Section.

(d) A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each 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 Bond is delivered.

(e) No service charge shall be made to the Owner for the initial registration, any subsequent transfer, or exchange for a 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 45 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.

Bonds paid or redeemed before Stated 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 upon the making of proper records regarding such payment, exchange or replacement. The Paying Agent/Registrar shall dispose of such cancelled Bonds in accordance with the Securities Exchange Act of 1934, as amended.

Section 3.08. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar at the Designated Payment/Transfer Office 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 complies with the following requirements:

(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 and the City to save them 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 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 3.09. Book-Entry Only System.

(a) To the extent so designated in the Pricing Certificate, the definitive Bonds shall be initially issued in the form of a fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.10 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds, except as provided in this Ordinance. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, of any amount with respect to Debt Service. 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 Bonds for the purpose of payment of Debt Service on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all Debt Service only to or upon the order of the respective Owners, 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, Debt Service to the extent of the sum or sums so paid. No person other than an Owner, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(c) The blanket 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 3.10. 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, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, 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, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, as applicable, in accordance with the provisions of this Ordinance.

Section 3.11. 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 of Debt Service 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 Stated Maturity only as provided in this Article IV and in the Pricing Certificate.

Section 4.02. Optional Redemption.

The Bonds shall be subject to optional redemption prior to scheduled maturity only as provided in the Pricing Certificate.

Section 4.03. Mandatory Redemption.

(a) The Bonds designated as “Term Bonds” in the Pricing Certificate (“Term Bonds”), if any, 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) 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.

(c) 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 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) If less than all of the Bonds are to be redeemed pursuant to Section 4.02, the City shall determine the maturities (or mandatory sinking fund redemption amounts with respect to Term Bonds) and the principal amount (or mandatory sinking fund redemption amounts with respect to Term Bonds) thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot or any other customary random selection method such Bonds for redemption.

(b) 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. The Paying Agent/Registrar shall treat each $5,000 portion of such Bond as though it were a single Bond for purposes of selection for redemption.

(c) 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 exchange Bonds in an aggregate principal amount equal to the unredeemed principal amount of the Bond so surrendered, such exchange being without charge.

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 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown in the Register at the close of business on the Business Day next preceding the date of mailing such notice. 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. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given, the Bond called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Bond or portion thereof has not been surrendered for payment, interest on such Bond or portion thereof shall cease to accrue.

(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 portion 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.

(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. Notice having been so given and due provision for the payment of the same having been made, the Bond called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Bond or portion thereof has not been surrendered for payment, interest on such Bond or portion thereof shall cease to accrue.

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 an amount from the interest and sinking fund or otherwise received by the Paying Agent/Registrar from the City and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, 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, redemption premium, if any, 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) When Bonds have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

(b) If the City fails 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.

Section 4.08. Lapse of Payment.

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

ARTICLE V
PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Paying Agent/Registrar.

(a) The Authorized Officer is hereby authorized to select and appoint the initial Paying Agent/Registrar for the Bonds, and the initial Paying Agent/Registrar shall be designated in the Pricing Certificate.

(b) The Authorized Officer is hereby authorized and directed to execute and deliver or cause the execution and delivery by the Mayor or Mayor Pro Tem and City Clerk, a Paying Agent/Registrar Agreement, specifying the duties and responsibilities of the City and the Paying Agent/Registrar. The City hereby approves the Paying Agent/Registrar Agreement in substantially the form presented.

Section 5.02. Qualifications.

Each Paying Agent/Registrar shall be a commercial bank or 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.

At all times while the Bonds are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Ordinance. 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 45 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, provided, that such termination shall not be effective until a successor Paying Agent/Registrar has been appointed and has accepted the duties of Paying Agent/Registrar for the Bonds.

Section 5.05. Notice of Change.

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

Section 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 Bond to the successor Paying Agent/Registrar.

ARTICLE VI
FORM OF THE BOND

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 the Bonds, (i) shall be substantially in the form set forth in the Pricing Certificate, 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 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 Bond 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 may be typewritten and photocopied or otherwise reproduced.

Section 6.02. CUSIP Registration.

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

Section 6.03. Legal Opinion.

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

Section 6.04. Bond Insurance.

If it is determined that the purchase of bond insurance would result in savings to the City, the Authorized Officer is hereby authorized to approve the purchase of and payment of the premium for bond insurance by the City, the terms of commitment for such insurance, if any and any special provisions related to such policy, if any. All officials and representatives of the City are authorized and directed to execute such documents and to do any and all things necessary or desirable to obtain such insurance. A statement relating to the bond insurance obtained for the Bonds, if any, may be printed on or attached to each Bond.

ARTICLE VII
DELEGATION OF AUTHORITY; SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS; CONTROL AND DELIVERY OF BONDS; OFFICIAL STATEMENT

Section 7.01. Sale of Bonds.

(a) The Bonds shall be sold to the Underwriter or Initial Purchaser in accordance with the terms of this Ordinance. As authorized by Chapter 1207, the Authorized Officer is authorized to act on behalf of the City in selling and delivering the Bonds and in carrying out the other procedures specified in this Ordinance, including determining whether the Bonds will be sold in a negotiated or competitive sale, determining Underwriter or Initial Purchaser of the Bonds, the price at which the Bonds will be sold, the number and designation of the Bonds to be issued, the form in which the Bonds shall be issued, the year and date on which the Bonds will mature, the principal amount to mature, the selection of the specific maturities or series of Refunded Obligations from the list of Refunded Obligation Candidates, the aggregate principal amount of Refunded Obligations, the aggregate principal amount to be issued by the City, the rate of interest to be borne by the Bonds, 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; subject to the following conditions:

(i) the price to be paid for the Bonds shall not be less than 90% of the aggregate original principal amount of the Bonds plus accrued interest thereon from its date to its delivery;

(ii) the interest rate on the Bonds shall not exceed the maximum rate allowed by Chapter 1204, Texas Government Code, as amended;

(iii) the aggregate principal amount of the Bonds authorized to be issued for the purposes described in Section 3.01 shall not exceed the limits described in that Section;

(iv) the refunding of the Refunded Obligations shall produce a present value debt service savings of at least 4.00% of the principal amount of the Refunded Obligations; and

(v) no Bond shall mature more than 40 years from the date of delivery thereof.

(b) If the Bonds are sold pursuant to a negotiated sale, the Authorized Officer is hereby authorized and directed to execute and deliver on behalf of the City a Purchase Contract, providing for the sale of the Bonds to the Underwriter, in such form as determined by the Authorized Officer. The Authorized Officer is hereby authorized and directed to approve the final terms and provisions of the Purchase Contract in accordance with the terms of the Pricing Certificate and this Ordinance, which final terms shall be determined to be the most advantageous reasonably attainable by the City, such approval and determination being evidenced by its execution thereof by the Authorized Officer. If the Bonds are sold in a competitive sale, the Authorized Officer is further authorized to award the sale of the Bonds to the purchaser submitting a bid form conforming to the specifications set forth in the Notice of Sale which produces the lowest true interest cost to the City. All 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 Initial Bond shall be registered in the name of the Underwriter, Initial Purchaser or such other entity as may be specified in the Purchase Contract or winning bid form, as applicable.

(c) The authority granted to the Authorized Officer under Section 7.01(a) and (b) shall expire on a date 180 days from the date of this Ordinance, unless otherwise extended by the City by separate action.

(d) The obligation of the Underwriter or Initial Purchaser to accept delivery of the Bonds is subject to the Underwriter or Initial Purchaser being furnished with the final, approving opinion of Bond Counsel, which opinion shall be dated as of and delivered on the Closing Date.

(e) The Mayor or Mayor Pro Tem, the City Clerk, the Authorized Officer and all other officers of the City are authorized to take such actions, to obtain such consents or approvals and to execute such documents, certificates and receipts as they may deem necessary and appropriate in order to consummate the delivery of the Bonds, to pay the costs of issuance of the Bonds, to effectuate the refunding of the Refunded Obligations and to effectuate the terms and provisions of this Ordinance and Pricing Certificate.

Section 7.02. Deposit of Proceeds; Transfer of Funds.

(a) All amounts received on the Closing Date as accrued interest on the Bonds from the Dated Date to the Closing Date shall be deposited to the Debt Service Fund.

(b) A portion of the proceeds from the sale of the Bonds, together with other funds of the City, if any, shall be applied as set forth in the Pricing Certificate to provide for the refunding of Refunded Obligations. Any proceeds remaining after the accomplishment of such purposes, including interest earnings on the investment of such proceeds, shall be deposited to the Debt Service Fund.

Section 7.03. Control and Delivery of Bonds.

(a) The Mayor is hereby authorized to have control of the Initial Bonds 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 Underwriter 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.

Section 7.04. Official Statement.

The City hereby approves the preparation and distribution of a Preliminary Official Statement and a Notice of Sale (if the Bonds are sold in a competitive sale) for use in the initial offering and sale of the Bonds, each in the form and with such addenda, supplements or amendments as may be approved by the Authorized Officer. The City hereby authorizes the Authorized Officer to approve the form and content and distribution of the Preliminary Official Statement prepared for use in the initial offering and sale of the Bonds and to deem the Preliminary Official Statement (in the form and with such addenda, supplements or amendments as may be approved by the Authorized Officer) final within the meaning and for the purposes of paragraph (b)(1) of the Rule. The City hereby authorizes the preparation of a final Official Statement reflecting the terms of the Purchase Contract (if the Bonds are sold in a negotiated sale) or the winning bid form (if the Bonds are sold in a competitive sale) and other relevant information. The use of such final Official Statement by the Underwriter or Initial Purchaser, as applicable (in the form and with such appropriate variations as shall be approved by the Authorized Officer and the Underwriter or the Initial Purchaser, as applicable) is hereby approved and authorized and the proper officials of the City are authorized to sign such Official Statement.

ARTICLE VIII
REPRESENTATIONS AND COVENANTS

Section 8.01. Payment of the Bonds.

On or before each date on which Debt Service is due on the Bonds, there shall be made available to the Paying Agent/Registrar, out of the Debt Service Fund, money sufficient to pay such Debt Service when due.

Section 8.02. 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 the Bonds; the City will promptly pay or cause to be paid Debt Service on the dates and at the places and manner prescribed in such Bonds; 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 8.03. Federal Income Tax Exclusion.

(a) General. The City intends that the interest on the Bonds be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150, inclusive, of the Code. The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would (i) cause the interest on the Bonds to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes or (ii) result in the violation of or failure to satisfy any provision of section 103 and 141 through 150, inclusive, of the Code that is applicable to the Bonds. In particular, the City covenants and agrees to comply with each requirement of this Section 8.03; provided, however, that the City will not be required to comply with any particular requirement of this Section 8.03 if the City has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that (i) such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or (ii) compliance with some other requirement will satisfy the applicable requirements of the Code, in which case compliance with such other requirement specified in such Counsel's Opinion will constitute compliance with the corresponding requirement specified in this Section 8.03.

