



**FARMERSVILLE CITY COUNCIL  
REGULAR SESSION AGENDA  
August 22, 2017, 6:00 P.M.  
Council Chambers, City Hall  
205 S. Main Street**

**I. PRELIMINARY MATTERS**

- Call to Order, Roll Call, Prayer and Pledge of Allegiance
- Announcements
  - Calendar of upcoming holidays and meetings
  - City Hall will be closed September 4<sup>th</sup> in observance of Labor Day.

**II. PUBLIC COMMENT**

Anyone wanting to speak is asked to speak at this time, with an individual time limit of three (3) minute. This forum is limited to a total of thirty (30) minutes. If a speaker inquiries about an item, the City Council or City Staff may only respond with: (1) a statement of specific factual information; (2) a recitation of existing policy; or (3) a proposal that the item be placed on the agenda of a future meeting.

**III. CONSENT AGENDA**

Items in the Consent Agenda consist of non-controversial or "housekeeping" items required by law. Council members may request prior to a motion and vote on the Consent Agenda that one or more items be withdrawn from the Consent Agenda and considered individually. Following approval of the Consent Agenda, excepting the items requested to be removed, the City Council will consider and act on each item so withdrawn individually.

- A. City Council Minutes
- B. City Financial Report

#### **IV. PUBLIC HEARING**

- A. Public hearing to consider, discuss and act upon the 1<sup>st</sup> and only reading of Ordinance #O-2017-0822-001 regarding all matters incident and related to the issuance and sale of "City of Farmersville, Texas, Tax and Utility System Surplus Revenue Certificates of Obligation, Series 2017", including the adoption of an ordinance authorizing the issuance of such certificates of obligation.
- B. First Public Hearing on Tax Rate Increase to allow proponents and opponents of the tax rate increase to present their views.

#### **V. NOTICE OF MEETING FOR CITY COUNCIL VOTE ON PROPOSED TAX RATE**

- A. The City Council will vote on the proposed tax rate at the City Council meeting on September 5, 2017, which meeting will begin at 6:00 p.m., in the City Council Chambers of City Hall situated at 205 S. Main Street, Farmersville, Texas.

#### **VI. READING OF ORDINANCE**

- A. Consider, discuss and act upon the 1<sup>st</sup> and only reading of Ordinance #2017-0822-002 regarding right-of-way management plan for installation of equipment, specifically wireless network equipment in the public right-of-way.

#### **VII. REGULAR AGENDA**

- A. Consider, discuss and act upon temporary living in recreational vehicle on property located on Prospect Street.
- B. Consider, discuss and act upon leasing agreement with NEC regarding phone contract for public safety.
- C. Consider, discuss and act upon Interlocal Agreement with Collin County for dispatch services for fiscal year 2018.
- D. Consider, discuss and act upon holding a workshop with surrounding cities to discuss and pursue boundary agreements.
- E. Consider, discuss and act upon nominating an individual to serve on the Resource Conservation Council.
- F. Update concerning city wide cleaning day.
- G. Training from City Secretary regarding becoming a city official, code of ethics, open meetings, and required trainings.

#### **VIII. BUDGET WORKSHOP**

#### **IX. EXECUTIVE SESSION**

Discussion of Matters Permitted by Texas Government Code Section 551.071,  
CONSULTATION WITH ATTORNEY:

1. Discussion of matters protected by the attorney-client privilege:


a) Discussion regarding contemplated litigation involving cemetery plat.

X. RECONVENE FROM EXECUTIVE SESSION AND DISCUSS/CONSIDER/ACT ON MATTERS DISCUSSED IN EXECUTIVE SESSION PERMITTED BY SECTIONS 551.071 OF THE TEXAS GOVERNMENT CODE

XI. REQUESTS TO BE PLACED ON FUTURE AGENDAS

XII. ADJOURNMENT

Dated this the 18<sup>th</sup> day of August, 2017.

  
\_\_\_\_\_  
Diane C. Piwko, Mayor

*The City Council reserves the right to adjourn into Executive Session at any time during the course of this meeting to discuss any matters listed on the agenda, as authorized by the Texas Government Code, including, but not limited to, Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices), 551.087 (Economic Development), 418.175-183 (Deliberations about Homeland Security Issues) and as authorized by the Texas Tax Code, including, but not limited to, Section 321.3022 (Sales Tax Information).*

*Persons with disabilities who plan to attend this meeting and who may need assistance should contact the City Secretary at 972-782-6151 or Fax 972-782-6604 at least two (2) working days prior to the meeting so that appropriate arrangements can be made. Handicap Parking is available in the front and rear parking lot of the building.*

I, the undersigned authority, do hereby certify that this Notice of Meeting was posted in the regular posting place of the City Hall building for Farmersville, Texas, in a place and manner convenient and readily accessible to the general public at all times, and said Notice was posted August 18, 2017 by 5:00 P.M. and remained so posted continuously at least 72 hours proceeding the scheduled time of said meeting.

  
\_\_\_\_\_  
Sandra Green, City Secretary

## **I. Preliminary Matters**

# August 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2 Summer Reading Club @ the Library 2:00 pm	3	4	5 Farmers & Fleas 9:00am
6	7	8 Municipal Court 9:00am  City Council Meeting 6:00pm	9 Summer Reading Club @ the Library 2:00 pm	10	11	12
13	14 Main Street Board 4:45pm  FCDC (4B) 5:45pm	15	16 First Day of School for Fisd	17 FEDC (4A) 6:30 pm	18	19
20	21 P&Z 6:30pm	22 Municipal Court 9:00am  City Council Meeting 6:00pm	23	24 B&PS Meeting 6:00 pm	25	26 Bug Tussle Classic Car Trek
27	28 Fisd School Board Meeting 7:00pm	29	30	31		

# September 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2 Farmers & Fleas 9:00am
3	4 City offices closed Labor Day	5 Municipal Court 9:00am	6	7	8	9 FISD Homecoming
10	11 Main Street Board 4:45pm  FCDC (4B) 5:45pm	12 City Council Meeting 6:00pm	13	14	15	16
17	18 P&Z 6:30pm	19 Municipal Court 9:00am	20	21 FEDC (4A) 6:30 pm	22	23
24	25 FISD School Board Meeting 7:00pm	26 City Council Meeting 6:00pm	27	28 B&PS Meeting 6:00 pm	29	30

## **II. Public Comment**

Agenda Section	Public Comment
Section Number	II
Subject	Public Comment
To	Mayor and Council Members
From	Ben White, City Manager
Date	August 22, 2017
Attachment(s)	NA
Related Link(s)	<a href="http://www.farmersvilletx.com/government/agendas_and_minutes/city_council_meetings.php">http://www.farmersvilletx.com/government/agendas_and_minutes/city_council_meetings.php</a>
Consideration and Discussion	Anyone wanting to speak is asked to speak at this time, with an individual time limit of three (3) minute. This forum is limited to a total of thirty (30) minutes. If a speaker inquiries about an item, the City Council or City Staff may only respond with: (1) a statement of specific factual information; (2) a recitation of existing policy; or (3) a proposal that the item be placed on the agenda of a future meeting.
Action	NA



### **III. Consent Agenda**

Agenda Section	Consent Agenda
Section Number	III.A
Subject	City Council Minutes
To	Mayor and Council Members
From	Ben White, City Manager
Date	August 22, 2017
Attachment(s)	Farmersville City Council Meeting Minutes
Related Link(s)	<a href="http://www.farmersvilletx.com/government/agendas_and_minutes/city_council_meetings.php">http://www.farmersvilletx.com/government/agendas_and_minutes/city_council_meetings.php</a>
Consideration and Discussion	City Council discussion as required.
Action	<ul style="list-style-type: none"> <li>• Motion/second/vote <ul style="list-style-type: none"> <li><input type="checkbox"/> Approve</li> <li><input type="checkbox"/> Approve with Updates</li> <li><input type="checkbox"/> Disapprove</li> </ul> </li> <li>• Motion/second/vote to continue to a later date. _____ <ul style="list-style-type: none"> <li><input type="checkbox"/> Approve</li> <li><input type="checkbox"/> Disapprove</li> </ul> </li> <li>• Move item to another agenda. _____</li> <li>• No motion, no action</li> </ul>



## **FARMERSVILLE CITY COUNCIL REGULAR SESSION MINUTES**

**For  
August 8, 2017, 6:00 P.M.**

### **I. PRELIMINARY MATTERS**

- Mayor Piwko called the meeting to order at 6:00 p.m. Council members Craig Overstreet, Donny Mason, Mike Hurst, Todd Rolen, and Michael Hesse were all present. City staff Ben White, Sandra Green, Rick Ranspot, Daphne Hamlin, Kim Morris, Mike Sullivan and City Attorney Alan Lathrom were also present.
- Prayer was led by Sandra Green, City Secretary for the City of Farmersville followed by the pledges to the United States flag and the Texas flag.
- The calendar of upcoming holidays and meetings were provided in the agenda packet.
- A brochure from the FCDC was provided in the agenda packet.
- A notice from the North Central Texas Council of Governments concerning a Transportation Public Meeting was included in the agenda packet.
- Mayor Piwko read the Proclamation for the National Health Care Week and presented it to two health care professionals in the audience.

### **II. PUBLIC COMMENT**

- No one came forward to speak.

### **III. CONSENT AGENDA**

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- A. City Council Minutes
- B. Police Department Report
- C. Code Enforcement/Animal Control Report
- D. Fire Department Report
- E. Municipal Court Report
- F. Warrant Officer Report
- G. Public Works Report
- H. Library Report
- I. City Manager's Report

- Mayor Piwko pulled the City Manager's Report and Craig Overstreet pulled the Public Works Report.
  - Motion to approve reports A-F, and H made by Mike Hurst
  - 2<sup>nd</sup> to approve was Todd Rolen
  - All council members voted in favor
- Craig Overstreet stated in relation to the street system, he would like the City Manager to perhaps look at Johnson Street. Specifically, the short area between McKinney Street and Maple Street because it is in bad condition.
- Ben White indicated he would include it on the list and if Council felt like the streets should have different priorities then they could bring that up.
- Donny Mason asked a question regarding Rike Street. He wanted Ben White to look at that road behind the Methodist Church.
- Mayor Piwko stated it is possible the roads are deteriorating faster and priorities might need to be shifted on the schedule.
- Donny Mason also asked what the status was on Hamilton Street from McKinney Street down to U.S. Highway 380.
- Ben White explained the City is in discussions with separate groups that own the right-of-way in that area. One group has gone back and forth several times since they are considering development of the land. It has been a slow process trying to get right-of-way for those properties. We are in ongoing discussions and they have an attorney involved to look at the right-of-way and to consider future development of the property. He stated the Engineer is ready to start, but it is a matter of getting the right-of-way that is required.
- Michael Hesse asked if Sanitation Solutions has been sweeping the streets as they had promised.
- Ben White explained they are supposed to sweep the streets very year. He said many people wanted it swept after the leaves have fallen. He explained they conduct one pass on the streets and it does not pick up everything.

- Mike Hurst asked if the number of meters that have been switched out was approximately 250 and if they were all inside the city limits.
  - Ben White explained they are electric meters and most of them are in the city limits, but there were lines that extend outside the city limits.
  - Mayor Piwko moved on to the City Manager's Report. She asked about the Public Works Investment Workshop because she believed it would take place in August, but it was not on the schedule.
  - Daphne Hamlin indicated it was for a financial item and we completed it in July. She explained it had to be reviewed every two years and she was planning on scheduling it in August, but scheduled it for July instead.
- Motion to approve reports the City Manager's Report and the Public Works Report made by Craig Overstreet
  - 2<sup>nd</sup> to approve was Mike Hurst
  - All council members voted in favor

#### **IV. INFORMATIONAL ITEMS**

These Informational Items are intended solely to keep the City Council appraised of the actions and efforts of the various boards and commissions serving the City of Farmersville. Council members may deliberate and/or request further information or clarification regarding any one or more of the items contained in this provision. City Council approval of, or action on, these items is not required or requested.