(b) No Private Use or Payment and No Private Loan Financing. The City covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Bonds will not be "private activity bonds" within the meaning of section 141 of the Code. Moreover, the City will certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Refunded Obligations have not been and the proceeds of the Bonds will not be used, in a manner that would cause the Bonds to be "private activity bonds" within the meaning of section 141 of the Code and the Regulations.

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

(d) No Hedge Bonds. The City covenants and agrees that it has not and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be "hedge bonds" within the meaning of section 149(g) of the Code. Moreover, the City will certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the proceeds of the Refunded Obligations have not been not be used in a manner that would cause the Refunded Obligations or the Bonds to be "hedge bonds" within the meaning of section 149(g) of the Code.

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

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

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

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

(i) Registration. The Bonds will be issued in registered form.

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

(k) Continuing Obligation. Notwithstanding any other provision of this Ordinance, the City's obligations under the covenants and provisions of this Section 8.03 will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion from gross income of interest on the Bonds for federal income tax purposes.

ARTICLE IX
QUALIFIED TAX-EXEMPT OBLIGATIONS

Section 9.01. Qualified Tax-Exempt Obligations.

The City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of section 265(b) of the Code. In connection therewith, the City represents that (a) the aggregate amount of tax-exempt obligations issued by the City during calendar year 2017, including the Bonds, that have been designated as "qualified tax-exempt obligations" under section 265(b)(3) of the Code does not exceed $10,000,000, and (b) the reasonably anticipated amount of tax-exempt obligations that will be issued by the City during calendar year 2017, including the Bonds, will not exceed $10,000,000. For purposes of this Section 9.01, the term "tax-exempt obligation" does not include (i) "private activity bonds" within the meaning of section 141 of the Code, other than "qualified 501(c)(3) bonds" within the meaning of section 145 of the Code or (ii) obligations issued to currently refund any obligation to the extent that the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation. In addition, for purposes of this Section 9.01, the City includes all entities that are aggregated with the City under the Code.

ARTICLE X
DISCHARGE

Section 10.01. Discharge.

The City reserves the right to defease, discharge or refund the Bond or Bonds in any manner permitted by applicable law.

ARTICLE XI
APPROVAL OF ESCROW AGREEMENT; PAYMENT OF REFUNDED OBLIGATIONS

Section 11.01. Subscription for Securities.

The Authorized Officer is authorized to make necessary arrangements for and to execute such documents and agreements in connection with the purchase of the escrow securities required by and referenced in the Escrow Agreement, if any, as may be necessary for the escrow fund and the application for the acquisition of the escrow securities is hereby approved and ratified.

Section 11.02. Appointment of Escrow Agent; Approval of Escrow Agreement; Deposit with Paying Agent for Refunded Obligations.

The Authorized Officer is hereby authorized to select and appoint the Escrow Agent for the Bonds, if any, and the Escrow Agent shall be designated in the Pricing Certificate. The Authorized Officer is hereby authorized to execute and deliver, or cause the execution and delivery by the Mayor or Mayor Pro Tem and City Clerk, an Escrow Agreement or a deposit agreement, having such terms and provisions as are approved by the Authorized Officer as evidenced by his execution thereof or the execution thereof by other appropriate City officials.

Section 11.03. Payment of Refunded Obligations; Redemption of Refunded Obligations.

Following the deposit to the Escrow Fund or with the paying agent for the Refunded Obligations as herein specified, the Refunded Obligations shall be payable solely from and secured by the cash and securities on deposit in the Escrow Fund and shall cease to be payable from ad valorem taxes. The Refunded Obligations are hereby called for redemption prior to maturity on the dates and at the redemption prices set forth in the Pricing Certificate. The City Clerk is hereby authorized and directed to cause to be delivered to the paying agent/registrar for the Refunded Obligations a certified copy of this Ordinance calling the Refunded Obligations for redemption and a copy of the Pricing Certificate. The delivery of this Ordinance and the Pricing Certificate to the paying agent for the Refunded Obligations shall constitute the giving of notice of redemption to the paying agent for the Refunded Obligations and such paying agent is hereby authorized and directed to give notice of redemption to the owners of the Refunded Obligations in accordance with the requirements of the ordinance authorizing the issuance thereof.

ARTICLE XII
CONTINUING DISCLOSURE UNDERTAKING

Section 12.01. Annual Reports.

(a) The City shall provide annually to the MSRB, (i) within six (6) months after the end of each Fiscal Year of the City ending in or after 2018, financial information and operating data with respect to the City of the general type included in the tables identified in the Pricing Certificate, and including financial statements of the City if audited financial statements of the City are then available, and (ii) if not provided as part such financial information and operating data, audited financial statements when they become available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in the notes to the financial statements for the most recently concluded Fiscal Year, or such other accounting principles as the City may be required to employ, from time to time, by State law or regulation, and (ii) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such financial statements becomes available.

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

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

Section 12.02. Event Notices.

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

(1) Principal and interest payment delinquencies;

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

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

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

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

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

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

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

(9) Defeasances;

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

(11) Rating changes;

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

Note to paragraph 12: For the purposes of the event identified in paragraph 12 of this section, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

(14) Appointment of successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material.

(b) The City shall provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the City to provide required annual financial information and notices of material events in accordance with Section 12.01. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

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 WITH 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 (1) 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 (2) an entity or individual person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Bonds. The provisions of this Article may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 12.01, an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

ARTICLE XIII
MISCELLANEOUS

Section 13.01. Changes to Ordinance.

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

Section 13.02. Related Matters.

To satisfy in a timely manner all of the City's obligations under this Ordinance, the Mayor, the City Clerk and all other appropriate officers and agents of the City are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms and purposes of this Ordinance.

Section 13.03. Individuals Not Liable.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member of City Council or agent or employee of City Council or of the City in his or her individual capacity and neither the members of City Council nor any officer thereof, nor any agent or employee of City Council or of the City, shall be liable personally on the Bonds, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 13.04. Severability and Savings.

If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 13.05. Repealer.

All ordinances or resolutions, or parts thereof, heretofore adopted by the City and inconsistent with the provisions of this Ordinance are hereby repealed to the extent of such conflict.

Section 13.06. Force and Effect.

This Ordinance shall be in full force and effect from and after its final passage, and it is so ordained.

PASSED, APPROVED AND EFFECTIVE on this the [____] day of July, 2017.

City Clerk City of La Marque, Texas	Mayor City of La Marque, Texas

[SEAL]

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATION CANDIDATES

The Authorized Officer may select the specific maturities and the series of obligations constituting the Refunded Obligations from the following series of the City's outstanding obligations:

Certificates of Obligation, Series 2007

CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS §
COUNTY OF GALVESTON §

I, the undersigned officer of the City Council of La Marque, Texas, hereby certify as follows:

1. The City Council of the City of La Marque, Texas, convened in a regular meeting on the ____ day of July, 2017, at the regular meeting place thereof, within said City, and the roll was called of the duly constituted officers and members of said City Council, to wit:

Bobby Hocking	Mayor
Keith Bell	Mayor Pro Tem and Council Member, District A
Chris Lane	Council Member, District B
Robert Michetich	Council Member, District C
Clent Brown	Council Member, District D

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

ORDINANCE NO. ____________

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF LA MARQUE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017; LEVYING A TAX IN PAYMENT THEREOF; AUTHORIZING THE REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING OBLIGATIONS; PROVIDING FOR THE AWARD AND SALE OF SAID BONDS IN ACCORDANCE WITH CERTAIN PARAMETERS; AND ENACTING OTHER PROVISIONS RELATING THERETO

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

________ Member(s) of City Council shown present voted “Aye.”

________ Member(s) of City Council shown present voted “No.”

2. A true, full and correct copy of the aforesaid ordinance adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said ordinance has been duly recorded in the City Council's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the City Council's minutes of said meeting pertaining to the adoption of said ordinance; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the City Council as indicated therein; that each of the officers and members of the City Council was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and purpose of the aforesaid meeting, and that said ordinance would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose; that said meeting was open to the public as required by law; and that public notice of the date, hour, place and subject of said meeting was given as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED this ____ day of July, 2017.

City Clerk
City of La Marque, Texas

[SEAL]

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City of La Marque, Texas
General Obligation Refunding Bonds, Series 2017

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S&P 'AA-'
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Bank Qualified

SAVINGS

City of La Marque, Texas
General Obligation Refunding Bonds, Series 2017

Revised Scale 6/21/17
S&P 'AA-'
Call 9/1/2026
Bank Qualified

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 09/21/2017 @ 1.7857385%
09/30/2018	265,476.26	244,841.67	20,634.59	20,443.54
09/30/2019	264,288.76	243,700.00	20,588.76	19,999.55
09/30/2020	262,701.26	238,450.00	24,251.26	23,117.18
09/30/2021	265,920.00	243,200.00	22,720.00	21,275.90
09/30/2022	268,520.00	247,650.00	20,870.00	19,199.11
09/30/2023	270,720.00	246,800.00	23,920.00	21,597.09
09/30/2024	272,520.00	250,800.00	21,720.00	19,263.36
09/30/2025	268,920.00	249,500.00	19,420.00	16,917.96
09/30/2026	270,120.00	248,050.00	22,070.00	18,871.30
09/30/2027	270,920.00	251,450.00	19,470.00	16,350.36
09/30/2028	276,320.00	254,550.00	21,770.00	17,945.66
09/30/2029	275,865.00	252,350.00	23,515.00	19,028.84
	3,232,291.28	2,971,341.67	260,949.61	234,009.87

Savings Summary

Dated Date	09/01/2017
Delivery Date	09/21/2017
PV of savings from cash flow	234,009.87
Plus: Refunding funds on hand	3,488.18
Net PV Savings	237,498.05

SUMMARY OF REFUNDING RESULTS

City of La Marque, Texas
General Obligation Refunding Bonds, Series 2017

Revised Scale 6/21/17
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Call 9/1/2026
Bank Qualified

Dated Date	09/01/2017
Delivery Date	09/21/2017
Arbitrage yield	1.785739%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	2,465,000.00
True Interest Cost	2.012006%
Net Interest Cost	2.096154%
Average Coupon	3.000000%
Average Life	6.847
Par amount of refunded bonds	2,520,000.00
Average coupon of refunded bonds	4.025686%
Average life of refunded bonds	6.966
PV of prior debt to 09/21/2017 @ 1.785739%	2,888,340.08
Net PV Savings	237,498.05
Percentage savings of refunded bonds	9.424526%
Percentage savings of refunding bonds	9.634809%

SUMMARY OF BONDS REFUNDED

City of La Marque, Texas
General Obligation Refunding Bonds, Series 2017

Revised Scale 6/21/17
S&P 'AA-'
Call 9/1/2026
Bank Qualified

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Certificates of Obligation, Series 2007, CO2007:					
TERM2018	09/01/2018	3.750%	165,000.00	09/25/2017	100.000
TERM2020	09/01/2020	3.875%	345,000.00	09/25/2017	100.000
TERM2023	09/01/2023	4.000%	585,000.00	09/25/2017	100.000
TERM2025	09/01/2025	4.000%	435,000.00	09/25/2017	100.000
TERM27	09/01/2027	4.000%	470,000.00	09/25/2017	100.000
TERM2029	09/01/2029	4.100%	520,000.00	09/25/2017	100.000
			2,520,000.00		

BOND PRICING

City of La Marque, Texas
General Obligation Refunding Bonds, Series 2017

Revised Scale 6/21/17
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Call 9/1/2026
Bank Qualified

Bond Component	Maturity Date	# Bonds	Amount	Rate	Yield	Price		Yield to Maturity
General Obligation Refunding Bonds, Series 2017:								
	09/01/2018	35	175,000	3.000%	0.980%	101.893		
	09/01/2019	35	175,000	3.000%	1.110%	103.625		
	09/01/2020	35	175,000	3.000%	1.190%	105.221		
	09/01/2021	37	185,000	3.000%	1.280%	106.594		
	09/01/2022	39	195,000	3.000%	1.390%	107.666		
	09/01/2023	40	200,000	3.000%	1.510%	108.440		
	09/01/2024	42	210,000	3.000%	1.610%	109.097		
	09/01/2025	43	215,000	3.000%	1.800%	108.845		
	09/01/2026	44	220,000	3.000%	1.910%	108.922		
	09/01/2027	46	230,000	3.000%	2.010%	108.066	C	2.097%
	09/01/2028	48	240,000	3.000%	2.070%	107.557	C	2.218%
	09/01/2029	49	245,000	3.000%	2.120%	107.134	C	2.313%
		493	2,465,000					

Dated Date	09/01/2017	
Delivery Date	09/21/2017	
First Coupon	03/01/2018	
Par Amount	2,465,000.00	
Premium	174,736.60	
Production	2,639,736.60	107.088706%
Underwriter's Discount	-22,185.00	-0.900000%
Purchase Price	2,617,551.60	106.188706%
Accrued Interest		
Net Proceeds	2,617,551.60	

BOND SUMMARY STATISTICS

City of La Marque, Texas
General Obligation Refunding Bonds, Series 2017

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Dated Date	09/01/2017
Delivery Date	09/21/2017
Last Maturity	09/01/2029
Arbitrage Yield	1.785739%
True Interest Cost (TIC)	2.012006%
Net Interest Cost (NIC)	2.096154%
All-In TIC	2.567728%
Average Coupon	3.000000%
Average Life (years)	6.847
Weighted Average Maturity (years)	6.892
Duration of Issue (years)	6.212
Par Amount	2,465,000.00
Bond Proceeds	2,639,736.60
Total Interest	506,341.67
Net Interest	353,790.07
Bond Years from Dated Date	16,878,055.56
Bond Years from Delivery Date	16,878,055.56
Total Debt Service	2,971,341.67
Maximum Annual Debt Service	254,550.00
Average Annual Debt Service	248,763.49
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	9.000000
Total Underwriter's Discount	9.000000
Bid Price	106.188706

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
General Obligation Refunding Bonds, Series 2017	2,465,000.00	107.089	3.000%	6.847	1,493.90
	2,465,000.00			6.847	1,493.90

BOND SUMMARY STATISTICS

City of La Marque, Texas
General Obligation Refunding Bonds, Series 2017

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	TIC	All-In TIC	Arbitrage Yield
Par Value	2,465,000.00	2,465,000.00	2,465,000.00
+ Accrued Interest			
+ Premium (Discount)	174,736.60	174,736.60	174,736.60
- Underwriter's Discount	-22,185.00	-22,185.00	
- Cost of Issuance Expense		-87,365.00	
- Other Amounts			
Target Value	2,617,551.60	2,530,186.60	2,639,736.60
Target Date	09/21/2017	09/21/2017	09/21/2017
Yield	2.012006%	2.567728%	1.785739%

SOURCES AND USES OF FUNDS

City of La Marque, Texas
General Obligation Refunding Bonds, Series 2017

Revised Scale 6/21/17
S&P 'AA-'
Call 9/1/2026
Bank Qualified

Dated Date	09/01/2017
Delivery Date	09/21/2017

Sources:	
Bond Proceeds:	
Par Amount	2,465,000.00
Premium	174,736.60
	2,639,736.60

Uses:	
Refunding Escrow Deposits:	
Cash Deposit	2,526,698.42
Delivery Date Expenses:	
Cost of Issuance	87,365.00
Underwriter's Discount	22,185.00
	109,550.00
Other Uses of Funds:	
Deposit to Debt Service Fund	3,488.18
	2,639,736.60

BOND DEBT SERVICE

City of La Marque, Texas
General Obligation Refunding Bonds, Series 2017

Revised Scale 6/21/17
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Call 9/1/2026
Bank Qualified

Period Ending	Principal	Coupon	Interest	Debt Service
09/30/2018	175,000	3.000%	69,841.67	244,841.67
09/30/2019	175,000	3.000%	68,700.00	243,700.00
09/30/2020	175,000	3.000%	63,450.00	238,450.00
09/30/2021	185,000	3.000%	58,200.00	243,200.00
09/30/2022	195,000	3.000%	52,650.00	247,650.00
09/30/2023	200,000	3.000%	46,800.00	246,800.00
09/30/2024	210,000	3.000%	40,800.00	250,800.00
09/30/2025	215,000	3.000%	34,500.00	249,500.00
09/30/2026	220,000	3.000%	28,050.00	248,050.00
09/30/2027	230,000	3.000%	21,450.00	251,450.00
09/30/2028	240,000	3.000%	14,550.00	254,550.00
09/30/2029	245,000	3.000%	7,350.00	252,350.00
	2,465,000		506,341.67	2,971,341.67

BOND DEBT SERVICE

City of La Marque, Texas
General Obligation Refunding Bonds, Series 2017

Revised Scale 6/21/17
S&P 'AA-'
Call 9/1/2026
Bank Qualified

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
03/01/2018			32,866.67	32,866.67	
09/01/2018	175,000	3.000%	36,975.00	211,975.00	
09/30/2018					244,841.67
03/01/2019			34,350.00	34,350.00	
09/01/2019	175,000	3.000%	34,350.00	209,350.00	
09/30/2019					243,700.00
03/01/2020			31,725.00	31,725.00	
09/01/2020	175,000	3.000%	31,725.00	206,725.00	
09/30/2020					238,450.00
03/01/2021			29,100.00	29,100.00	
09/01/2021	185,000	3.000%	29,100.00	214,100.00	
09/30/2021					243,200.00
03/01/2022			26,325.00	26,325.00	
09/01/2022	195,000	3.000%	26,325.00	221,325.00	
09/30/2022					247,650.00
03/01/2023			23,400.00	23,400.00	
09/01/2023	200,000	3.000%	23,400.00	223,400.00	
09/30/2023					246,800.00
03/01/2024			20,400.00	20,400.00	
09/01/2024	210,000	3.000%	20,400.00	230,400.00	
09/30/2024					250,800.00
03/01/2025			17,250.00	17,250.00	
09/01/2025	215,000	3.000%	17,250.00	232,250.00	
09/30/2025					249,500.00
03/01/2026			14,025.00	14,025.00	
09/01/2026	220,000	3.000%	14,025.00	234,025.00	
09/30/2026					248,050.00
03/01/2027			10,725.00	10,725.00	
09/01/2027	230,000	3.000%	10,725.00	240,725.00	
09/30/2027					251,450.00
03/01/2028			7,275.00	7,275.00	
09/01/2028	240,000	3.000%	7,275.00	247,275.00	
09/30/2028					254,550.00
03/01/2029			3,675.00	3,675.00	
09/01/2029	245,000	3.000%	3,675.00	248,675.00	
09/30/2029					252,350.00
	2,465,000		506,341.67	2,971,341.67	2,971,341.67

PRIOR BOND DEBT SERVICE

City of La Marque, Texas
General Obligation Refunding Bonds, Series 2017

Revised Scale 6/21/17
S&P 'AA-'
Call 9/1/2026
Bank Qualified

Period Ending	Principal	Coupon	Interest	Debt Service
09/30/2018	165,000	3.750%	100,476.26	265,476.26
09/30/2019	170,000	3.875%	94,288.76	264,288.76
09/30/2020	175,000	3.875%	87,701.26	262,701.26
09/30/2021	185,000	4.000%	80,920.00	265,920.00
09/30/2022	195,000	4.000%	73,520.00	268,520.00
09/30/2023	205,000	4.000%	65,720.00	270,720.00
09/30/2024	215,000	4.000%	57,520.00	272,520.00
09/30/2025	220,000	4.000%	48,920.00	268,920.00
09/30/2026	230,000	4.000%	40,120.00	270,120.00
09/30/2027	240,000	4.000%	30,920.00	270,920.00
09/30/2028	255,000	4.100%	21,320.00	276,320.00
09/30/2029	265,000	4.100%	10,865.00	275,865.00
	2,520,000		712,291.28	3,232,291.28

PRIOR BOND DEBT SERVICE

City of La Marque, Texas
General Obligation Refunding Bonds, Series 2017

Revised Scale 6/21/17
S&P 'AA-'
Call 9/1/2026
Bank Qualified

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
03/01/2018			50,238.13	50,238.13	
09/01/2018	165,000	3.750%	50,238.13	215,238.13	
09/30/2018					265,476.26
03/01/2019			47,144.38	47,144.38	
09/01/2019	170,000	3.875%	47,144.38	217,144.38	
09/30/2019					264,288.76
03/01/2020			43,850.63	43,850.63	
09/01/2020	175,000	3.875%	43,850.63	218,850.63	
09/30/2020					262,701.26
03/01/2021			40,460.00	40,460.00	
09/01/2021	185,000	4.000%	40,460.00	225,460.00	
09/30/2021					265,920.00
03/01/2022			36,760.00	36,760.00	
09/01/2022	195,000	4.000%	36,760.00	231,760.00	
09/30/2022					268,520.00
03/01/2023			32,860.00	32,860.00	
09/01/2023	205,000	4.000%	32,860.00	237,860.00	
09/30/2023					270,720.00
03/01/2024			28,760.00	28,760.00	
09/01/2024	215,000	4.000%	28,760.00	243,760.00	
09/30/2024					272,520.00
03/01/2025			24,460.00	24,460.00	
09/01/2025	220,000	4.000%	24,460.00	244,460.00	
09/30/2025					268,920.00
03/01/2026			20,060.00	20,060.00	
09/01/2026	230,000	4.000%	20,060.00	250,060.00	
09/30/2026					270,120.00
03/01/2027			15,460.00	15,460.00	
09/01/2027	240,000	4.000%	15,460.00	255,460.00	
09/30/2027					270,920.00
03/01/2028			10,660.00	10,660.00	
09/01/2028	255,000	4.100%	10,660.00	265,660.00	
09/30/2028					276,320.00
03/01/2029			5,432.50	5,432.50	
09/01/2029	265,000	4.100%	5,432.50	270,432.50	
09/30/2029					275,865.00
	2,520,000		712,291.28	3,232,291.28	3,232,291.28