- A. FEDC (4A) Meeting Minutes
- B. FCDC (4B) Meeting Minutes
- C. Main Street Board Minutes
- D. Main Street Report
- E. Texoma Housing Board Agenda

- Motion to approve reports made by Mike Hurst
  - 2<sup>nd</sup> to approve was Todd Rolen
  - All council members voted in favor
- Mayor Piwko asked Alan Lathrom a procedural question. She explained that Mr. John Hart submitted a request to speak on the Public Comment section of agenda, but he arrived after Council had moved past that item. So, could he be allowed to speak.
  - Alan Lathrom said the Mayor could go back and allow people to speak if she would like, or they can wait and speak before the topic.
  - Mr. Hart indicated he would wait until later.

## **V. REGULAR AGENDA**

- A. Consider, discuss and act upon Health insurance costs relating to employees and TML.
- Daphne Hamlin addressed Council and explained a month ago she came before Council regarding employee's health insurance rates and how they went up approximately 20%. At that time, the City decided to speak with two brokers who indicated they could not even touch our rates. They suggested the City stay with TML. But, the only problem is the City is not including an increase to help employees with the extra cost of insurance and it will totally fall on the employees. For example, the most popular plan is going to cost each employee an additional \$96 per paycheck to cover themselves and their dependents. That will be a \$2500 hit to each employee who has dependent coverage.
  - Daphne Hamlin said in the budget this year we are suggesting we stay where we are at and give the employees the \$736 per month for health care to use for dependent coverage.
  - Ben White explained next year it would be nice for the City to help with the rate increase for employees.
  - Mayor Piwko inquired if the budget for proposed salary increases helped with the insurance increase.
  - Daphne Hamlin stated there was a 3% increase in the budget for employees, but it will not touch healthcare costs.
  - Michael Hesse indicated that all insurance companies and all people are going through this right now.
  - Ben White explained that in the past he has said the City would not cover the employees for the extra cost and believed the only way to keep the rates low was to have it affect people's pocketbooks, but now it is overwhelming to most of our employees.
    - No action was taken.
- B. Update concerning the progress of the Comprehensive Zoning Ordinance and Subdivision Ordinance modifications.
- Ben White explained that Kimley-Horn representatives, Mark Bowers Phyllis Jarrell, and Drew Brawner were in attendance to present information on the Comprehensive Zoning update.
  - Mark Bowers and Drew Brawner started the presentation by using the Power Point slides that were provided in the Council Agenda Packet. Mark Bowers indicated they were trying to get a little more details on some of the broad areas by asking Council for direction. He indicated there were a couple of areas where they are suggesting the direction Council should take and they want to make sure the Council agrees that would be the right direction. He stated that over the next few months following the draft of the Ordinance there will be public hearings and then approval of the document. They explained the two main districts they wanted direction on was how the Council wanted the

area to exist in the historic downtown area and the second was the Highway Commercial District. He continued by stating that after some discussion and staff reviews they were going to make some suggestions regarding Planned Developments and Specific Use Permits.

- Drew Brawner explained the Central Area of Farmersville is primarily meant to be a pedestrian district compatible with the historical downtown, but it could expand over time. He stated to become compatible with the downtown area the surrounding areas might need to be transition areas, but not quite as built up like the Main Street. He said one area that was being discussed was south of Farmersville Parkway because there is a lot of opportunity for development in that location. He questioned whether Council wanted it to look like the Main Street development or more of residential with a little commercial mixed in.
- Mark Bowers asked if it was Council's vision to see new adaptive uses or current homes in the area. He gave the example of downtown McKinney where they have their downtown area and then the transition area is older, historical looking homes with some neighborhood services mixed in. He also used downtown Rockwell as an example because a lot of the older residences there have transitioned into commercial uses. It could look like a residential building but it would be used as a commercial facility. He explained there are some people that still use the older houses as residences and some of them have been torn down and new residential or commercial has been built in its place. He explained those are the two ends of the spectrum, but Council may want it somewhere in between. He explained they were just looking for feedback as to how Council was wanting the area and what their vision of the surrounding areas were. The Comprehensive Plan and the Zoning Ordinance are currently not in alignment with mixed-use and the areas around the downtown.
- Michael Hesse indicated there is so much structure in the downtown buildings. He said he would like to continue with the residential mix. He explained he does not want to force the whole area to go to commercial uses. He would like to see residential all the way down McKinney Street. If you had a building that no one was using then the owner could have the option to change it they wanted.
- Mike Hurst asked if the area around the cotton gin could be structured like condominiums or if that would even fit into Farmersville right now. He stated it would have easy access to downtown.

- Craig Overstreet explained in the Comprehensive Plan Workshop the citizens in attendance indicated the need for businesses. He stated they had talked about the transition areas within their group and other people who did not attend the meeting should be privy to what was discussed at that workshop. He commented that he never saw the results compiled of the three different tables who discussed these issues.
- Mayor Piwko indicated she would like to see the area down Farmersville Parkway like areas she has seen in Plano and other cities with mixed-use. For example, the residential on top and the retail on bottom.
- Michael Hesse said the beauty of McKinney is that they have a nice downtown area with the residential around it. The people who live in these areas put so much effort into their houses.
- Mark Bowers stated he was hearing Council say there was a desire to reinforce some of the current residential areas. Also, making the Ordinance stronger for vacant lots, repairs to homes, and other areas where there are greenfield areas on Farmersville Parkway. Some of those areas Council might be interested in seeing new housing products or mixed-use.
- Phyllis Jarrell stated in her review of downtown Farmersville she believes Council might want to build up and support the downtown. The downtown is a major commercial area. Residential development around the downtown encourages a lot of people that like that walkable environment or atmosphere to venture downtown more often. If the City adds some residential it would allow you to have more support for the downtown. The City could structure the Central Area District to grow, but not too large. Within the enlarged open areas might be the places that are most appropriate for mixed-use development. It might not be all of Farmersville Parkway, but an area immediately adjacent to the downtown where you might allow some higher density residential multifamily and retail.
- Mayor Piwko asked if this was the time to consolidate one name for the whole downtown district, instead of multiple names.
- Ben White stated some of the names of the districts are defined by state agencies that are state-controlled.
- Sandra Green also stated the Historic Preservation Ordinance that is being presented to the Planning & Zoning Commission later in the month is considered an overlay district. The Ordinance will just hold higher standards of building and restoration to historically preserve buildings.
- Mayor Piwko indicated she would like the transition area to go from downtown to Hamilton Street or State Highway 78.



- Drew Brawner said the other zoning district they were looking for direction was on the Highway Commercial. Having a highway corridor district is common among cities with major highway frontage. He asked Council if they wanted the purpose of this area to be used to heighten and further regulate the use that occurs along highways, or if they want to control the aesthetics along the highways. These highways are gateways into the City and it would allow for appealing entrances. He indicated that it could be a combination of the two.
- Craig Overstreet stated he wanted it to regulate the use of the zoning and the aesthetics of the buildings and lots.
- Mayor Piwko said she would put appearance over use as a priority.
- Drew Brawner explained currently the Highway Commercial District is a stand-alone district. He explained they are suggesting modifying it to an overlay district. This would allow the current zoning but with stricter architectural and landscaping requirements since the properties are along U.S. Highway 380 and State Highway 78.
- Mayor Piwko indicated Council did not want extreme architectural guidelines placed on the industrial areas that would discourage developers from moving into Farmersville.
- Mark Bowers explained that landscaping would be addressed more than anything for the industrial areas. He suggested trees, bushes, and possible berms so that when people enter the City they see the landscaping and it would give a good impression. He indicated he could come back to Council with examples of ways that landscaping would work for industrial areas.
- Drew Brawner continued with the presentation and indicated they are recommending Planned Developments be an overlay district and that SUP's become attached to the property and not the person running the business.
- The presentation concluded with follow up to come at future meetings.

C. Consider, discuss and act upon contract with the Farmersville Little League and JW Spain Complex.

- Marvin Smith with the Farmersville Little League was in attendance to discuss item with Council.
- Mayor Piwko stated Council wanted an overview regarding the Little League and the JW Spain Complex.
- Marvin Smith stated the bathroom sometimes leaks in the winter because there is no heat. The air conditioning and concession stand seem to be fine.
- Mike Hurst asked if the leaks were getting fixed in an appropriate amount of time and who does he report the leaks to.
- Marvin Smith stated he usually called Ben White or Eddie Brock and response time is good.

- Craig Overstreet explained he cannot tell a lot about the check register and whether they pay for mowing. He also asked about the insurance coverage.
- Mayor Piwko indicated the City has not billed them for the mowing.
- Marvin Smith stated he has not received a contract in the last few years and the City has been paying for the mowing. The insurance covers all the kids and some of the spectators.
- Craig Overstreet asked if the insurance would cover the liability of the City.
- Marvin Smith explained he has only purchased what he had provided to the City and it covers the kids. If he needs to add the City he could do that.
- Mayor Piwko indicated the contract had a clause in the agreement to cover the City.
- Craig Overstreet asked if Mr. Smith was going before the FCDC (4B) for money to help with the fields.
- Both Mayor Piwko and Marvin Smith indicated that he was not going before FCDC (4B) Board.
- Ben White suggested the City continue with the way it is currently being done. The City could continue with the mowing and other items we handle and the next contract could reflect that. The insurance portion is something that Marvin Smith will have to address.
- Todd Rolan stated he had a lot of parents come to him asking about the complex and the maintenance of the fields.
- Marvin Smith said the City was always responsible for the grass and the Little League took care of the fields. He stated they bring in clay and build up the fields all the time.
- Marvin Smith suggested the scoreboard be removed because it is a toy that children play on and it does not work. He stated he renews the insurance every March. He also explained the biggest issues he has with the fields right now is the lips going into the outfield. Some of the lights are blowing fuses, but all the lights are working.
- Mayor Piwko instructed staff to modify the contract by making it a two-year contract that will renew in February, and for Mr. Smith to get the insurance and other necessary documents in order.

- D. Consider, discuss and act upon Interlocal Agreement (ILA) between the City of Farmersville and Collin County for Jail Services.
- Motion to approve made by Todd Rolan
  - 2<sup>nd</sup> to approve was Michael Hesse
  - All council members voted in favor

- E. Consider, discuss, and act upon a contract between the City of Farmersville and the Kansas City Southern Railroad Company.
- Mayor Piwko explained the contract was for the bore underneath the railroad.
  - Ben White stated the contract is mainly related to safety and it will allow the City to fix the waterline under the railroad tracks. The fee has been waived and the cost for the City to replace the line will come out of the water fund.
    - Motion to approve made by Donny Mason
    - 2<sup>nd</sup> to approve was Mike Hurst
    - All council members voted in favor
- F. Consider, discuss, and act upon resignation of Mr. Larry Durbin from the Volunteer Fire Department and reappointing someone to the EMS Advisory Board.
- Chief Kim Morris stated the board meets quarterly at the County Fire Marshal's Office and having a person represent the City ensures the contract is being upheld and the City's interests are protected. He suggested Joseph Brigande be appointed to the board.
    - Motion to accept Larry Durbin's resignation and appoint Mr. Joseph Brigande to the EMS Advisory Board made by Craig Overstreet
    - 2<sup>nd</sup> to approve was Mike Hurst
    - All council members voted in favor
- G. Consider, discuss, and act upon sanitary sewer tap agreement in regards to the Stephenson's property.
- Ben White stated the City had an easement signed by the Stephenson's for the sewer. This is a standard agreement that is used for the sewer tap. In this agreement, we changed the size of the tap and the number of service lines they could have. They will be able to have up to a 6" diameter sewer tap and they can route up to four – 4" service lines in exchange for the easement. Even if the property is sold in the future the property would still have those rights.
  - Mayor Piwko indicated this is one of the steps to get the lift station for the sanitary sewer easement.
    - Motion to approve made by Donny Mason
    - 2<sup>nd</sup> to approve was Michael Hesse
    - All council members voted in favor
- H. Consider, discuss, and act upon the Thoroughfare Design Manual.
- Ben White indicated that Eddy Daniel and Matt Boley who work for Daniel & Brown were in attendance to answer any questions the Council might have. He explained this was one of four manuals the

City has regarding this. This manual is the last piece for them all to be approved. We are trying to align the Thoroughfare Design Manual with our Comprehensive Plan.