FORM 8038 STATISTICS

City of La Marque, Texas
General Obligation Refunding Bonds, Series 2017

Revised Scale 6/21/17
S&P 'AA-'
Call 9/1/2026
Bank Qualified

Dated Date	09/01/2017
Delivery Date	09/21/2017

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
General Obligation Refunding Bonds, Series 2017:						
	09/01/2018	175,000.00	3.000%	101.893	178,312.75	175,000.00
	09/01/2019	175,000.00	3.000%	103.625	181,343.75	175,000.00
	09/01/2020	175,000.00	3.000%	105.221	184,136.75	175,000.00
	09/01/2021	185,000.00	3.000%	106.594	197,198.90	185,000.00
	09/01/2022	195,000.00	3.000%	107.666	209,948.70	195,000.00
	09/01/2023	200,000.00	3.000%	108.440	216,880.00	200,000.00
	09/01/2024	210,000.00	3.000%	109.097	229,103.70	210,000.00
	09/01/2025	215,000.00	3.000%	108.845	234,016.75	215,000.00
	09/01/2026	220,000.00	3.000%	108.922	239,628.40	220,000.00
	09/01/2027	230,000.00	3.000%	108.066	248,551.80	230,000.00
	09/01/2028	240,000.00	3.000%	107.557	258,136.80	240,000.00
	09/01/2029	245,000.00	3.000%	107.134	262,478.30	245,000.00
		2,465,000.00			2,639,736.60	2,465,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	09/01/2029	3.000%	262,478.30	245,000.00		
Entire Issue			2,639,736.60	2,465,000.00	6.8923	1.7857%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	109,550.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	2,526,698.42
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	6.9663
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

FORM 8038 STATISTICS

City of La Marque, Texas
General Obligation Refunding Bonds, Series 2017

Revised Scale 6/21/17
S&P 'AA-'
Call 9/1/2026
Bank Qualified

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
Certificates of Obligation, Series 2007:					
TERM2018	09/01/2018	165,000.00	3.750%	100.000	165,000.00
TERM2020	09/01/2019	170,000.00	3.875%	100.000	170,000.00
TERM2020	09/01/2020	175,000.00	3.875%	100.000	175,000.00
TERM2023	09/01/2021	185,000.00	4.000%	100.000	185,000.00
TERM2023	09/01/2022	195,000.00	4.000%	100.000	195,000.00
TERM2023	09/01/2023	205,000.00	4.000%	100.000	205,000.00
TERM2025	09/01/2024	215,000.00	4.000%	100.000	215,000.00
TERM2025	09/01/2025	220,000.00	4.000%	100.000	220,000.00
TERM27	09/01/2026	230,000.00	4.000%	100.000	230,000.00
TERM27	09/01/2027	240,000.00	4.000%	100.000	240,000.00
TERM2029	09/01/2028	255,000.00	4.100%	100.000	255,000.00
TERM2029	09/01/2029	265,000.00	4.100%	100.000	265,000.00
		2,520,000.00			2,520,000.00

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
Certificates of Obligation, Series 2007	09/25/2017	09/01/2013	6.9663
All Refunded Issues	09/25/2017		6.9663

CITY OF LA MARQUE, TEXAS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017

S&P "AA-"

COUNCIL MEETS 2ND MONDAY OF THE MONTH (7:00PM)

Draft
6/30/17

Tentative Timetable of Events

JULY						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23/30	24/31	25	26	27	28	29

AUGUST						
S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

SEPTEMBER						
S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

OCTOBER						
S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Complete By	Day	Event	Parties
June 30	Friday	Send first draft of Bond documents to the working group.	C, BC
July 13	Thursday	Comments due on first draft of Bond documents.	All
July 17	Monday	City Council meeting to consider approval of the parameter ordinance (the "Ordinance") for the General Obligation Refunding Bonds, Series 2017 (the "Bonds").	C, BC, FA
July 18	Tuesday	Send draft bond documents to Standard & Poor's Rating Service ("S&P") for review. Request rating call.	FA
Week of July 24/31		Rating call with City Officials, Financial Advisor and S&P (___________________) _________, ________.	C, FA
August 2	Wednesday	Send second draft of bond documents for comments.	FA
August 11	Friday	Comments due on second draft of bond documents.	All
August 14	Monday	Receive S&P verbal rating.	FA
August 15	Tuesday	Print and mail electronic copies of the POS and Notice of Sale ("NOS"). Send to ImageMaster, Bloomberg and the Municipal Advisory Council of Texas ("MAC").	FA
August 15	Wednesday	Request CUSIPs for the Bonds.	FA
August 22	Tuesday	Competitive bond sale (Bids received until 10:00am).	FA, C,BC

August 22	Tuesday	Pricing Officer signs the Pricing Certificate and Bond Purchase Agreement.	C, BC, FA
August 23	Wednesday	Distribute draft of Final Official Statement ("OS").	FA
August 28	Monday	Comments due on draft OS.	ALL
August 29	Tuesday	Print and mail Final OS.	FA
September 21	Thursday	Deliver Bonds.	C, BC

Legend	
City of La Marque	Issuer (C)
Bracewell LLP	Bond Counsel (BC)
US Capital Advisors	Financial Advisor (FA)

CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS §
COUNTY OF GALVESTON §

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

1. The City Council of the City of La Marque, Texas, convened in regular meeting on the 14th day of May, 2007, at the regular meeting place thereof, within said City, and the roll was called of the duly constituted officers and members of said City Council and the City Clerk, to wit:

Larry Crow	Mayor
Bill Charbonneau	Mayor Pro Tem and Councilman, District B
Keith Bell	Councilman, District A
Larry Mann	Councilman, District C
Deanie Barrett	Councilman, District D
Susan K. Welch	City Clerk

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

ORDINANCE AUTHORIZING THE ISSUANCE OF $3,750,000 CITY OF LA MARQUE, TEXAS, CERTIFICATES OF OBLIGATION, SERIES 2007

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

AYES: All members of the City Council shown present above voted "Aye".
NOES: None.

2. A true, full and correct copy of the aforesaid ordinance adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said ordinance has been duly recorded in said City Council's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said City Council's minutes of said meeting pertaining to the adoption of said ordinance; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said City Council as indicated therein; that each of the officers and members of said City Council was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and purpose of the aforesaid meeting, and that said ordinance would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose; that said meeting was open to the

public as required by law; and that public notice of the date, hour, place and subject of said meeting was given as required by the Texas Open Meetings Act.

SIGNED AND SEALED this 14th day of May, 2007.

Susan K. Welch
City Clerk

Mayor

(SEAL)

ORDINANCE AUTHORIZING THE ISSUANCE OF $3,750,000 CITY OF LA MARQUE, TEXAS, CERTIFICATES OF OBLIGATION, SERIES 2007

THE STATE OF TEXAS §
COUNTY OF GALVESTON §
CITY OF LA MARQUE §

WHEREAS, the City Council of the City of La Marque, Texas (the "City"), authorized the publication of a notice of intention to issue certificates of obligation to the effect that the City Council would meet on May 14, 2007, to adopt an ordinance and take such other action as may be deemed necessary to authorize the issuance of certificates of obligation payable from ad valorem taxation and from a limited pledge of a subordinate lien on the net revenues of the City's waterworks and sanitary sewer system, for the purpose of evidencing the indebtedness of the City for all or any part of the cost of the construction of street improvements, drainage improvements, relocation and repair of water and sewer lines and the cost of professional services incurred in connection therewith; and

WHEREAS, such notice was published at the times and in the manner required by the Constitution and laws of the State of Texas, particularly Chapter 271, Texas Local Government Code as amended; and

WHEREAS, no petition or other request has been filed with or presented to any official of the City requesting that any of the proceedings authorizing such certificates of obligation be submitted to a referendum or other election; therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA MARQUE:

1. Recitals. It is hereby found and determined that the matters and facts set out in the preamble to this Ordinance are true and correct.

2. Definitions. Throughout this ordinance the following terms and expressions as used herein shall have the meanings set forth below:

"Act" shall mean Chapter 271, Texas Local Government Code, as amended.

"Business Day" means any day which is not a Saturday, Sunday, a day on which banking institutions are authorized by law or executive order to close, or a legal holiday.

"Certificate" or "Certificates" means the City of La Marque, Texas, Certificates of Obligation, Series 2007 authorized in this Ordinance, unless the context clearly indicates otherwise.

"City" means the City of La Marque, Texas.

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

"Code" means the Internal Revenue Code of 1986, as amended.

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

"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.

"Interest and Sinking Fund" means the interest and sinking fund for payment of the Certificates established by the City in Section 20 of this Ordinance.

"Interest Payment Date", when used in connection with any Certificate, means March 1, 2008, and each September 1 and March 1 thereafter until maturity or earlier redemption.

"Initial Certificate" means the Initial Certificate authorized by Section 6(d).

"MSRB" means the Municipal Securities Rulemaking Board.

"NRMSIR" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

"Ordinance" as used herein and in the Certificates means this ordinance authorizing the Certificates.

"Owner" means any person who shall be the registered owner of any outstanding Certificate.

"Record Date" means, for any Interest Payment Date, the fifteenth day of the month next preceding such Interest Payment Date.

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

"Registrar" means Wells Fargo Bank, N.A., and its successors in that capacity.

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

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

"SID" means the Municipal Advisory Council of Texas, which has been designated by the State of Texas as, and determined by the SEC staff to be, a state information depository within the meaning of the Rule.

"Underwriter" means the firm or syndicate that is the initial purchaser of a series of the Certificates, as specified in Section 24.

3. Authorization. The Certificates shall be issued pursuant to the Act in fully registered form, without coupons, in the total authorized principal amount of Three Million Seven Hundred Fifty Thousand Dollars ($3,750,000) for the purpose of evidencing the indebtedness of the City for all or any part of the cost of the construction of street improvements, drainage improvements, relocation and repair of water and sewer lines and the cost of professional services incurred in connection therewith.

4. Designation, Date, and Interest Payment Dates. The Certificates shall be designated as the "CITY OF LA MARQUE, TEXAS, CERTIFICATES OF OBLIGATION, SERIES 2007", and shall be dated June 1, 2007. The Certificates shall bear interest at the rates set forth in Section 5 of this Ordinance from the later of June 1, 2007, or the most recent Interest Payment Date to which such interest has been paid or duly provided for, calculated on the basis of a 360 day year of twelve 30 day months, interest payable on March 1, 2008, and semiannually thereafter on September 1 and March 1 of each year until maturity or earlier redemption.

5. Initial Certificates; Numbers and Denominations. The Certificates shall be initially issued bearing the numbers, in the principal amounts, and bearing interest at the rates set forth in the following schedule, and may be transferred and exchanged as set out in this Ordinance. The Certificates shall mature on September 1 in each of the years and in the amounts set out in such schedule. The Initial Certificate shall be numbered I-1 and all other Certificates shall be numbered in sequence beginning with R-1. Certificates delivered on transfer of or in exchange for other Certificates shall be numbered in order of their authentication by the Registrar, shall be in denominations of $5,000 or integral multiples thereof, and shall mature on the same date and bear interest at the same rate as the Certificate or Certificates in lieu of which they are delivered.

Year	Principal Amount	Interest Rate
2008	$ 50,000	4.500%
2009	105,000	4.750%
2010	115,000	4.750%
2011	120,000	4.750%
2012	125,000	4.750%
2013	130,000	4.500%
2014	135,000	4.500%
2015	145,000	4.500%
2016	150,000	4.500%
2018	320,000	3.750%
2020	345,000	3.875%
2023	585,000	4.000%
2025	435,000	4.000%
2027	470,000	4.000%
2029	520,000	4.100%

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

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

(c) Except as provided below, no Certificate 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 Registrar's Authentication Certificate substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Registrar. In lieu of the executed Registrar's Authentication Certificate described above, the Initial Certificate delivered at the Closing Date shall have attached hereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or by her duly authorized agent, which certificate shall be evidence that the Initial Certificate has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and has been registered by the Comptroller.

(d) On the Closing Date, the Initial Certificate, being a single certificate representing the entire principal amount of the Certificates, payable in stated installments to the Underwriter or its designee, executed by manual or facsimile signature of the Mayor and City Clerk of the City, approved by the Attorney General, and registered and manually signed by the Comptroller, shall be delivered to the Underwriter or its designee. Upon payment for the Initial Certificate, the Registrar shall cancel the Initial Certificate and deliver definitive Certificates to DTC.

7. Payment of Principal and Interest. The Registrar is hereby appointed as the paying agent for the Certificates. The principal of the Certificates shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they become due and payable at the operations office of the Registrar in Minneapolis, Minnesota. The interest on each Certificate shall be payable by check payable on the Interest Payment Date, mailed by the Registrar on or before each Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register.

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

8. Successor Registrars. The City covenants that at all times while any Certificates are outstanding it will provide a commercial bank or trust company organized under the laws of the United States or any state and duly qualified and legally authorized to serve as Registrar for the Certificates. The City reserves the right to change the Registrar on not less than 60 days written notice to the Registrar, so long as any such notice is effective not less than 60 days prior to the next succeeding principal or interest payment date on the Certificates. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or copies thereof to the new Registrar, and the new Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

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

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

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

11. Registration, Transfer, and Exchange. So long as any Certificates remain outstanding, the Registrar shall keep the Register at its operations office in Minneapolis, Minnesota, and, subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Certificates in accordance with the terms of this Ordinance.

Each Certificate shall be transferable only upon the presentation and surrender thereof at the operations office of the Registrar in Minneapolis, Minnesota, duly endorsed for transfer, or accompanied by an assignment duly executed by the registered Owner or his authorized representative in form satisfactory to the Registrar. Upon due presentation of any Certificate in proper form for transfer, the Registrar shall authenticate and deliver in exchange therefor, within three Business Days after such presentation, a new Certificate or Certificates, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Certificate or Certificates so presented.

All Certificates shall be exchangeable upon presentation and surrender at the operations office of the Registrar in Minneapolis, Minnesota, for a Certificate or Certificates of like maturity and interest rate and in any authorized denomination, in an aggregate amount equal to the unpaid principal amount of the Certificate or Certificates presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Certificates in accordance with the provisions of this Section. Each Certificate delivered in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such Certificate is delivered.

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

12. Mutilated, Lost, or Stolen Certificates. Upon the presentation and surrender to the Registrar of a mutilated Certificate, the Registrar shall authenticate and deliver in exchange therefor

a replacement Certificate of like maturity, interest rate, and principal amount, bearing a number not contemporaneously outstanding. If any Certificate is lost, apparently destroyed, or wrongfully taken, the City, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Certificate has been acquired by a bona fide purchaser, shall authorize and the Registrar shall authenticate and deliver a replacement Certificate of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding.

The City or the Registrar may require the Owner of a mutilated Certificate to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Registrar.

The City or the Registrar may require the Owner of a lost, apparently destroyed or wrongfully taken Certificate, before any replacement Certificate is issued, to:

(1) furnish to the City and the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Certificate;

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

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

(4) meet any other reasonable requirements of the City and the Registrar.

If, after the delivery of such replacement Certificate, a bona fide purchaser of the original Certificate in lieu of which such replacement Certificate was issued presents for payment such original Certificate, the City and the Registrar shall be entitled to recover such replacement Certificate 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 Registrar in connection therewith.

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

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

13. Cancellation of Certificates. All Certificates paid in accordance with this Ordinance, and all Certificates in lieu of which exchange Certificates or replacement Certificates are

authenticated and delivered in accordance herewith, shall be canceled and destroyed upon the making of proper records regarding such payment. The Registrar shall furnish the City with appropriate certificates of destruction of such Certificates.

14. Book-Entry System. (a) The Initial Certificate shall be registered in the name of SAMCO Capital Markets. Except as provided in Section 15 hereof, all other Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the City and the Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such DTC Participant holds an interest in the Certificates, except as provided in this Ordinance. Without limiting the immediately preceding sentence, the City and the 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 Certificates, (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 Certificates, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any amount with respect to principal of, premium, if any, or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Register as the absolute Owner of such Certificate for the purpose of payment of principal of and interest on the Certificates, for the purpose of giving notices of redemption and other matters with respect to such Certificate, for the purpose of registering transfer with respect to such Certificate, and for all other purposes whatsoever. The Registrar shall pay all principal of, premium, if any, and interest on the Certificates only to or upon the order of the respective Owners, as shown in the Register as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payments of principal, premium, if any, and interest on the Certificates 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 Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Ordinance with respect to interest checks being mailed to the Owner of record as of the Record Date, the phrase "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

15. Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the City in its sole discretion, determines that the beneficial owners of the Certificates shall be able to obtain certificated Certificates, or in the event DTC discontinues the services described herein, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Certificates and transfer one or more separate Certificates to DTC Participants having Certificates credited to their DTC accounts, as identified by DTC. In such event, the Certificates shall no longer be restricted to

being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

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

17. Optional and Mandatory Redemption. The Certificates are subject to optional and mandatory redemption as set forth in the Form of Certificate in this Ordinance.

Principal amounts may be redeemed only in integral multiples of $5,000. If a Certificate subject to redemption is in a denomination larger than $5,000, a portion of such Certificate may be redeemed, but only in integral multiples of $5,000. Upon surrender of any Certificate for redemption in part, the Registrar, in accordance with Section 11 hereof, shall authenticate and deliver in exchange therefor a Certificate or Certificates of like maturity, Issuance Date, and interest rate in an aggregate principal amount equal to the unredeemed portion of the Certificate so surrendered.

Notice of any redemption identifying the Certificates to be redeemed in whole or in part shall be given by the Registrar at least thirty days prior to the date fixed for redemption by sending written notice by first class mail, postage prepaid, to the Owner of each Certificate to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Certificates are to be surrendered for payment and, if less than all Certificates outstanding of a particular maturity are to be redeemed, the numbers of the Certificates or portions thereof of such maturity to be redeemed. 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. By the date fixed for redemption, due provision shall be made with the Registrar for payment of the redemption price of the Certificates or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Certificates have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Certificates or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Certificate or portion thereof called for redemption shall terminate on the date fixed for redemption.

18. Forms. The form of the Certificates, including the form of the Registrar's Authentication Certificate, the form of Assignment, and the form of Registration Certificate of the Comptroller shall be, respectively, substantially as follows, with such additions, deletions and variations as may be necessary or desirable and not prohibited by this Ordinance, including any legend regarding bond insurance if such insurance is obtained by the Underwriter:

(a) Form of Certificate.

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF GALVESTON

REGISTERED NUMBER ______ | REGISTERED DENOMINATION $____________

CITY OF LA MARQUE, TEXAS
CERTIFICATE OF OBLIGATION
SERIES 2007

INTEREST RATE:	MATURITY DATE:	ISSUE DATE:	CUSIP:
	September 1, 20__	June 1, 2007	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

The City of La Marque, Texas (the "City") promises to pay to the registered owner identified above, or registered assigns, on the maturity date specified above, upon presentation and surrender of this Certificate to Wells Fargo Bank, N.A. (the "Registrar") at its operations office in Minneapolis, Minnesota, the principal amount identified above, payable in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due the United States of America, and to pay interest thereon at the rate shown above, calculated on the basis of a 360 day year of twelve 30 day months, from the later of June 1, 2007, or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Certificate is payable by check on March 1 and September 1 of each year, beginning on March 1, 2008, mailed to the registered owner of record as of the close of business on the fifteenth day of the month next preceding each interest payment date.

THIS CERTIFICATE is one of a duly authorized issue of certificates of obligation, aggregating $3,750,000 (the "Certificates"), issued in accordance with the Constitution and laws of the State of Texas, particularly Chapter 271, Texas Local Government Code, as amended, for the purpose of evidencing the indebtedness of the City for all or any part of the cost of the construction of street improvements, drainage improvements, relocation and repair of water and sewer lines and the cost of professional services incurred in connection therewith, and pursuant to an ordinance duly adopted by the City Council of the City (the "Ordinance"), which Ordinance is of record in the official minutes of the City Council.

THE CITY RESERVES THE RIGHT to redeem Certificates maturing on and after September 1, 2018, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2017, or on any date thereafter at par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. Reference is made to the Ordinance for complete details concerning the manner of redeeming the Certificates.

THE CERTIFICATES maturing in the years 2018, 2020, 2023, 2025, 2027 and 2029 (the "Term Certificates") are subject to mandatory redemption prior to maturity in the amounts and on the dates set out below, at a price equal to the principal amount to be redeemed plus accrued interest to the redemption date:

TERM CERTIFICATES MATURING IN THE YEAR 2018

Mandatory Redemption	Principal Amount
September 1, 2017	$155,000
September 1, 2018 (maturity)	165,000

TERM CERTIFICATES MATURING IN THE YEAR 2020

Mandatory Redemption	Principal Amount
September 1, 2019	$170,000
September 1, 2020 (maturity)	175,000

TERM CERTIFICATES MATURING IN THE YEAR 2023

Mandatory Redemption	Principal Amount
September 1, 2021	$185,000
September 1, 2022	195,000
September 1, 2023 (maturity)	205,000

TERM CERTIFICATES MATURING IN THE YEAR 2025

Mandatory Redemption	Principal Amount
September 1, 2024	$215,000
September 1, 2025 (maturity)	220,000

TERM CERTIFICATES MATURING IN THE YEAR 2027

Mandatory Redemption	Principal Amount
September 1, 2026	$230,000
September 1, 2027 (maturity)	240,000

TERM CERTIFICATES MATURING IN THE YEAR 2029

Mandatory Redemption	Principal Amount
September 1, 2028	$255,000
September 1, 2029 (maturity)	265,000

The particular Term Certificates to be redeemed shall be selected by the Registrar by lot or other customary random selection method, on or before August 1 of each year in which Term Certificates are to be mandatorily redeemed. The principal amount of Term Certificates to be mandatorily redeemed in each year shall be reduced by the principal amount of such Term Certificates that have been acquired by the City and delivered to the Registrar for cancellation or have been optionally redeemed and which have not been made the basis for a previous reduction.

NOTICE OF ANY REDEMPTION shall be given at least thirty (30) days prior to the date fixed for redemption by first class mail, addressed to the registered owner of each Certificate to be redeemed in whole or in part at the address shown on the books of registration kept by the Registrar. When Certificates or portions thereof have been called for redemption, and due provision has been made to redeem the same, the principal amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the amounts called for redemption shall terminate on the date fixed for redemption.