- Eddy Daniel addressed Council and explained the standard details and the thoroughfare plan will now match. He stated that on page 7, table 1 in the manual was the meat of the information. It shows how the roads are laid out and we tried to match up with Collin County for a smooth transition.
- Mayor Piwko asked a question related to page 10. She read out loud Residential Frontage, Item F and stated that she understood it to say that new residential driveway could not front any new street unless there are access roads to it. She inquired if that was not typically a requirement for the major six and eight lane roads. She stated the requirement seemed like a radical departure from what the City has required in the past.
- Eddy Daniel stated he was thinking that would be addressed with the definition of a thoroughfare.
- After looking in the manual, a definition could not be found.
- Eddy Daniel stated they could add a definition that would include anything above a certain size. He stated they had not changed this item from the last manual. The idea is when new subdivisions get built, they could not open their driveways onto U.S. Highway 380. He explained the City could decide this individually for each plat as they were submitted, because the City has that right according to the Subdivision Ordinance.
- Mayor Piwko continued to page 11 concerning left turn lanes. She stated she was concerned about how the manual indicated that a left turn lane would have to be built, at the homeowner's expense, if it was off a thoroughfare. She explained how that would be expensive for the property owner. She believed some areas in the manual need to be clearer. She indicated she was okay with looking at the items individually when a plat comes in regarding the turn lane issue.
- Alan Lathrom explained there are ways in the Subdivision Ordinance that allow for an appeal. If there is a requirement that does not fit the plat that has been submitted, the property owners do have a process they can follow to appeal those requirements. If there is an action that is required that is too stringent under 212.904 of the Local Government Code they have the ability to request the City to reconsider the requirements. A lot of the things we have in the Thoroughfare Design Manual matches with the Subdivision Ordinance. We need to make sure that when one is changed, the

other is changed as well.

- Mayor Piwko stated she wanted them to go through the manual and make sure the word thoroughfare is not being used generically.
  - Council directed the City Engineer to revisit the areas discussed and bring the manual back to Council later.

## **VI. BUDGET WORKSHOP**

- Daphne Hamlin addressed Council and started going over the budget worksheets she provided at the meeting. She explained she found an error in the police budget after the last Council meeting and it has since been corrected. There were a few things added to the budget and the City received the numbers for the ad valorem taxes and the TIRZ. She explained the City's General Fund is currently -\$255,000 for this upcoming budget year.
- Ben White explained that was with the tax rate shown and everything else holding constant.
- Daphne Hamlin stated the tax rate last year was \$0.787654. This year the City is proposing \$0.780000.
- Ben White wanted to discuss the TIRZ board and possible things they might be able to do. All the growth the City is seeing is in the TIRZ district. All the money for those developments are going into the TIRZ, but the City could use the TIRZ money.
- Daphne Hamlin stated the TIRZ currently has \$185,000.
- Ben White continued by stating that was for this upcoming budget year. He is going to talk to the TIRZ board about taking the money they have and paying the City to build the waterline they are planning. That way the money would be going to the City and we would use employees to complete the work on the waterline.
- Mayor Piwko inquired if the sales taxes are going to be coming from the new Shell station and the few other businesses around town.
- Daphne Hamlin stated that some of it is existing businesses and she is hoping the City will receive \$60,000 from the Shell station.
- Donny Mason asked what the rollback rate was going to be.
- Daphne Hamlin indicated the rollback rate would be \$0.782046.
- Mayor Piwko asked Ben White about the road budget and asked why the road salaries went down and the public works went up.
- Daphne Hamlin indicated they are reallocated based on where they are working out of most. She explained this could be revised before the final budget.

- Ben White stated he does try to raise the street budget by 10% every year. He wants to focus more on streets and the only way he knows how to do that is increase the budget every year. He explained he is trying to spend all this year's budget for the roads and then add more money for next year's budget. He would like to redo a street every year. Right now, the City is only able to complete bits and pieces of roads.
- Mayor Piwko stated she noticed under the General Fund, Computer Maintenance the amount allocated went down.
- Ben White explained that a major purchase in hardware was made last year, but now the focus is on the software for permits and scanning of documents. The level of IT purchases is staying pretty level.
- Mayor Piwko asked about the dispatch system amount going up.
- Chief Mike Sullivan explained this was for the new dispatch agreement that was signed and the amount will be going up every year.
- Mayor Piwko inquired about the clothing costs.
- Daphne Hamlin stated she made a typing error last year.
- Craig Overstreet inquired about the carbon monoxide issue with the Explorer's that has been in the media lately.
- Chief Mike Sullivan indicated he had been researching this problem and he is purchasing carbon monoxide detectors and will be placing them in the Explorer's.
- Mayor Piwko asked a question on the PCA cost adjustment in the Electric Fund. She indicated that it shows an increase.
- Ben White stated it should go down, but he will look at it.
- Mayor Piwko explained the Council told citizens that amount would be going down. She also stated there was a significant increase in the electric fund regarding engineering.
- Daphne Hamlin stated that was due to McCord.
- Ben White stated the City has ongoing items related to substations, sectionalizing, and changes in the system. He explained they could be taken out if Council wanted, but we are trying to prepare for the College in the future.
- Mayor Piwko said she noticed a purchase of a substation on Johnson and wondered what the City was doing for \$75,000.
- Craig Overstreet indicated the item was under Capital Expenditures in the Electrical Fund.
- Ben White did not want to assume what the money was going to be used for until he spoke with Jeramy Jones, the City's Electrical Supervisor.
- Daphne Hamlin walked the Council through the Power Point that was in the agenda packet. She stated the City will have to balance the budget with

reserve funds. She did explain the tax rate and how it was calculated, as well as how the TIRZ was calculated.

- Donny Mason asked how our tax was in comparison to other cities.
- Ben White stated he spoke to Wylie and they are still higher than us. We have been second in the group of cities we have looked at around us.
  - Motion to set the tax rate and public hearings to move forward made by Michael Hesse
  - 2<sup>nd</sup> made by Donny Mason
  - All members voted in favor
- Mayor Piwko went back to Public Comments on the agenda to accommodate Mr. Hart who came in late to the meeting.
- Mr. Hart addressed Council about the cemetery and how he was concerned about why the Council denied the plat. He stated he saw no reason why the Council should have denied the plat. He asked for a response from Council.
- Mayor Piwko asked for a clarification from Alan Lathrom on whether the Council could respond.
- Alan Lathrom indicated since the item was on the agenda they could technically answer.
- Mayor Piwko stated the concept plan did not have the engineering studies with it. The preliminary plat did not have the layout of the cemetery on it. The first submittal from a few years ago expired and since then several changes were made to the plat.
- Alan Lathrom interjected and apologized because the only item on the agenda related to the cemetery was contemplated litigation. So, there really could not be any discussion of the plat and concept plan.
- Mayor Piwko stated she would give Mr. Hart a phone call to set up an appoint to discuss the item. She would try to bring the engineering drawings to show him what Council saw. She explained that most of the time IACC's Engineer's agreed with the Council concerning the drainage.

## **VII. EXECUTIVE SESSION**

- Mayor Piwko stated Council was going into Executive Session at 8:23 p.m. for:

Discussion of Matters Permitted by Texas Government Code Section 551.071,  
CONSULTATION WITH ATTORNEY:

1. Discussion of matters protected by the attorney-client privilege:

- a) Discussion regarding contemplated litigation involving cemetery plat.
- b) Discussion regarding retention and archiving records.

**VIII. RECONVENE FROM EXECUTIVE SESSION AND DISCUSS/CONSIDER/ACT ON MATTERS DISCUSSED IN EXECUTIVE SESSION PERMITTED BY SECTIONS 551.071 OF THE TEXAS GOVERNMENT CODE.**

- Mayor Piwko announced the Council was reconvening from Executive Session at 9:58 p.m. and no action would be taken.

**IX. REQUESTS TO BE PLACED ON FUTURE AGENDAS**

- Mayor Piwko asked for an item on the agenda to consider a workshop with Lavon and other cities to discuss interlocal agreements and boundaries.
- Mike Hurst wanted boundary agreements on the agenda.

**X. ADJOURNMENT**

Meeting was adjourned at 9:59 p.m.

- Motion to adjourn made by Craig Overstreet
- 2<sup>nd</sup> to approve was Michael Hesse
- All members voted in favor

APPROVE:

\_\_\_\_\_  
Diane C. Piwko, Mayor

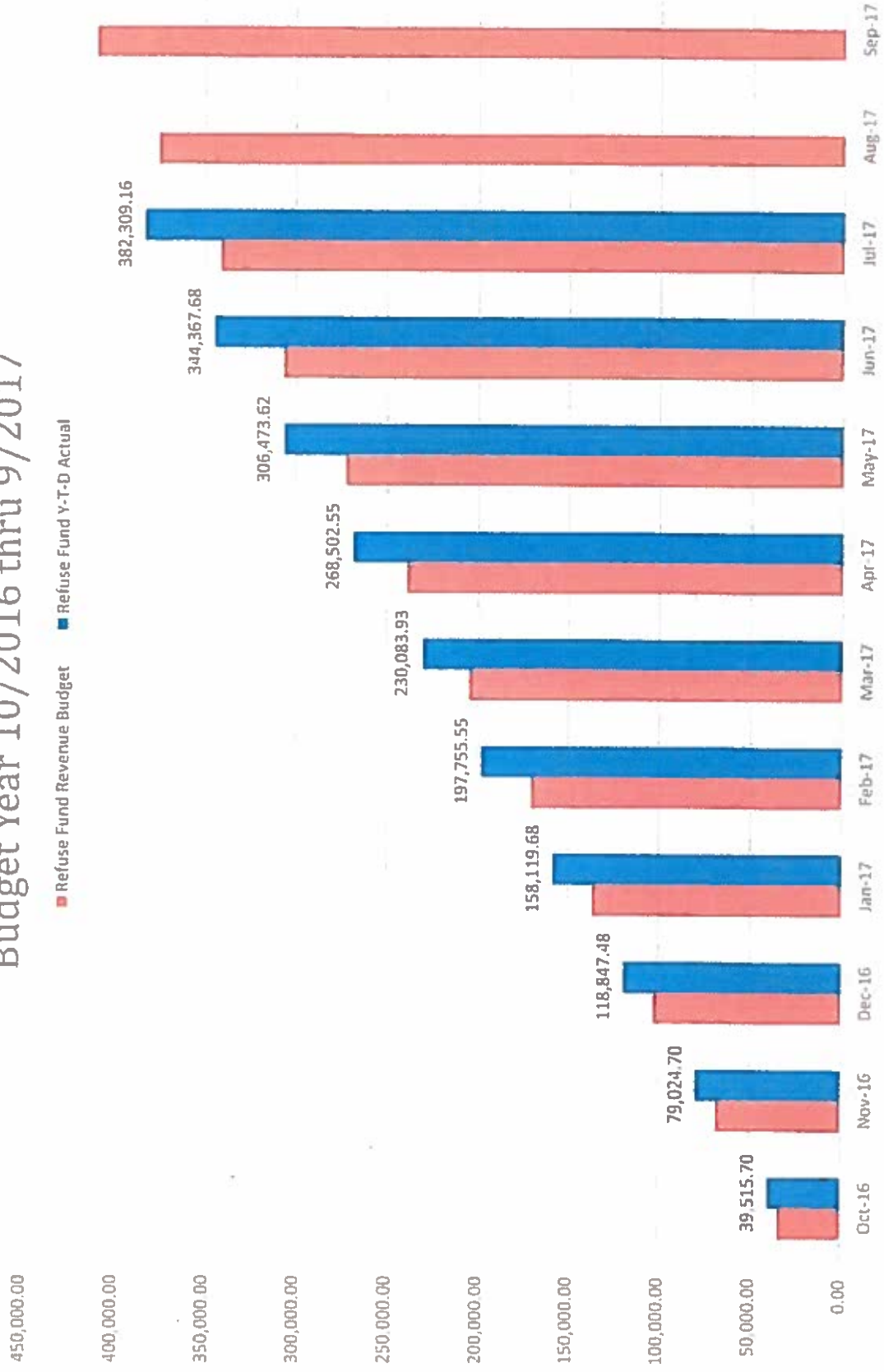
ATTEST:

\_\_\_\_\_  
Sandra Green, City Secretary



Agenda Section	Consent Agenda
Section Number	III.B
Subject	City Financial Report
To	Mayor and Council Members
From	Ben White, City Manager
Date	August 22, 2017
Attachment(s)	City Financial Report
Related Link(s)	<a href="http://www.farmersvilletx.com/government/agendas_and_minutes/city_council_meetings.php">http://www.farmersvilletx.com/government/agendas_and_minutes/city_council_meetings.php</a>
Consideration and Discussion	City Council discussion as required.
Action	<ul style="list-style-type: none"> <li>• Motion/second/vote <ul style="list-style-type: none"> <li><input type="checkbox"/> Approve</li> <li><input type="checkbox"/> Approve with Updates</li> <li><input type="checkbox"/> Disapprove</li> </ul> </li> <li>• Motion/second/vote to continue to a later date. _____ <ul style="list-style-type: none"> <li><input type="checkbox"/> Approve</li> <li><input type="checkbox"/> Disapprove</li> </ul> </li> <li>• Move item to another agenda. _____</li> <li>• No motion, no action</li> </ul>

# Refuse Fund Revenue Progress Budget Year 10/2016 thru 9/2017



CITY OF FARMERSVILLE  
REVENUE & EXPENSE REPORT (UNAUDITED)  
AS OF: JULY 31ST, 2017

720-REFUSE FUND  
FINANCIAL SUMMARY

% OF YEAR COMPLETED: 83.33

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
<u>REVENUE SUMMARY</u>						
00-REVENUE	409,160	37,941.48	382,309.57	0.00	26,850.43	93.44
TOTAL REVENUES	409,160	37,941.48	382,309.57	0.00	26,850.43	93.44
<u>EXPENDITURE SUMMARY</u>						
32-REFUSE DEPT.						
PERSONNEL SERVICES	0	0.00	0.00	0.00	0.00	0.00
CONTRACTS & PROF. SVCS	331,660	29,050.44	285,570.88	0.00	46,089.12	86.10
MISCELLANEOUS	75,100	6,258.33	62,583.30	0.00	12,516.70	83.33
MAINTENANCE	0	0.00	0.00	0.00	0.00	0.00
UTILITIES	2,400	200.00	2,000.00	0.00	400.00	83.33
MISCELLANEOUS	0	0.00	0.00	0.00	0.00	0.00
CAPITAL EXPENDITURES	0	0.00	0.00	0.00	0.00	0.00
TRANSFERS	0	0.00	0.00	0.00	0.00	0.00
TOTAL 32-REFUSE DEPT.	409,160	35,508.77	350,154.18	0.00	59,005.82	85.58
35-WATER DEPT.						
SUPPLIES	0	0.00	0.00	0.00	0.00	0.00
TOTAL 35-WATER DEPT.	0	0.00	0.00	0.00	0.00	0.00
TOTAL EXPENDITURES	409,160	35,508.77	350,154.18	0.00	59,005.82	85.58
REVENUE OVER/(UNDER) EXPENDITURES	0	2,432.71	32,155.39	0.00 (	32,155.39)	0.00

CITY OF FARMERSVILLE  
REVENUE & EXPENSE REPORT (UNAUDITED)  
AS OF: JULY 31ST, 2017

## 720-REFUSE FUND

% OF YEAR COMPLETED: 83.33

REVENUES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
00-REVENUE						
720.00.5743.000 FEES	0	0.00	0.00	0.00	0.00	0.00
720.00.5744.000 PENALTIES	7,500	485.28	4,535.22	0.00	2,964.78	60.47
720.00.5745.000 AGREEMENTS AND CONTRACTS	0	0.00	0.00	0.00	0.00	0.00
720.00.5751.000 RESIDENTIAL TRASH COLL	157,120	15,927.36	160,195.82	0.00	3,075.82)	101.96
720.00.5752.000 COMMERCIAL TRASH COLLECT	177,820	14,282.46	144,738.60	0.00	33,081.40	81.40
720.00.5755.000 RECYCLE FRANCHISE FEE	66,480	6,720.38	67,476.43	0.00	996.43)	101.50
720.00.5755.001 INTEREST EARNED	0	526.00	5,288.50	0.00	5,288.50)	0.00
720.00.5762.000 OTHER REVENUE	0	0.00	0.00	0.00	0.00	0.00
720.00.5767.000 BRUSH AND CHIPPING AND P	240	0.00	75.00	0.00	165.00	31.25
720.00.5770.000 HHW	0	0.00	0.00	0.00	0.00	0.00
720.00.5995.000 TRANSFER IN RES	0	0.00	0.00	0.00	0.00	0.00
TOTAL 00-REVENUE	409,160	37,941.48	382,309.57	0.00	26,850.43	93.44
TOTAL REVENUE	409,160	37,941.48	382,309.57	0.00	26,850.43	93.44

## **IV. Public Hearing**

Agenda Section	Public Hearing
Section Number	IV.A
Subject	Public hearing to consider, discuss and act upon the 1 <sup>st</sup> and only reading of Ordinance #O-2017-0822-001 regarding all matters incident and related to the issuance and sale of "City of Farmersville, Texas, Tax and Utility System Surplus Revenue Certificates of Obligation, Series 2017", including the adoption of an ordinance authorizing the issuance of such certificates of obligation.
To	Mayor and Council Members
From	Ben White, City Manager
Date	August 22, 2017
Attachment(s)	Certificate Ordinance
Related Link(s)	<a href="http://www.farmersvilletx.com/government/agendas_and_minutes/city_council_meetings.php">http://www.farmersvilletx.com/government/agendas_and_minutes/city_council_meetings.php</a>
Consideration and Discussion	City Council discussion as required.
Action	<ul style="list-style-type: none"> <li>• Motion/second/vote <ul style="list-style-type: none"> <li><input type="checkbox"/> Approve</li> <li><input type="checkbox"/> Approve with Updates</li> <li><input type="checkbox"/> Disapprove</li> </ul> </li> <li>• Motion/second/vote to continue to a later date. _____ <ul style="list-style-type: none"> <li><input type="checkbox"/> Approve</li> <li><input type="checkbox"/> Disapprove</li> </ul> </li> <li>• Move item to another agenda. _____</li> <li>• No motion, no action</li> </ul>

**CITY OF FARMERSVILLE  
ORDINANCE #O-2017-0822-001**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FARMERSVILLE, TEXAS, ADOPTING THE GENERAL OBLIGATION BOND ANNUAL BUDGET FOR THE CITY OF FARMERSVILLE, TEXAS FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2017 AND ENDING SEPTEMBER 30, 2018; PROVIDING FOR INTRA-DEPARTMENTAL TRANSFERS; REPEALING CONFLICTING ORDINANCES; PROVIDING FOR A SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the City Manager has prepared and submitted a budget for the General Obligation Bond 2017 for filing with the City Secretary for the fiscal year beginning on October 1, 2017 and ending September 30, 2018 ("Proposed Budget") in accordance with Texas law; and

**WHEREAS**, the Proposed Budget has been made available for public review and discussion, and has been the subject of public hearings which were established, noticed and held as required by Texas law; and

**WHEREAS**, the City Council of the City of Farmersville after the public notices and public hearings required by law and upon due deliberation and consideration of the recommendation of the testimony and information submitted during said public hearings, has determined that, in the public's best interest and in support of the health, safety, morals, and general welfare of the citizens of the City, the Budget for the General Obligation Bond for the fiscal year beginning on October 1, 2017 and ending September 30, 2018 should be adopted;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FARMERSVILLE, TEXAS AS FOLLOWS:**

**SECTION 1. FINDINGS INCORPORATED.**

All of the above premises are hereby found to be true and correct legislative and factual determinations of the City of Farmersville and they are hereby approved and incorporated into the body of this Ordinance as if copied in their entirety.

**SECTION 2. BUDGET FOR THE GENERAL OBLIGATION BOND APPROVED AND ADOPTED.**

The attached Budget for the General Obligation Bond, as presented by the City Manager and as amended at the City Council Budget Workshop, be approved and adopted for the fiscal year 2017-2018.

**SECTION 3. 2017-2018 ANNUAL BUDGET APPROPRIATIONS.**

The 2017-2018 Annual Budget for the General Obligation Bond is appropriated as follows:

EXPENDITURES

PROJECTS	\$583,031
TOTAL	\$583,031

**SECTION 4.     2016-2017 ANNUAL BUDGET APPROPRIATIONS REVISED.**

The Revised 2016-2017 Annual Budget for the General Obligation Bond is appropriated as follows:

EXPENDITURES

PROJECTS	\$2,340,215
TOTAL	\$2,340,215

**SECTION 5.     CITY MANAGER AUTHORIZED TO INVEST CERTAIN FUNDS.**

The City Manager is hereby authorized to invest any funds not needed for current use, whether operating or bond, in accordance with the City's Investment Policy.

**SECTION 6.     CITY MANAGER AUTHORIZED TO MAKE FUND TRANSFERS.**

The City Manager be and is hereby authorized to make intra-departmental transfers during the fiscal year as become necessary in order to avoid over-expenditure of particular accounts.

**SECTION 7.     REPEALER CLAUSE.**

Any and all ordinances, resolutions, rules, regulations, policies, or provisions in conflict with the provisions of this Ordinance are hereby repealed and rescinded to the extent of the conflict herewith.

**SECTION 8.     SEVERABILITY CLAUSE.**

Should any section, subsection, sentence, provision, clause or phrase be held to be invalid for any reason, such holding shall not render invalid any other section, subsection, sentence, provision, clause or phrase of this Ordinance and same are deemed severable for this purpose.

**SECTION 9.     EFFECTIVE DATE.**

This Ordinance shall take effect immediately upon its passage and approval and publication in accordance with and as provided by Texas law.

**PASSED** on first and only reading on the 22<sup>nd</sup> day of August 2017, as an ordinance related to the adoption of the City's annual budget and the setting of the tax rate at a properly scheduled meeting of the City Council of the City of Farmersville, Texas, there being a quorum present, and approved by the Mayor on the date set out below.