THIS CERTIFICATE is transferable only upon presentation and surrender at the operations office of the Registrar in Minneapolis, Minnesota, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Ordinance.

THE CERTIFICATES are exchangeable at the operations office of the Registrar in Minneapolis, Minnesota, for Certificates in the principal amount of $5,000 or any integral multiple thereof, subject to the terms and conditions of the Ordinance.

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

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

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

IT IS HEREBY certified, recited and covenanted that this Certificate has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Certificate have been performed, exist and have been done in accordance with law; and that annual ad valorem taxes, within the limits prescribed by law, sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in the City.

IT IS FURTHER certified, recited and represented that the revenues, in an amount not to exceed $10,000, to be derived from the operation of the City's waterworks and sanitary sewer system, after the payment of all operation and maintenance expenses thereof (the "Net Revenues"), are pledged to the payment of the principal of and interest on the Certificates; provided, however, that such pledge is and shall be junior and subordinate in all respects to the pledge of the Net Revenues to the payment of all outstanding obligations of the City and any obligation of the City, whether authorized heretofore or hereafter, which the City designates as having a pledge senior to the pledge of the Net Revenues to the payment of the Certificates. The City also reserves the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind payable in whole or in part from the Net Revenues, secured by a pledge of the Net Revenues that may be prior and superior in right to, on a parity with, or junior and subordinate to the pledge of the Net Revenues securing the Certificates.

IN WITNESS WHEREOF, this Certificate has been signed with the manual or facsimile signature of the Mayor and countersigned with the manual or facsimile signature of the City Clerk, and the official seal of the City has been duly impressed, or placed in facsimile, on this Certificate.

(AUTHENTICATION CERTIFICATE) (SEAL) CITY OF LA MARQUE, TEXAS

____
Mayor

____
City Clerk

(b) Form of Registration Certificate.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _______

I hereby certify that this Certificate has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Certificate has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL this ______________________________.

____
Comptroller of Public Accounts
of the State of Texas

(SEAL)

(c) Form of Registrar's Authentication Certificate.

AUTHENTICATION CERTIFICATE
It is hereby certified that this Certificate has been delivered pursuant to the Ordinance described in the text of this Certificate.

Wells Fargo Bank, N.A.

By ________________________
Authorized Signature
Date of Authentication ____________

(d) Form of Assignment.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto
____
____
(Please print or type name, address, and zip code of Transferee)
____
(Please insert Social Security or Taxpayer Identification Number of Transferee)
the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints
____
attorney to transfer said Certificate on the books kept for registration thereof, with full power of substitution in the premises.

DATED: ______________________________ ____

Signature Guaranteed:

____

____

Registered Owner

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

____

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

(e) The Initial Certificate 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 Certificate, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the word "CUSIP" deleted;

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

[Information to be inserted from schedule in Section 5]

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

19. CUSIP Numbers; Bond Insurance. CUSIP Numbers may be printed on the Certificates, but errors or omissions in the printing of such numbers shall have no effect on the validity of the Certificates. If bond insurance is obtained by the Underwriter, the Certificates may bear an appropriate legend as provided by the insurer.

20. Interest and Sinking Fund; Tax Levy. There is hereby established a separate fund of the City to be known as the City of La Marque, Texas, Certificates of Obligation, Series 2007 Interest and Sinking Fund (the "Interest and Sinking Fund"), which shall be kept separate and apart from all other funds of the City. The proceeds from all taxes levied, assessed and collected for and on account of the Certificates authorized by this Ordinance shall be deposited, as collected, in the Interest and Sinking Fund. While the Certificates or any part of the principal thereof or interest thereon remain outstanding and unpaid, there is hereby levied and there shall be annually assessed

and collected in due time, form and manner, and at the same time as other City taxes are assessed, levied and collected, in each year, a continuing direct annual ad valorem tax, within the limits prescribed by law, upon all taxable property in the City, sufficient to pay the current interest on the Certificates as the same becomes due and to provide and maintain a sinking fund of not less than two percent of the principal amount of the Certificates or the amount required to pay each installment of principal of the Certificates as the same matures, whichever is greater, full allowance being made for delinquencies and costs of collection, and said taxes are hereby irrevocably pledged to the payment of the interest on and principal of the Certificates.

21. Pledge of Revenues. The revenues, in an amount not to exceed $10,000, to be derived from the operation of the City's waterworks and sanitary sewer system, after the payment of all operation and maintenance expenses thereof (the "Net Revenues"), are hereby pledged to the payment of the principal of and interest on the Certificates as the same come due; provided, however, that such pledge is and shall be junior and subordinate in all respects to the pledge of the Net Revenues to the payment of all outstanding obligations of the City and any obligation of the City, whether authorized heretofore or hereafter, which the City designates as having a pledge senior to the pledge of the Net Revenues to the payment of the Certificates. The City also reserves the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind payable in whole or in part from the Net Revenues, secured by a pledge of the Net Revenues that may be prior and superior in right to, on a parity with, or junior and subordinate to the pledge of the Net Revenues securing the Certificates.

22. Application of Chapter 1208, Government Code. Chapter 1208, Government Code, applies to the issuance of the Certificates and the pledge of the taxes and revenues granted by the City under Sections 20 and 21 of this Ordinance, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Certificates are outstanding and unpaid such that the pledge of the taxes and revenues granted by the City under Sections 20 and 21 of this Ordinance is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Certificates the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

23. Further Proceedings. After the Initial Certificate has been executed, it shall be the duty of the Mayor and other appropriate officials and agents of the City to deliver the Initial Certificate and all pertinent records and proceedings to the Attorney General of the State of Texas, for examination and approval. After the Initial Certificate has been approved by the Attorney General, it shall be delivered to the Comptroller for registration. Upon registration of the Initial Certificate, the Comptroller (or the Comptroller's bond clerk or an assistant bond clerk lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate prescribed herein and the seal of said Comptroller shall be impressed, or placed in facsimile, thereon.

24. Sale. The sale and delivery of the Certificates to SAMCO Capital Markets (the "Underwriter") at a price of par, plus accrued interest thereon to date of delivery, is hereby

authorized, approved, ratified and confirmed, subject to the approving opinion as to the legality of the Certificates of the Attorney General of the State of Texas, and of Vinson & Elkins L.L.P., Houston, Texas, bond counsel. It is hereby found and declared that the Certificates were sold at public sale and that the bid of the Underwriter was the best bid received by the City.

25. Federal Income Tax Inclusion.

(a) General Tax Covenant. The City intends that the interest on the Certificates shall be excludable from gross income for purposes of federal income taxation pursuant to sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code), and applicable Income Tax Regulations (the "Regulations"). The City covenants and agrees not to take any action, or knowingly omit to take any action within its control that, if taken or omitted, respectively, would cause the interest on the Certificates to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes. In particular, the City covenants and agrees to comply with each requirement of this Section; provided, however, that the City shall not be required to comply with any particular requirement of this Section if the City has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Certificates or if the City has received a Counsel's Opinion to the effect that compliance with some other requirement set forth in this Section will satisfy the applicable requirements of the Code and Regulations, in which case compliance with such other requirement specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in this Section.

(b) No Private Use or Payment and No Private Loan Financing. The City shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Certificates are delivered, that the proceeds of the Certificates will not be used in a manner that would cause the Certificates to be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder. Moreover, the City covenants and agrees that it will make such use of the proceeds of the Certificates including interest or other investment income derived from Certificate proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Certificates will not be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder.

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

(d) No Hedge Bonds. The City covenants and agrees that it has not and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Certificates to be "hedge bonds" within the meaning of section 149(g) of the Code and the applicable Regulations thereunder.

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

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

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

(h) Continuing Obligation. Notwithstanding any other provision of this Ordinance, the City's obligations under the covenants and provisions of this Section shall survive the defeasance and discharge of the Certificates.

26. Qualified Tax-Exempt Obligations. The City hereby designates the Certificates as "qualified tax-exempt obligations" for purposes of section 265(b) of the Code. In connection therewith, the City represents (a) that the aggregate amount of tax-exempt obligations issued by the

City during calendar year 2007, including the Certificates, which have been designated as "qualified tax-exempt obligations" under section 265(b)(3) of the Code does not exceed $10,000,000, and (b) that the reasonably anticipated amount of tax-exempt obligations which will be issued by the City during calendar year 2007, including the Certificates, will not exceed $10,000,000. For purposes of this Section, the term "tax-exempt obligation" does not include "private activity bonds" within the meaning of section 141 of the Code, other than "qualified 501(c)(3) bonds" within the meaning of section 145 of the Code. In addition, for purposes of this Section, the City includes all entities which are aggregated with the City under the Code.

27. Use of Proceeds. Proceeds from the sale of the Certificates shall, promptly upon receipt by the City, be applied as follows:

(a) Accrued interest and any premium on the Certificates shall be deposited into the Interest and Sinking Fund.

(b) The remaining proceeds of the Certificates shall be used for the purposes described in Section 3 of this Ordinance and for paying the costs of issuance of the Certificates. Any certificate proceeds remaining after accomplishing the purposes set out in Section 3 and paying costs of issuance, including earnings on investments of such proceeds, shall be transferred to the Interest and Sinking Fund.

28. Official Statement. The City ratifies and confirms its prior approval of the form and content of the Preliminary Official Statement prepared in the initial offering and sale of the Certificates and hereby authorizes the preparation of a final Official Statement reflecting the terms of the Underwriter's bid and other relevant information. The use of such Official Statement in the reoffering of the Certificates by the Underwriter is hereby approved and authorized. The proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Certificates.

29. Continuing Disclosure Undertaking. (a) Annual Reports. The City shall provide annually to each NRMSIR and the SID, within six 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 authorized by Section 28 of this Ordinance under the headings "OFFICIAL STATEMENT SUMMARY," "CITY TAX DEBT (except for "Estimated Overlapping Debt"), "TAX DATA," "SELECTED FINANCIAL DATA," "INVESTMENT AUTHORITY AND INVESTMENT OBJECTIVES OF THE CITY—Current Investments," and in Appendix B. The information to be provided will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements at the required time and audited financial statements when and if they become available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in Appendix B to the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

If the City changes its fiscal year, it will notify each NRMSIR and the SID of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

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

(b) Material Event Notices. The City shall notify the SID and either each NRMSIR or the MSRB, in a timely manner, of any of the following events with respect to the Certificates, if such event is material within the meaning of the federal securities laws:

A. Principal and interest payment delinquencies;
B. Non-payment related defaults;
C. Unscheduled draws on debt service reserves reflecting financial difficulties;
D. Unscheduled draws on credit enhancements reflecting financial difficulties;
E. Substitution of credit or liquidity providers, or their failure to perform;
F. Adverse tax opinions or events affecting the tax-exempt status of the Certificates;
G. Modifications to rights of holders of the Certificates;
H. Certificate calls;
I. Defeasances;
J. Release, substitution, or sale of property securing repayment of the Certificates; and
K. Rating changes.

The City shall notify the SID and either each NRMSIR or the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 29(a) of this Ordinance by the time required by such Section.