**APPROVED** this the 22<sup>nd</sup> day of August, 2017.

\_\_\_\_\_  
Diane C. Piwko, Mayor

**ATTEST:**

\_\_\_\_\_  
Sandra Green, City Secretary

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**CERTIFICATE ORDINANCE**

**\$5,845,000  
CITY OF FARMERSVILLE, TEXAS  
TAX AND UTILITY SYSTEM SURPLUS REVENUE  
CERTIFICATES OF OBLIGATION  
SERIES 2017**

**Adopted: August 22, 2017**

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AN ORDINANCE authorizing the issuance of "CITY OF FARMERSVILLE, TEXAS, TAX AND UTILITY SYSTEM SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017"; providing for the payment of said certificates of obligation by the levy of an ad valorem tax upon all taxable property within the City and a pledge of the net revenues derived from the operation of the City's combined Electric Light and Power, Waterworks and Sewer System; providing the terms and conditions of such certificates and resolving other matters incident and relating to the issuance, payment, security, sale and delivery of said Certificates, including the approval and execution of a Paying Agent/Registrar Agreement and an Escrow Agreement; and providing an effective date.

WHEREAS, pursuant to an application filed with the Texas Water Development Board (the "Board"), the City has received a loan commitment from the Board for financial assistance in the amount of \$5,845,000 to finance the costs of constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving wastewater system properties and facilities, and such financial assistance is to be evidenced by the Board's purchase of certificates of obligation payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City and a pledge of the Net Revenues (as defined in Section 10 hereof) of the City's combined Electric Light and Power, Waterworks and Sewer System; and

WHEREAS, notice of intention to issue such certificates of obligation (stating the time and place the Council proposed to authorize the issuance of such certificates, the maximum amount proposed to be issued, the purpose thereof and the manner in which the Council proposed to provide for the payment of such certificates) has been published in the *Farmersville Times*, a newspaper hereby found to be of general circulation in the City of Farmersville, Texas, on July 20, 2017 and July 27, 2017, the date of the first publication being at least thirty-one (31) days prior to the tentative date stated in said notice for the passage of the ordinance authorizing the certificates; and

WHEREAS, no petition protesting the issuance of the certificates of obligation described in the aforesaid notice and bearing valid petition signatures of 5% or more of the qualified electors of the City, has been presented to or filed with the City Secretary on or prior to the date of the passage of this ordinance; and

WHEREAS, pursuant to authority conferred by the Constitution and laws of the State of Texas, particularly Texas Local Government Code, Subchapter C of Chapter 271, as amended, the City Council hereby finds and determines the certificates of obligation described in such notice should be authorized for issuance and delivery to the Board at this time in the amount and manner hereinafter provided; now, therefore,

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

**SECTION 1: Authorization, Designation, Principal Amount, Purpose.** Certificates of obligation of the City shall be and are hereby authorized to be issued in the aggregate principal amount of \$5,845,000, to be designated and bear the title "CITY OF FARMERSVILLE, TEXAS, TAX AND UTILITY SYSTEM SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017" (hereinafter referred to as the "Certificates"), for the purpose of paying contractual obligations to be incurred for (i) constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving wastewater system properties and facilities and (ii) professional services rendered in relation to such projects and the financing thereof, pursuant to authority conferred by and in conformity with the Constitution and laws of the State of Texas, including Texas Local Government Code, Subchapter C of Chapter 271, as amended.

**SECTION 2: Fully Registered Obligations - Authorized Denominations - Stated Maturities - Date.** The Certificates shall be issued as fully registered obligations, shall be dated September 1, 2017 (the "Certificate Date") and shall be in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity) and the Certificates shall become due and payable on June 15 in each of the years and in principal amounts (the "Stated Maturities") in accordance with the following schedule:

<u>Year of Stated Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate(s)</u>
2019	\$245,000	
2020	250,000	
2021	255,000	
2022	265,000	
2023	270,000	
2024	275,000	
2025	285,000	
2026	290,000	
2027	295,000	
2028	305,000	
2029	315,000	
2030	320,000	
2031	330,000	
2032	335,000	
2033	345,000	
2034	355,000	
2035	360,000	
2036	370,000	
2037	380,000	

The Certificates shall bear interest on the unpaid principal amount from the date of delivery to the initial purchaser (which date shall be the registration date appearing on the "Registration Certificate of Paying Agent/Registrar" typed or printed on the global Certificates deposited with The Depository Trust Company ("DTC") and noted in the records of the Paying/Agent Registrar) at the rate(s) per annum shown above in this Section (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Certificates shall be payable on December 15, 2017, and each June 15 and December 15 thereafter until maturity or prior redemption.

**SECTION 3: Terms of Payment - Paying Agent/Registrar.** The principal of, premium, if any, and the interest on the Certificates, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the registered owners or holders of the Certificates (hereinafter called the "Holders") appearing on the registration and transfer books maintained by the Paying Agent/Registrar and the payment thereof shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of BOKF, NA, Dallas, Texas, to serve as Paying Agent/Registrar for the Certificates is hereby approved and confirmed. Books and records relating to the registration, payment, transfer and exchange of the Certificates (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, as provided herein and in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement", substantially in the form attached hereto as **Exhibit A**, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor or Mayor Pro Tem and City Secretary are authorized to execute and deliver such Agreement in connection with the delivery of the Certificates. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are paid and discharged, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Certificates shall be payable at the Stated Maturities thereof, only upon presentation and surrender of the Certificates to the Paying Agent/Registrar at its designated offices in St. Paul, Minnesota (the "Designated Payment/Transfer Office"). Interest on the Certificates shall be paid to the Holders whose name appears in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. Provided, however, while the Board is the registered owner of the Certificates, payments on the Certificates shall be made by wire transfer without expense to the Holder. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class

postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

#### SECTION 4: Redemption.

(a) Optional Redemption. The Certificates having Stated Maturities on and after June 15, 2028, shall be subject to redemption prior to maturity, at the option of the City, in whole or in part (in inverse order of Stated Maturities, if less than all) in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on December 15, 2027, or on any date thereafter at the redemption price of par plus accrued interest to the date of redemption.

(b) Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the redemption of Certificates (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of its decision to exercise the right to redeem Certificates, the principal amount of each Stated Maturity to be redeemed, and the date set for the redemption thereof. The decision of the City to exercise the right to redeem Certificates shall be entered in the minutes of the governing body of the City.

(c) Selection of Certificates for Redemption. If less than all Outstanding Certificates of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall treat such Certificates as representing the number of Certificates Outstanding which is obtained by dividing the principal amount of such Certificates by \$5,000 and shall select the Certificates to be redeemed within such Stated Maturity by lot.

(d) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Certificates, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Certificate to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Certificates, (ii) identify the Certificates to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Certificates, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, provided moneys sufficient for the payment of such Certificate (or the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar and (v) specify that payment of the redemption price for the Certificates, or the principal amount thereof to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Certificate is subject by its terms to prior redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as herein provided, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable and interest thereon shall cease to accrue from and after the redemption date therefor.



(e) Conditional Notice of Redemption. With respect to any optional redemption of the Certificates, unless certain prerequisites to such redemption required by this Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied or sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

SECTION 5: Registration - Transfer - Exchange of Certificates - Predecessor Certificates. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each and every registered owner of the Certificates issued under and pursuant to the provisions of this Ordinance, or if appropriate, the nominee thereof. Any Certificate may be transferred or exchanged for Certificates of other authorized denominations by the Holder, in person or by his duly authorized agent, upon surrender of such Certificate to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender of any Certificate at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Certificates, executed on behalf of, and furnished by, the City, of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Certificate or Certificates surrendered for transfer.

At the option of the Holders, Certificates may be exchanged for other Certificates of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Certificates surrendered for exchange, upon surrender of the Certificates to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Certificates so surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Certificates, executed on behalf of, and furnished by the City, to the Holder requesting the exchange.

All Certificates issued upon any transfer or exchange of Certificates shall be delivered at the Designated Payment/Transfer Office of the Paying Agent/Registrar, or sent by United States mail, first class postage prepaid, to the Holder and, upon the delivery thereof, the same shall be valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Certificates surrendered in such transfer or exchange.

All transfers or exchanges of Certificates pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Certificates cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Certificates," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Certificate or Certificates

registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Certificates" shall include any mutilated, lost, destroyed, or stolen Certificate for which a replacement Certificate has been issued, registered and delivered in lieu thereof pursuant to Section 24 hereof and such new replacement Certificate shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Certificate.

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption of such Certificate; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of an unredeemed balance of a Certificate called for redemption in part.

**SECTION 6: Book-Entry-Only Transfers and Transactions.** Notwithstanding the provisions contained in Sections 3, 4 and 5 hereof relating to the payment, and transfer/exchange of the Certificates, the City hereby approves and authorizes the use of "Book-Entry-Only" securities clearance, settlement and transfer system provided by The Depository Trust Company ("DTC"), a limited purpose trust company organized under the laws of the State of New York, in accordance with the operational arrangements referenced in the Blanket Issuer Letter of Representations by and between the City and DTC (the "Depository Agreement").

Pursuant to the Depository Agreement and the rules of DTC, the Certificates shall be deposited with DTC who shall hold said Certificates for its participants (the "DTC Participants"). While the Certificates are held by DTC under the Depository Agreement, the Holder of the Certificates on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Certificate (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Certificates or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Certificates, the City covenants and agrees with the Holders of the Certificates to cause Certificates to be printed in definitive form and provide for the Certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Certificates in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Certificates shall be made in accordance with the provisions of Sections 3, 4 and 5 hereof.

The City agrees it will not discontinue its use of the DTC Book-Entry-Only System with respect to the Certificates without prior notice to and consent from the Board while the Board is the Holder of any of the Certificates.

**SECTION 7: Execution - Registration.** The Certificates shall be executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or impressed thereon and countersigned by the City Secretary. The signature of said officers on the Certificates may be manual or facsimile. Certificates bearing the manual or facsimile signatures of said individuals who are or were the proper officers of the City on the date of the adoption of this Ordinance shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or any of them shall cease to hold such offices prior to the delivery of the Certificates to the

initial purchaser, and with respect to Certificates delivered in subsequent exchanges and transfers, all as authorized and provided in Texas Government Code, Chapter 1201, as amended.

No Certificate shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Certificate either a certificate of registration substantially in the form provided in Section 9(c), manually executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 9(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly certified, registered and delivered.

**SECTION 8: Initial Certificate(s).** The Certificates herein authorized shall be initially issued either (i) as a single fully registered certificate in the total principal amount stated in Section 1 hereof with principal installments to become due and payable as provided in Section 2 hereof and numbered T-1, or (ii) as multiple fully registered certificates, being one certificate for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Certificate(s)") and, in either case, the Initial Certificate(s) shall be registered in the name of the initial purchaser or the designee thereof. The Initial Certificate(s) shall be the Certificates submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser. Any time after the delivery of the Initial Certificate(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser, or the designee thereof, shall cancel the Initial Certificate(s) delivered hereunder and exchange therefor definitive Certificates of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

**SECTION 9: Forms.**

(a) **Forms Generally.** The Certificates, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on the Certificates, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends in the event the Certificates, or any maturities thereof, are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Certificates as evidenced by their execution thereof. Any portion of the text of any Certificates may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Certificate.

The Certificates, including the Initial Certificate(s), shall be printed, lithographed, engraved, typewritten, photocopied or otherwise reproduced in any other similar manner, all as determined by the officers executing such Certificates as evidenced by their execution.

(b) Form of Definitive Certificates.

REGISTERED  
NO. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF FARMERSVILLE, TEXAS,  
TAX AND UTILITY SYSTEM SURPLUS REVENUE  
CERTIFICATE OF OBLIGATION,  
SERIES 2017

Certificate Date:  
September 1, 2017

Interest Rate:  
\_\_\_\_\_ %

Stated Maturity:  
June 15, 20\_\_

CUSIP NO:  
\_\_\_\_\_

Registered Owner:

Principal Amount:

The City of Farmersville (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Collin, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above the Principal Amount stated (or so much thereof as shall not have been redeemed prior to maturity) and to pay interest on the unpaid principal amount hereof from the date of the delivery of the Certificate to the initial purchaser at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on June 15 and December 15 in each year, commencing December 15, 2017, until maturity or prior redemption. Principal of this Certificate is payable at its Stated Maturity or upon its prior redemption to the registered owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor;. Interest is payable to the registered owner of this Certificate (or one or more Predecessor Certificates, as defined in the Ordinance hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Certificate shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Certificate is one of the series specified in its title issued in the aggregate principal amount of \$5,845,000 (herein referred to as the "Certificates") for the purpose of paying contractual obligations to be incurred for (i) constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving wastewater system properties and facilities and (ii) professional services rendered in relation to such projects and the financing thereof, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Texas Local Government Code, Subchapter C of Chapter 271, as amended, and pursuant to an Ordinance adopted by the City Council of the City (herein referred to as the "Ordinance").

The Certificates maturing on and after June 15, 2028, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part (in inverse order of Stated Maturities, if less than all) in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on December 15, 2027, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

At least thirty (30) days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of the Certificates to be redeemed, and subject to the terms and provisions relating thereto contained in the Ordinance. If a Certificate (or any portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon the redemption date such Certificate (or the portion of its principal sum to be redeemed) shall become due and payable, and, if moneys for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the redemption date on the principal amount redeemed.

In the event a portion of the principal amount of a Certificate is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Certificate to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Certificate or Certificates of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum thereof will be issued to the registered owner, without charge. If a Certificate is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Certificate to an assignee of the registered owner within forty-five (45) days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Certificate redeemed in part.

With respect to any optional redemption of the Certificates, unless certain prerequisites to such redemption required by the Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied or sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

The Certificates are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City and together with the outstanding Previously Issued Obligations (identified and defined in the Ordinance), are additionally payable from and secured by a lien on and pledge of the Net Revenues (as defined in the Ordinance) of the City's combined Electric Light and Power, Waterworks and Sewer System (the "System"), such lien and pledge being junior and subordinate to the lien on and pledge of the Net Revenues of the System securing the payment of "Prior Lien Obligations" (identified and defined in the Ordinance) hereafter issued by the City. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations while the Certificates are outstanding without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise as well as the right to issue additional obligations payable from the same sources as the Certificates and, together with the Previously Issued Obligations and the Certificates, equally and ratably secured by a parity lien on and pledge of the Net Revenues of the System.

Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all the provisions of which the Holder by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Certificates; the properties constituting the System; the Net Revenues pledged to the payment of the principal of and interest on the Certificates; the nature and extent and manner of enforcement of the pledge; the terms and conditions relating to the transfer or exchange of this Certificate; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the tax levy and the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity of this Certificate, and this Certificate deemed to be no longer Outstanding thereunder; and for the other terms and provisions contained therein. Capitalized terms used herein have the meanings assigned in the Ordinance.

This Certificate, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the registered owner hereof, or his duly authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Certificates of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, may treat the registered owner hereof whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Certificate as the owner entitled to payment of principal hereof at its Stated Maturity or upon its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date)

shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented and covenanted that the City is a body corporate and political subdivision duly organized and legally existing under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Certificates is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Certificates to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Certificates do not exceed any Constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Certificates by the levy of a tax and a pledge of and lien on the Net Revenues of the System as aforesated. In case any provision in this Certificate or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Certificate to be duly executed under the official seal of the City.

CITY OF FARMERSVILLE, TEXAS

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Mayor

COUNTERSIGNED:

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City Secretary

(SEAL)

(c) Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Certificate(s) only.

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

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

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

WITNESS my signature and seal of office this \_\_\_\_\_

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

(SEAL)

(d) Form of Certificate of Paying Agent/Registrar.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Certificate has been duly issued and registered under the provisions of the within-mentioned Ordinance; the certificate or certificates of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated offices of the Paying Agent/Registrar located in St. Paul, Minnesota, is the "Designated Payment/Transfer Office" for this Certificate.

BOKF, NA, Dallas, Texas,  
as Paying Agent/Registrar

Registration Date:

\_\_\_\_\_

By \_\_\_\_\_  
Authorized Signature



(e) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto  
(Print or typewrite name, address, and zip code of transferee:)

(Social Security or other identifying number: ) the within Certificate and all  
rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer the within Certificate on the books kept for registration thereof, with full  
power of substitution in the premises.

DATED:

Signature guaranteed:

NOTICE: The signature on this  
assignment must correspond with the  
name of the registered owner as it  
appears on the face of the within  
Certificate in every particular.

(f) The Initial Certificate(s) shall be in the form set forth in paragraph (b) of this  
Section, except that the form of a single fully registered Initial Certificate shall be modified as  
follows:

Heading and first paragraph shall be modified to read as follows:

REGISTERED  
NO. T-1

REGISTERED  
\$5,845,000

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF FARMERSVILLE, TEXAS,  
TAX AND UTILITY SYSTEM SURPLUS REVENUE  
CERTIFICATE OF OBLIGATION,  
SERIES 2017

Certificate Date: September 1, 2017

Registered Owner: TEXAS WATER DEVELOPMENT BOARD

Principal Amount: FIVE MILLION EIGHT HUNDRED FORTY-FIVE THOUSAND DOLLARS

The City of Farmersville (hereinafter referred to as the "City"), a body corporate and  
municipal corporation in the County of Collin, State of Texas, for value received, acknowledges  
itself indebted to and hereby promises to pay to the Registered Owner named above, or the  
registered assigns thereof, the Principal Amount hereinabove stated on June 15 in each of the  
years and in principal installments in accordance with the following schedule:

<u>YEAR</u>	<u>PRINCIPAL INSTALLMENTS</u>	<u>INTEREST RATE</u>
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(Information to be inserted from schedule in Section 2 hereof).

(or so much thereof as shall not have been redeemed prior to maturity) and to pay interest on the unpaid principal amount hereof from the date of the delivery to the initial purchaser at the per annum rate(s) of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on June 15 and December 15 of each year, commencing December 15, 2017, until maturity or prior redemption. Principal of this Certificate is payable at its Stated Maturity or on a redemption date to the registered owner hereof by BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in St. Paul, Minnesota (the "Designated Payment/Transfer Office"). Interest is payable to the registered owner of this Certificate whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date hereof and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/ Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Certificate shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

**SECTION 10: Definitions.** For purposes of this Ordinance and for clarity with respect to the issuance of the Certificates, and the levy of taxes and appropriation of Net Revenues therefor, the following words or terms, whenever the same appears herein without qualifying language, are defined to mean as follows:

(a) The term "Additional Obligations" shall mean tax and revenue obligations hereafter issued under and pursuant to the provisions of Texas Local Government Code, Subchapter C of Chapter 271, or other law and payable from ad valorem taxes and additionally payable from and secured by a lien on and pledge of the Net Revenues of the System on a parity with and of equal rank and dignity with the lien and pledge securing the payment of the Previously Issued Obligations and the Certificates.

(b) The term "Certificates" shall mean the \$5,845,000 "City of Farmersville, Texas, Tax and Utility System Surplus Revenue Certificates of Obligation, Series 2017" authorized by this Ordinance.

(c) The term "Certificate Fund" shall mean the special Fund created and established under the provisions of Section 11 of this Ordinance.

(d) The term "Collection Date" shall mean, when reference is being made to the levy and collection of annual ad valorem taxes, the date the annual ad valorem taxes levied each year by the City become delinquent.

(e) The term "Fiscal Year" shall mean the twelve month accounting period used by the City in connection with the operation of the System which may be any twelve consecutive month period established by the City.

(f) The term "Government Securities" shall mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iv) any other authorized securities or obligations under applicable law that may be used to defease obligations such as the Certificates.

(g) The term "Gross Revenues" shall mean all income, receipts and revenues of every nature derived or received from the operation and ownership (excluding refundable meter deposits, restricted gifts and grants in aid of construction) of the System, including earnings and income derived from the investment or deposit of moneys in any special funds or accounts created and established for the payment and security of the Prior Lien Obligations and other obligations payable solely from and secured only by a lien on and pledge of the Net Revenues.

(h) The term "Operating and Maintenance Expenses" shall mean all current expenses of operating and maintaining the System, including all salaries, labor, materials, interest, repairs and extensions necessary to render efficient service; provided, however, that only such repairs and extensions, as in the judgment of the City Council, reasonably and fairly exercised, are necessary to maintain the operations and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair obligations payable from Net Revenues shall be deducted in determining "Net Revenues". Depreciation charges shall not be considered Operating and Maintenance Expenses. Operating and Maintenance Expenses shall include payments under contracts for the purchase of power and energy, water supply, treatment of sewage or other materials, goods or services for the System to the extent authorized by law and the provisions of such contract.

(i) The term "Net Revenues" shall mean Gross Revenues of the System, with respect to any period, after deducting the System's Operating and Maintenance Expenses during such period.

(j) The term "Outstanding" when used in this Ordinance with respect to Certificates means, as of the date of determination, all Certificates theretofore issued and delivered under this Ordinance, except:

(1) those Certificates cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Certificates for which payment has been duly provided by the City in accordance with the provisions of Section 25 hereof; and

(3) those Certificates that have been mutilated, destroyed, lost, or stolen and replacement Certificates have been registered and delivered in lieu thereof as provided in Section 24 hereof.

(k) The term "Previously Issued Obligations" shall mean the outstanding and unpaid (a) "City of Farmersville, Texas, Notes, Series 2013", dated November 1, 2013, and originally issued in the principal amount of \$625,000.

(l) The term "Prior Lien Obligations" shall mean all revenue bonds or other obligations, hereafter issued, payable solely from and secured only by a lien on and pledge of the Net Revenues of the System which is prior in right and claim to the lien on and pledge of the Net Revenues securing the payment of the Certificates and the Additional Obligations..

(m) The term "System" shall mean all properties, facilities and plants currently owned, operated and maintained by the City for the generation, transmission, supply and distribution of electrical energy and power, the supply, treatment and transmission of potable water and the collection, treatment and disposal of water-carried wastes, together with all future extensions, improvements, replacements and additions thereto.

SECTION 11: Certificate Fund. For the purpose of paying the interest on and to provide a sinking fund for the payment, redemption and retirement of the Certificates, there shall be and is hereby created a special account or fund on the books and records of the City known as the "SPECIAL SERIES 2017 TAX AND REVENUE CERTIFICATE OF OBLIGATION FUND" (the "Certificate Fund"), and all moneys deposited to the credit of such Fund shall be kept and maintained in a special banking account at a depository of the City. The Mayor, Mayor Pro Tem, and City Secretary of the City, individually or jointly, are hereby authorized and directed to make withdrawals from said Fund sufficient to pay the principal of and interest on the Certificates as the same become due and payable, and, shall cause to be transferred to the Paying Agent/Registrar from moneys on deposit in the Certificate Fund an amount sufficient to pay the amount of principal and/or interest falling due on the Certificates, such transfer of funds to the Paying Agent/Registrar to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar on or before the last business day next preceding each interest and principal payment date for the Certificates.