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

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

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

No default by the City in observing or performing its obligations under this Section shall comprise a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

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

The provisions of this Section may be amended by the City from time to time to adopt to changed circumstances that arise from a change in legal requirements, change in law, or change in the identity, nature, status or type of operations of the City, but only if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent to such amendment, or (b) a person unaffiliated with the City (such as nationally recognized bond counsel), determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If any such amendment is made, the City will include in its next annual update an explanation in narrative form of the reasons for the change and its impact on the type of operating data or financial information being provided.

30. Related Matters. The Mayor, the City Manager, the City Clerk, the Director of Finance, and other appropriate officials of the City are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Ordinance.

31. Registrar. The form of agreement setting forth the duties of the Registrar is hereby approved, and the appropriate officials of the City are hereby authorized to execute such agreement for and on behalf of the City.

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

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

PASSED AND APPROVED on the 14th day of May, 2007.

/s/ Larry Crow

Mayor
City of La Marque, Texas

ATTEST:

/s/ Susan K. Welch

City Clerk
City of La Marque, Texas

(SEAL)

CITY COUNCIL AGENDA FORM

Meeting Date:	July 17, 2017	Agenda item:	**6b**
Prepared by:	Les Rumburg/Tina Ortiz	Reviewed by:	*Carol Buttler*
Department:	Public Services/Utility Billing		

AGENDA ITEM DESCRIPTION: Discussion/possible action regarding authorizing the City Manager to negotiate a contract with Siemens Industries to supply, install, and oversee an AMI (Advanced Metering Infrastructure) system as Phase II of the Energy Performance Contract Project to be presented to City Council at a future date for approval

☐ **Attach for reference**

STAFF BRIEFING:

- An AMI (Advanced Metering Infrastructure) system provides many benefits for the City and for the community:
  - Almost instantaneous, and constant accountability of purchase and distribution of water.
  - Reliability of accuracy in individual residential and commercial usage.
  - Coupled with installation of flow meters throughout town, leak detection on main water lines (and subsequent repairs) is expedited.
  - Abnormal consumption beyond the meter, alerts the City who, in turn can respond to the consumer, potentially lessening long-term issues.
- All previous studies, reports, and analysis commissioned by the City have been returned with a recommendation to utilize an AMI system at the earliest opportunity.
- An AMI system was part of the initial presentation approximately 18 months ago, by the Siemens Industry, Inc. as part of the Energy Procurement Contracting agreement, but was removed by recommendation of City Council.
- City Council elected to proceed with the Wastewater Treatment Plant (WWTP) improvements as Phase I of the Energy Procurement Contract.
- Finance Director has met with City staff and Siemens staff to coordinate efforts.

HISTORY:

- Summer, 2014– Water Audit completed by JBS Water, Inc.
- November, 2016 – Water Modeling and Planning Study conducted by ARKK Engineers
- August, 2016 – Leak Detection Study conducted as part of the Siemens Energy Procurement Project
- February, 2017 – City enters into agreement with Municipal Operations and Consulting

TARGET IMPLEMENTATION: October 1, 2017

SIGNIFICANT ACTION DATES:

July 2017 – Phase I of Energy Performance Contract completed and accepted by the City (Wastewater Treatment Plant-WWTP improvements); on time, on budget, no change orders
July 17, 2017 – City Council considers approval for Phase II of Energy Performance Contract for AMI System

CITY COUNCIL AGENDA FORM

ACTION:

- ☐ Ordinance
- ☐ Resolution
- ☐ Special Presentation
- ☐ Proclamation
- ☐ Finance Report
- ☐ Public Hearing
- ☒ Other-Energy Procurement Contract-Phase II
- ☒ Mark if this item does not conflict with any Resolution, Ordinance or City Charter, policies, procedures

Cost Details:	
Budgeted	
Actual Bid	
Estimated Expenditure	
Acct. Name(s)	
Line Items #	
Other Funding	

STAFF'S RECOMMENDATION: Motion to authorize the City Manager to negotiate a contract with Siemens Industries to supply, install, and oversee an AMI (Advanced Metering Infrastructure) system as Phase II of the Energy Performance Contract Project to be presented to City Council at a future date for approval

FISCAL IMPACT: Funding to be discussed at a future Council meeting

CITY COUNCIL AGENDA FORM

Meeting Date:	July 17, 2017	Agenda item:	**6c**
Prepared by:	Venisha Henderson	Reviewed by:	*Carol Buttler*
Department:	Public Services		

AGENDA ITEM DESCRIPTION: Discussion/possible action regarding approval to transfer funds from General Fund/Public Services Department (12) to Parks Fund in the amount of $11,148.00

X

Attach for reference
1. Expenditures Report for FY2017 to date

STAFF BRIEFING:
- According to the City Charter City Council must approve all transfer between different funds.
- Based on feedback at the March 2017 meeting by Chairperson of the Parks Board, City Manager realized misinterpretation of which expenditures should be funded by the Parks Fund and which should be funded by the General Fund through the Public Services Department.
- Staff was charging all Parks Board requests to Parks Fund.
- Parks Board was requesting many projects for parks with the expectation that the General Fund would absorb all costs.
- City Manager stated the General Fund would absorb costs for maintenance and repairs, which is appropriate.
- However, new projects identified by the Parks Board should be funded by the Parks Fund, as funding allows.
- City Manager requested transfer of funds from General Fund/Public Services to Parks Fund.
- During budget workshops, City Manager will be asking City Council for clarification of expenditures Council directs to be charged to the Parks Fund.
- Finance Director has reviewed and has authorized transfer.

HISTORY:
- No known past history of transferring funds from General Fund to Parks Fund.

TARGET IMPLEMENTATION: July 18, 2017

SIGNIFICANT ACTION DATES:

CITY COUNCIL AGENDA FORM

ACTION:

- ☐ Ordinance
- ☐ Resolution
- ☐ Special Presentation
- ☐ Proclamation
- ☐ Finance Report
- ☐ Public Hearing
- ☒ Other – Fund Transfer
- ☒ Mark if this item does not conflict with any Resolution, Ordinance or City Charter, policies, procedures

Cost Details:	
Budgeted	
Actual Bid	
Estimated Expenditure	$11,148.00
Acct. Name(s)	Parks Board Fund
Line Items #	81-2011-00
Other Funding	N/A

STAFF'S RECOMMENDATION: Motion to approve to transfer funds from General Fund/Public Services (Department 12) to Parks Fund in the amount of $11,148.00

FISCAL IMPACT: A total of $11,148.00 will be transferred from General Fund/Public Services to Parks Fund.

CITY COUNCIL AGENDA FORM

Meeting Date:	July 17, 2017	Agenda item:	**6d**
Prepared by:	Patty Rees/Suzy Kou	Reviewed by:	*Carol Buttler*
Department:	Human Resources/Finance		

AGENDA ITEM DESCRIPTION: Discussion/possible action regarding adopting a formal Compensation Plan for Non-Collective Bargaining employees (excluding Telecommunicators) effective October 1, 2017.

☒

Attachments for Reference:
1. Proposed Compensation Plan 2017 Presentation
2. Proposed Compensation Plan 2017 funding schedule

STAFF BRIEFING:
- Since the City of La Marque participated in their Compensation Survey, H-GAC guaranteed a copy of their study of 40 regional cities.
- Surveyed cities vary in number of employees and population.
- Staff wanted to make sure the plan was equitable both internally and externally to the City of La Marque.
- Staff was diligent about the City's ability to afford the plan over time and remain competitive to surrounding cities.
- The study revealed there are salary deficiencies in certain employee positions.
- Staff believes Council does not wish the City of La Marque to rank in the bottom one-third of cities surveyed, but believes at this time the City cannot afford to rank in the top one-third of the cities.

HISTORY:
- **2014-2015** - Chief Grimm with the prior HR Consultant compiled an initial Compensation Study to present to City Council.
  As a result, Council increased by $2,000 salaries for employees who ranked at or above 40% below market.
  Council increased by $1,500 salaries for employees who ranked at or above 30% below market.
- **2015-2016** – At City Council's request, the Finance Director compiled a survey of cities from TML salaries; employees in positions still ranking below market, were increased $1,000-$2,000.

TARGET IMPLEMENTATION: **October 1, 2017**

SIGNIFICANT ACTION DATES:
April 2017 – H-GAC asked regional cities to participate in a survey of current salaries.

CITY COUNCIL AGENDA FORM

ACTION:

- ☐ Ordinance
- ☐ Resolution
- ☒ Special Presentation
- ☐ Proclamation
- ☐ Finance Report
- ☐ Public Hearing
- ☒ Other – Compensation Plan
- ☒ Mark if this item does not conflict with any Resolution, Ordinance or City Charter, policies, procedures

Cost Details:	
Budgeted	
Actual Bid	
Estimated Expenditure	
Acct. Name(s)	
Line Items #	
Other Funding	

STAFF'S RECOMMENDATION: Motion to adopt a formal Compensation Plan for Non-Collective Bargaining employees (excluding Telecommunicators) effective October 1, 2017.

FISCAL IMPACT: Potential, only, if Council increases all positions below market.
General Fund $63,000 gross
Utility Fund $71,000 gross

CITY OF LA MARQUE

Proposed Compensation Plan 2017

(Excluding Police / Fire Collective Bargaining and Police Telecommunicators)

Objectives

- **Competitive with entities within our region**
  - New hires
  - Retain quality employees
- **Incentives for employee growth opportunities**
  - City’s merit system
- **Equitable spread between position levels based on duties and responsibilities**
- **Realistic funding approach for current City budget**

History

- Around 1994, the City had a pay plan done by an outside consulting firm.
- In 2007, the City had an updated pay plan for all non-collective bargaining employees.
- Current- Due to 2007 pay plan being too outdated, the City could not attract any new hire using the much lower pay rates shown on the plan. As a result, we do not have a current and practical pay plan in place.
- Budget 2010- 3% Merit raise for all City employees.
- Budget 2014- Council approved $75 Turkey money (**one year only**) for all employees. Regular years had been $25.
- Budget 2015- Council approved a 4% Cost of Living Adjustments to non-collective bargaining employees.
- Budget 2016- Council approved a $2,000 increase to employees who were over 40% below market and $1,500 increase to employees who were over 30% below market.
- Budget 2017- Council approved $1,000 to $2,000 increase to employees who were still significantly below market.

Sources

- In April 2017, HGAC invited City of La Marque to participate in a salary survey along with other cities.
- Total of 40 cities participated with:
  - population from 300 to 2,200,000.
  - Full time equivalent employees from 15 to 21,388.
  - Operating budget from $95,050 to $5,112,000,000.
  - Fiscal year 2015-16 payroll from $800 to $54,745,015.
  - Property tax rate from $0.069164/$100 to $1.03745/$100.

Selection

- Due to the wide range of city sizes, we selected only those who are close to our size:
  - Population of less than or equal to 25,000 and/or
  - Locate within our region
  - Full time equivalent employees of less than or equal to 200
- Cities selected for our plan include:
  - Angleton (pop 19,429; FTE 123)
  - Clear Lake Shores (pop 1,063; FTE 17)
  - Dickinson (pop 18,680; FTE 68)
  - Freeport (pop 12,500; FTE 126)
  - Friendswood (pop 39,358; FTE 194)
  - Manvel (pop 7,546; FTE 42)
  - Nassau Bay (pop 4,600; FTE 43)
  - Seabrook (pop 12,000; FTE 54)

Definitions

- Regional group-Cities selected for our own survey.
- Regional average- Average of (Angleton average, Manvel average, Dickinson average, etc.) Regional group averages.
- HGAC average- Overall average using the 40 participants group from HGAC.
- Current- Current salary of each position.
- Regional Low- Average of (Angleton low, Manvel low, Dickinson low, etc.) Regional group lows.
- Proposed Minimum- Minimum salary to be able to attract a candidate in the market for certain position at entry level.
- Proposed Maximum- Our maximum ability to provide incentives for employee growth based on performance and experience applying 2% per step cap at 10th step.

Approach

- City Manager should be the highest paid position in the City.
- With City Manager salary being lower than Regional group cities, all salary ranges would result in compression while allowing the minimum to be at a competitive level.
- In addition, the maximum of a subordinate range should not exceed the minimum of a supervisory range within the same function. Otherwise, we would encounter an overlapping issue.
- Marketability-How likely are we able to attract a pool of applicants and how many qualified applicants being available in our region? The equilibrium of supply and demand was one of the factors we considered to determine the proposed minimum of each position.
- Fiscal impact-How much overall impact each role can have on our City?
- Affordability-We match our Proposed Maximum as close as we can to the Regional average.
- Each budget, we revisit the regional market and update our plan based on funding availability and growth.

Conclusion

- Questions and Answers

Proposed Compensation Plan 2017

Funding Analysis

Department No	Position Description	Current	2017 Proposed Min	2017 Proposed Max	Additional Funding
1	ASSISTANT TO CITY MANAGER/EMERG MGMT COORD	67,000.96	52,000.00	74,973.00	
1	CITY MANAGER	110,000.80	114,470.18	139,538.51	4,469.38
1	CITY RECEPTIONIST	23,920.00	25,886.60	31,555.62	1,966.60
1	HUMAN RESOURCES COORDINATOR	48,014.72	48,014.72	58,529.68	
2	ACCOUNTANT	39,998.40	42,820.41	52,197.85	2,822.01
2	ACCOUNTING SPECIALIST	29,120.00	32,526.80	39,649.99	3,406.80
2	CITY RECEPTIONIST	23,920.00	25,886.60	31,555.62	1,966.60
2	FINANCE DIRECTOR	88,013.12	86,109.88	107,857.00	
3	CODE ENFORCEMENT OFFICER	34,320.00	35,626.00	43,427.90	1,306.00
3	CODE ENFORCEMENT SUPERVISOR	54,562.56	47,521.00	57,927.83	
3	DEVELOPMENT COORDINATOR	35,000.16	30,932.00	37,705.94	
3	PERMIT CLERK	26,262.08	27,144.00	33,088.38	881.92
4	CITY MARSHAL	44,990.40	44,990.40	54,843.05	
4	COURT ADMINISTRATOR	52,000.00	52,000.00	63,387.71	
4	DEPUTY COURT CLERK	23,920.00	29,623.29	36,110.62	5,703.29
4	DEPUTY COURT CLERK	23,920.00	29,623.29	36,110.62	5,703.29
5	POLICE CHIEF	88,013.12	88,013.12	107,857.00	
5	POLICE CHIEF ADMIN ASST	41,498.08	41,498.08	50,585.93	
5	POLICE RECORDS CLERK	30,925.44	30,925.44	37,697.94	
6	FIRE ADMIN ASSISTANT	32,052.80	32,052.80	39,072.18	
7	CITY CLERK	69,080.96	61,345.88	74,780.28	
8	LIBRARY ASSISTANT	24,440.00	31,763.75	38,719.83	
8	LIBRARY DIRECTOR	52,000.00	60,352.75	73,569.67	8,352.75
8	LIBRARY YOUTH SERVICES	37,960.00	38,523.75	46,960.24	
8	REFERENCE LIBRARIAN	35,322.56	37,205.03	45,352.72	
12	MAINTENACE LEADER	29,879.20	32,698.18	36,000.00	2,818.98
12	MAINTENANCE TECHNICIAN	24,860.16	28,174.17	34,344.15	3,314.01
12	MAINTENANCE TECHNICIAN	24,860.16	28,174.17	34,344.15	3,314.01

Proposed Compensation Plan 2017
Funding Analysis

Department No	Position Description	Current	2017 Proposed Min	2017 Proposed Max	Additional Funding
12	MAINTENANCE TECHNICIAN	24,860.16	28,174.17	34,344.15	3,314.01
12	MECHANIC I	27,539.20	30,441.10	37,107.53	2,901.90
12	MECHANIC II	34,451.04	36,915.77	45,000.12	2,464.73
12	PS-ADMIN FOREMAN	36,400.00	38,603.14	47,057.02	2,203.14
12	PS-ADMINISTRATIVE ASSISTANT	30,160.00	30,160.00	36,764.87	
12	PS-OPERATIONS FOREMAN	33,240.48	38,846.00	47,353.06	5,605.52
12	TRAFFIC TECH/ST SWEEPER	29,142.88	47,521.00	74,973.00	
13	IT ASSISTANT	29,120.00	30,932.00	74,973.00	
13	SYSTEM ADMINISTRATOR	56,070.56	56,070.56	68,349.70	
21	BILLING SPECIALIST	35,110.40	31,982.67	38,986.69	
21	UB-CUSTOMER SERVICE TECHNICIAN	23,920.00	26,024.75	31,724.03	2,104.75
	UB-CUSTOMER SERVICE TECHNICIAN		26,767.00	32,628.82	
21	UTILITY BILLING/SANITATION MANAGER	52,000.00	41,153.40	55,000.00	
22	MAINTENANCE TECHNICIAN	24,860.16	28,174.17	34,344.15	3,314.01
22	METER READER	24,860.16	29,394.00	35,831.12	4,533.84
22	MAINTENANCE TECHNICIAN	24,860.16	28,174.17	34,344.15	3,314.01
22	MAINTENANCE TECHNICIAN	22,859.20	28,174.17	34,344.15	5,314.97
22	MAINTENANCE TECHNICIAN	24,856.00	28,174.17	34,344.15	3,318.17
22	MECHANIC I	25,556.96	29,449.98	35,899.36	3,893.02
22	METER READER	24,860.16	29,394.00	35,831.12	4,533.84
22	ASSISTANT PUBLIC SERVICES DIRECTOR	69,998.24	52,000.00	75,000.00	
22	UTILITY FIELD-FOREMAN	33,621.12	38,846.00	47,353.06	5,224.88
22	UTILITY-EQUIP OPERATOR	24,860.16	29,490.20	35,948.39	4,630.04
24	MAINTENANCE TECHNICIAN	24,910.08	28,174.17	34,344.15	3,264.09
24	MAINTENANCE TECHNICIAN	23,088.00	28,174.17	34,344.15	5,086.17
24	PUBLIC WORKS DIRECTOR	88,013.12	83,907.29	102,282.51	
24	UP-CHIEF PLANT OPERATOR	34,998.08	34,998.08	42,662.46	

Proposed Compensation Plan 2017
Funding Analysis

Department No	Position Description	Current	2017 Proposed Min	2017 Proposed Max	Additional Funding
24	PLANT OPERATOR TRAINEE	24,897.60	31,500.00	38,398.32	6,602.40
24	UTILITY SENIOR MAINT TECH	29,120.00	31,120.00	37,935.11	2,000.00
24	UTILITY-CHLORINE OPERATOR	25,353.12	29,394.60	35,831.85	4,041.48
24	WWTP PLANT OPERATOR	28,581.28	31,500.00	38,398.32	2,918.72
	Vacant Maint Tech				3,318.17
	Vacant Maint Tech				3,318.17
19	EDC DIRECTOR	97,500.00	70,647.50	107,857.00	
19	PUBLIC RELATIONS SPECIALIST	54,999.36	50,000.00	60,949.72	

GF	62,514.93
Utility	70,730.70
	133,245.63

CITY COUNCIL AGENDA FORM

Meeting Date:	July 17, 2017	Agenda item:	**7a**
Prepared by:	Carol Buttler	Reviewed by:	*Carol Buttler*
Department:	Administration		

AGENDA ITEM DESCRIPTION: Discussion/possible action regarding authorizing the City Manager to negotiate a contract with legal counsel for Municipal Prosecutorial Legal Services and present to City Council for approval by resolution at a future City Council meeting

[X] **Attachments for reference**

1. Qualifications of Candidates to be presented at Executive Session

STAFF BRIEFING:

- The current Municipal Prosecutor's contract expired September 30, 2016.
- He has continued to serve and receive compensation on a month-to-month basis.
- Per the City Charter, Section 13.16- City Prosecutor shall be recommended by the City Manager and shall be appointed by the City Council.
- Based on City Manager's recommendation to determine an interest by local legal firms in providing Municipal Prosecutorial Legal Services, Court staff prepared Requests for Qualifications (RFQ's).
- On May 30, 2017, RFQ's were posted on the City's web site, in the Daily News, and on Bidnet, a governmental competitive bid site.
- Deadline to submit Statements of Qualifications (SOQ's) was scheduled for 10:00 a.m. June 14, 2017
- No Statements of Qualifications (SOQ's) were received by the deadline.
- Staff was asked to contact firms to learn the reason(s) for not responding.
- Several firms indicated they had missed the noticed by the deadline and requested time to submit.
- Because the City already followed the formal RFQ process, staff was allowed to accept submissions.
- Only two (2) firms submitted SOQ's.
- Because Council previously has requested the opportunity to interview all candidates prior to appointment, I have confirmed that both attorneys are available on July 17, 2017, for Executive Session.

HISTORY: Mr. Barfield has been serving the City of La Marque as City Prosecutor since 2010.

TARGET IMPLEMENTATION: August 14, 2017 depending on City Council interviews of candidates

SIGNIFICANT ACTION DATES:

September 30, 2016 – City of La Marque Municipal Court Prosecutor Robert Barfield's contract expired.

May 30, 2017 - Requests for Qualifications (RFQ's)

CITY COUNCIL AGENDA FORM

June 14, 2017 – Deadline to submit Statements of Qualifications (SOQ's)
July 17, 2017 – Interview candidates

ACTION:

☐	Ordinance	☐	Resolution
☐	Special Presentation	☐	Proclamation
☐	Finance Report	☐	Public Hearing
X	Other- Prosecutor Interviews		

Cost Details:	
Budgeted	$19,500.00
Actual Bid	
Estimated Expenditure	
Acct. Name	Contract Prosecutor
Line Items #	01-4042-04-00
Other Funding	

X Check box if there is no conflict with City Charter, ordinances, resolutions, or policies.

STAFF'S RECOMMENDATION: Motion to authorize the City Manager to negotiate a contract with legal counsel for Municipal Prosecutorial Legal Services and present to City Council for approval by resolution at a future City Council meeting

FISCAL IMPACT: Minimum of $19,500.00 per fiscal year