Pending the transfer of funds to the Paying Agent/Registrar, money in the Certificate Fund may, at the option of the City, be invested in obligations identified in, and in accordance with the provisions of the "Public Funds Investment Act" (Texas Government Code, Chapter 2256, as amended) relating to the investment of "bond proceeds"; provided that all such investments shall be made in such a manner that the money required to be expended from said Fund will be available at the proper time or times. All interest and income derived from deposits and investments in said Certificate Fund shall be credited to, and any losses debited to, the said Certificate Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Certificates.

#### SECTION 12: Tax Levy.

(a) To provide for the payment of the "Debt Service Requirements" on the Certificates being (i) the interest on said Certificates and (ii) a sinking fund for their redemption

at maturity or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied a sufficient tax on each one hundred dollars' valuation of taxable property in said City, adequate to pay such Debt Service Requirements while the Certificates are Outstanding, full allowance being made for delinquencies and costs of collection; and said tax shall be assessed and collected each year and applied to the payment of the Debt Service Requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Certificate Fund. The City Council hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the said Debt Service Requirements, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness.

(b) Notwithstanding the provisions of paragraph (a) above of this Section 12:

(1) if Net Revenues of the System hereinafter pledged to the payment of the Certificates or any other legally available funds are actually on deposit in the Certificate Fund in advance of the time ad valorem taxes are scheduled to be levied for any year, then the amount of taxes otherwise required to be levied for such year pursuant to (a) above may be reduced to the extent and by the amount of the funds then on deposit in the Certificate Fund; or

(2) if the City's annual budget provides for the Net Revenues of the System to pay the Debt Service Requirements of the Certificates to become due and payable during the budget year thereby reducing the amount of ad valorem taxes to be levied in such year for the Certificates, then:

(i) The City shall transfer and deposit in the Certificate Fund each month an amount of not less than 1/12th of the annual Debt Service Requirements on the Certificates until the amount accumulated and maintained in the Certificate Fund equals the amount required for the full payment of the Debt Service Requirements on the Certificates then Outstanding; and provided further, save and except for required payments to the special funds maintained for the payment of the Prior Lien Obligations and Additional Obligations, if issued, the City shall not transfer any Net Revenues from the System Fund to any fund of the City other than the Certificate Fund until such time as an amount equal to the annual Debt Service Requirements for the Certificates for the then current fiscal year has been deposited in the Certificate Fund;

(ii) Each year while the Certificates are Outstanding, and prior to the time of the annual ad valorem tax rate is established and levied by the City, the City shall establish, adopt and maintain an annual budget that provides for either the monthly deposit of sufficient Net Revenues of the System and/or ad valorem tax revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, or a combination thereof, into the Certificate Fund for the payment of the Certificates; and

(iii) The City shall at all times maintain and collect sufficient rates and charges for water and sewer services in conjunction with any other legally available funds that, after payment of the costs of operating and maintaining the System that produce Net Revenues in an amount not less than 1.10 times the debt service payments for all outstanding water or sewer system revenue bonds of the City and other obligations of the City which are secured in whole or in part by a pledge of the revenues of the System for which the City is budgeting the repayment of such obligations from the revenues of the System, or the City shall provide documentation which evidences the levy of an ad valorem tax rate dedicated to the payment of the Certificates, in conjunction with any other legally available funds other than revenues of the System, sufficient for the repayment of System debt service requirements.

**SECTION 13: Pledge of Surplus Net Revenues.** The City hereby covenants and agrees that, subject only to a prior lien on and pledge of the Net Revenues of the System for the payment and security of Prior Lien Obligations, the Net Revenues of the System, with the exception of those in excess of the amounts required to be deposited to the Certificate Fund as hereafter provided, are hereby irrevocably pledged, equally and ratably, to the payment of the principal of and interest on the Previously Issued Obligations, the Certificates and Additional Obligations, if issued, as herein provided, and the pledge of the Net Revenues of the System herein made for the payment of the Certificates shall constitute a lien on the Net Revenues of the System in accordance with the terms and provisions hereof and be valid and binding without further action by the City and without any filing or recording except for the filing of this Ordinance in the records of the City.

Section 1208, Government Code, as amended, applies to the issuance of the Certificates and the pledge of the Net Revenues of the System granted by the City under this Section 12, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Certificates are Outstanding such that the pledge of the Net Revenues of the System granted by the City under this Section 12 is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, as amended, 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, as amended, and enable a filing to perfect the security interest in said pledge to occur.

**SECTION 14: System Fund.** The City hereby covenants and agrees that while the Certificates remain Outstanding all revenues derived from the operation of the System shall be kept separate and apart from all other funds of the City, and all such revenues shall be deposited as collected into a "City of Farmersville Waterworks and Sewer System Fund" (hereby created and hereinafter called the "System Fund"). All moneys deposited to the credit of the System Fund shall be pledged and appropriated to the extent required for the following purposes and in the order of priority shown, to wit:

**First:** To the payment of the reasonable and proper Operating and Maintenance Expenses as defined herein or required by statute to be a first charge on and claim against the Gross Revenues of the System.

Second: To the payment of all amounts required to be deposited in the special Funds created and established for the payment, security and benefit of Prior Lien Obligations in accordance with the terms and provisions of the ordinances authorizing the issuance of Prior Lien Obligations.

Third: To the payment, equally and ratably, of the amounts required to be deposited in the special funds and accounts created and established for the payment of the Previously Issued Obligations, the Certificates (the Certificate Fund) and Additional Obligations.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other City purpose now or hereafter permitted by law.

**SECTION 15: Deposits to Certificate Fund.** The City hereby covenants and agrees to cause to be deposited to the credit of the Certificate Fund prior to each principal and interest payment date for the Certificates from the pledged Net Revenues of the System in the System Fund, after the deduction of all payments required to be made to the special Funds or accounts created for the payment and security of the Prior Lien Obligations, an amount equal to one hundred per centum (100%) of the amount required to fully pay the interest and principal payments then due and payable on the Certificates. Such deposits to pay accrued interest and maturing principal on the Notes from the Net Revenues of the System shall be made in substantially equal monthly installments on or before the 10th day of each month; provided, however, should the annual tax levy pursuant to Section 11 hereof be sufficient to pay in full the principal and interest on the Notes, no such monthly deposits to the Note Fund from the Net Revenues of the System shall be required.

Furthermore, any proceeds of sale of the Certificates in excess of the amount required to pay the contractual obligations to be incurred (including change orders to a construction contract) shall be deposited in the Certificate Fund, which amount shall reduce the sums otherwise required to be deposited in said Fund from ad valorem taxes and the Net Revenues of the System.

**SECTION 16: Security of Funds.** All moneys on deposit in the Funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds in accordance with the provisions of the Public Funds Collateral Act, Chapter 2257, Government Code, as amended, and moneys on deposit in such Funds shall be used only for the purposes permitted by this Ordinance.

**SECTION 17: Maintenance of System - Insurance.** While the Certificates remain Outstanding, the City covenants and agrees to maintain and operate the System with all possible efficiency and to maintain casualty and other insurance on the properties of the System and its operations of a kind and in such amounts customarily carried by municipal corporations in the State of Texas engaged in a similar type business; and that it will faithfully and punctually perform all duties and comply with all license and regulatory requirements imposed by state and federal laws with respect to the operation and maintenance of the System.

**SECTION 18: Rates and Charges.** The City hereby covenants and agrees with the Holders that rates and charges for water and sewer services afforded by the System will be established and maintained, on the basis of all available information and experience and with

due allowance for contingencies, that are reasonably expected to provide Gross Revenues each Fiscal Year to:

(a) pay all operating, maintenance, depreciation, replacement, betterment and other costs incurred in the maintenance and operation of the System;

(b) pay all indebtedness payable from and secured by a lien on and/or pledge of all or any portion of the Net Revenues of the System to the extent required, and the funding of all special funds or accounts created and established for the payment and security thereof, including, but not limited to, the Prior Lien Obligations, the Previously Issued Obligations and the Certificates; and

(c) To pay other legally incurred indebtedness payable from the revenues of the System and/or secured by a lien on the System or the revenues thereof.

**SECTION 19: Records and Accounts Annual Audit.** The City further covenants and agrees that so long as any of the Certificates remain Outstanding, it will keep and maintain accurate and complete records and accounts pertaining to the operations of the System in which complete and correct entries shall be made of all transactions relating thereto. The Holders of the Certificates or any duly authorized agent or agents of such Holders shall have the right to inspect the System and all properties comprising the same. The City further agrees that following the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Copies of each annual audit shall be furnished to the Executive Director of the Municipal Advisory Council of Texas at his office in Austin, Texas, to the current servicing office as designated by the United States of America while the Previously Issued Obligations are held by the United States of America, and, upon written request, to any Holder of 20% or more in principal amount of the Certificates.

**SECTION 20: Remedies in Event of Default.** In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in the payments to be made to the Certificate Fund, or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, the owner or owners of any of the Certificates shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

**SECTION 21: Special Covenants.** The City hereby further covenants as follows:

(a) It has the lawful power to pledge the Net Revenues of the System to the payment of the Certificates in the manner herein contemplated and has



lawfully exercised such power under the Constitution and laws of the State of Texas, including said power existing under Texas Government Code, Sections 1502.056 and 1502.058 and Texas Local Government Code, Sections 271.041, et seq.

(b) Other than for the payment of the Previously Issued Obligations and the Certificates, the Net Revenues of the System have not in any manner been pledged to the payment of any debt or obligation of the City or of the System.

(c) As long as any Certificates or any interest thereon remain Outstanding, the City will not sell or encumber the System or any substantial part thereof; provided, however, this covenant shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the System.

(d) To the extent that it legally may, the City further covenants and agrees that, while any of the Certificates are Outstanding, no franchise shall be granted for the installation or operation of any competing waterworks and sanitary sewer systems other than those owned by the City, and the operation of any such systems by anyone other than the City is hereby prohibited.

(e) No free services shall be rendered by the System to any customers, including the City and its various departments, and that water and sewer services used by the City and its various departments shall be paid for at the same rates charged other customers.

**SECTION 22: Issuance of Prior Lien Obligations/Additional Obligations.** The City hereby expressly reserves the right to hereafter issue Prior Lien Obligations, without limitation as to principal amount but subject to any terms, conditions or restrictions applicable thereto under law or otherwise, payable, in whole or in part, from the Net Revenues (without impairment of the obligation of contract with the Holders of the Certificates) upon such terms and conditions as the City Council may determine. Additionally, the City reserves the right to issue obligations payable, in whole or in part, from the Net Revenues of the System and, to the extent provided, secured by a lien on and pledge of the Net Revenues of equal rank and dignity with the lien and pledge securing the payment of the Previously Issued Obligations and the Certificates.

**SECTION 23: Application of Prior Lien Obligations Covenants and Agreements.** It is the intention of this governing body and accordingly hereby recognized and stipulated that the provisions, agreements and covenants contained herein bearing upon the management and operations of the System, and the administering and application of revenues derived from the operation thereof, shall to the extent possible be harmonized with like provisions, agreements and covenants contained in the ordinances authorizing the issuance of the Prior Lien Obligations, and to the extent of any irreconcilable conflict between the provisions contained herein and in the ordinances authorizing the issuance of the Prior Lien Obligations, the provisions, agreements and covenants contained therein shall prevail to the extent of such conflict and be applicable to this Ordinance but in all respects subject to the priority of rights and benefits, if any, conferred thereby to the holders of the Prior Lien Obligations.

**SECTION 24: Mutilated - Destroyed - Lost and Stolen Certificates.** In case any Certificate shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may

execute and deliver a replacement Certificate of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Certificate, or in lieu of and in substitution for such destroyed, lost or stolen Certificate, only upon the approval of the City and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Certificate, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the City and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Certificate shall be borne by the Holder of the Certificate mutilated, or destroyed, lost or stolen.

Every replacement Certificate issued pursuant to this Section shall be a valid and binding obligation, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Certificates; notwithstanding the enforceability of payment by anyone of the destroyed, lost, or stolen Certificates. The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Certificates.

**SECTION 25: Satisfaction of Obligation of City.** If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Certificates, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied and the lien on and pledge of the Net Revenues of the System under this Ordinance and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate and be discharged and satisfied.

Certificates or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Certificates or the principal amount(s) thereof at maturity or the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Certificates, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/ Registrar have been made) the redemption date thereof. The City covenants that no deposit of moneys or Government Securities will be made under this Section and no use made of any such deposit which would cause the Certificates to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Certificates, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Certificates and remaining unclaimed for a period of three (3)

years after the Stated Maturity, or applicable redemption date, of the Certificates such moneys were deposited and are held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

**SECTION 26: Ordinance a Contract - Amendments.** This Ordinance shall constitute a contract with the Holders of the Certificates from time to time, be binding on the City, and shall not be amended or repealed by the City while any Certificates remain Outstanding except as permitted in this Section and in Section 38 hereof. The City, may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders of the Certificates, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of Holders holding a majority in aggregate principal amount of the Certificates then Outstanding, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Certificates, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Certificates, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required to be held by Holders for consent to any such amendment, addition, or rescission.

**SECTION 27: Covenants to Maintain Tax-Exempt Status.**

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

*"Closing Date"* means the date on which the Certificates are first authenticated and delivered to the initial purchaser against payment therefor.

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

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

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

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

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

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

*"Regulations"* means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue

Code of 1954, which are applicable to the Certificates. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"Yield" of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) the Certificates has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, would cause interest on (1) any Certificate issued hereunder or (2) any series of bonds or obligations issued or incurred by the Board or the Texas Water Resources Finance Authority to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Certificate, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Certificates:

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

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

(d) No Private Loan. Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Certificates to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3)

indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

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

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

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

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

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

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

(3) As additional consideration for the purchase of the Certificates by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States from the construction fund, other appropriate fund, or if permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the Certificate Fund, the amount that when added to the future value of previous rebate payments made for the Certificates equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date,

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

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

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Certificates, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Certificates not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, Finance Director and City Secretary, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Certificates, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(k) Nonpurpose Investments. No portion of the proceeds of the Certificates will be used, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments which produce a yield materially higher than the yield on the Board's bonds that were issued to provide financing for the Certificates (the "Source Series Bonds"), other than Nonpurpose Investments acquired with:

(1) proceeds of the Board's Source Series Bonds invested for a reasonable temporary period of up to three (3) years (reduced by the period of investment by the Board) until such proceeds are needed for the facilities to be financed;

(2) amounts invested in a bona fide debt service fund, within the meaning of § 1.148-1(b) of the IRS Regulations; and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Certificates, 125% of average annual debt service on the Certificates, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Certificates.

**SECTION 28: Confirmation of Sale.** The sale of the Certificates to the Texas Water Development Board (the "Purchasers" or the "Board") at the price of par, less a loan origination

fee of 1.85%, pursuant to a loan commitment received from the Purchasers, is hereby confirmed and determined to be in the best interest of the City. Delivery of said Certificates shall be made to said Purchasers as soon as may be after the adoption of this Ordinance, upon payment therefor in accordance with the terms of sale.

**SECTION 29: Compliance with State Revolving Loan Fund Rules.** In compliance with the State Revolving Loan Fund Permanent Rules of the Board, the City agrees and covenants:

(a) to keep and maintain full and complete records and accounts pertaining to the construction of the project financed with the proceeds of sale of the Certificates, including the construction fund account created below, in accordance with the standards set forth by the Government Accounting Standards Board;

(b) to create and establish at an official depository of the City a "Special 2017 City of Farmersville Loan Construction Fund" (the "Construction Fund") for the receipt and disbursement of all proceeds from the sale of the Certificates and all other funds acquired by the City in connection with the planning and construction of the projects financed, in whole or in part, by the Board pursuant to a loan evidenced by the Certificates and all funds deposited to the credit of the Construction Fund shall be disbursed only for the payment of costs and expenses incurred in connection with the planning and building of such projects as approved by the Board and as otherwise allowed by the rules;

(c) upon completion of the construction of the projects financed, in whole or in part, by the loan evidenced by the Certificates:

(1) To the extent there are unused funds remaining and enhancements to the projects financed are needed or desired to be paid with the proceeds of the Certificates, the City shall request such enhancements be authorized by the Executive Administrator, or

(2) If the City determines that no enhancements are needed or if no enhancements are authorized by the Executive Administrator, the City agrees to provide (i) to the Executive Administrator of the Board a complete set of as-built drawings and (ii) to the Board a final accounting of the total costs of the projects. If the projects as finally completed were built at a total cost less than the amount of available funds for building the projects, then the City may use such surplus proceeds of the Certificates remaining after completion of the projects for the following purposes as approved by the Executive Administrator: (1) to redeem Certificates, in inverse annual order of stated maturities or (2) to deposit into the Certificate Fund for the payment of capitalized interest or principal on the Certificates. In determining the amount of available funds for building the project, the City agrees to account for all amounts deposited to the credit of the Construction Fund, including all loan funds extended by the Board, all other funds available from the projects as described in the project engineer's or fiscal representative's sufficiency of funds statement and all interest earned by the City on money in the Construction Fund;

(d) to implement any water conservation program required by the Board until all financial obligations to the State have been discharged;

(e) to furnish a copy of each annual audit (prepared in accordance with generally accepted accounting procedures) to the Texas Water Development Board, Attention: Development Fund Manager, not later than 120 days following the close of the Fiscal Year; and

(f) Proceeds of the Certificates shall not be used by the City when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. To the extent permitted by law, the City agrees to indemnify, hold harmless and protect the Board from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials and employees as a result of activities relating to the project;

(g) all laborers and mechanics employed by contractors and subcontractors for the project shall be paid wages at rates not less than prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The City, all contractors, and all subcontractors shall ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project shall include in full in any contract in excess of \$2,000 the contracts clauses as provided by the Board;

(h) All proceeds of the Certificates will be timely and expeditiously used, as required by 40 CFR § 35.3135(d) and the City will adhere to the approved project schedule;

(i) The Board may exercise all remedies available to it in law or equity, and any provision of the Certificates that restricts or limits the Board's full exercise of these remedies shall be of no force and effect;

(j) provide the Board with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282 (the "FFATA Act") and, pursuant to the FFATA Act, the City shall obtain a Data Universal Numbering System ("DUNS") Number and shall register the System for Award Management ("SAM"), and maintain current registration at all times while the Certificates are outstanding.

(k) The City will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States of America, as required by the 31 TAC § 375.3, 33 U.S.C. § 1388, and related State Revolving Fund Policy Guidelines, unless the City has requested and obtained a waiver from EPA pertaining to the project;

(l) The proceeds of the Certificates shall be held in a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257;

(m) To comply with all applicable requirements contained in 31 TAC, Chapter 375.

(n) to maintain adequate insurance coverage customarily maintained by municipal corporations on the projects financed with the proceeds of the Certificates in amounts adequate to protect the Board's interest;



**SECTION 30: Proceeds of Sale.** (a) Immediately following the delivery of the Certificates to the initial purchaser, the proceeds of sale (less amounts to pay costs of issuance) shall be deposited in an account to be maintained at BOKF, NA, Dallas, Texas (the "Escrow Agent") and held in escrow pending written authorization to release said moneys. An "Escrow Agreement" by and between the City and the Escrow Agent providing for the deposit, safekeeping and administration of such funds pending their release from escrow is attached hereto as **Exhibit B** and incorporated herein by reference as a part of this Ordinance for all purposes, and such Escrow Agreement is hereby approved as to form and content. The Mayor and Mayor Pro Tem and City Secretary of the City are hereby authorized and directed to execute such Agreement for and on behalf of the City and as the act and deed of the City Council.

Upon the release of funds from such escrow account maintained pursuant to the "Escrow Agreement", the released amount shall be deposited to the credit of the Construction Fund. Pending expenditure for authorized projects and purposes, the amounts deposited to the credit of the Construction Fund may be invested in accordance with laws of the State and investment policies and guidelines of the City for such type funds, and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Certificate Fund as shall be determined by the City Council. All surplus proceeds of sale of the Certificates, including investment earnings, remaining in the Construction Fund after completion of all authorized projects or purposes and after satisfying the requirements of Section 25 hereof shall be deposited to the credit of the Certificate Fund.

(b) As provided in the Escrow Agreement, the proceeds of sale of the Certificates are held in escrow shall only be invested in investments that are authorized by the Public Funds Investment Act, Chapter 2256, TEX. GOV'T CODE ANN., as amended.

(c) As provided in the Escrow Agreement, the proceeds of sale of the Certificate held in escrow pursuant to the Escrow Agreement and any accrued interest in excess of the amounts insured by the FDIC and remaining uninvested under the terms of the Escrow Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Chapter 2257, TEX. GOV'T CODE ANN., as amended.

**SECTION 31: Control and Custody of Certificates.** The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Certificates, and shall take and have charge and control of the Initial Certificate(s) pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchasers.

**SECTION 32: Notices to Holders - Waiver.** Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder as it appears in the Security Register.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Certificates. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given,

and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

**SECTION 33: Cancellation.** All Certificates surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Certificates previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Certificates so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Certificates held by the Paying Agent/Registrar shall be returned to the City.

**SECTION 34: Bond Counsel's Opinion.** The Purchasers' obligation to accept delivery of the Certificates is subject to being furnished a final opinion of Norton Rose Fulbright US LLP, Dallas, Texas, approving the Certificates as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Certificates. An executed counterpart of said opinion shall accompany the global certificates deposited with DTC.

**SECTION 35: CUSIP Numbers.** CUSIP numbers may be printed or typed on the definitive Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Certificates shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving the Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Certificates.

**SECTION 36: Benefits of Ordinance.** Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, and this Ordinance and all its provisions is intended to be and shall be for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders.

**SECTION 37: Inconsistent Provisions.** Except as provided in Section 19 hereof, all ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

**SECTION 38: Governing Law.** This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

**SECTION 39: Effect of Headings.** The Section headings herein are for convenience of reference only and shall not affect the construction hereof.

**SECTION 40: Construction of Terms.** If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

**SECTION 41: Severability.** If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the

application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

**SECTION 42: Continuing Disclosure Undertaking.**

(a) *Definitions.* As used in this Section, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

(b) *Annual Reports.* The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year, beginning in or after 2017, financial information and operating data with respect to the City of the general type described in **Exhibit C** hereto, and (2) if not provided as part of such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements so provided shall be prepared in accordance with the accounting principles described in **Exhibit C** hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided.

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

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC.

(c) *Notice of Certain Events.* The City shall provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
7. Modifications to rights of holders of the Certificates, if material;
8. Certificate calls, if material, and tender offers;
9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Certificates, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

(d) *Filings with the MSRB.* All financial information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) *Limitations, Disclaimers, and Amendments.* The City shall be obligated to observe and perform the covenants specified in this Section while, but only while, the City remains an "obligated person" with respect to the Certificates within the meaning of the Rule, except that the City in any event will give the notice required by subsection (c) hereof of any Certificate calls and defeasance that cause the City to be no longer such an "obligated person."

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

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

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

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

Notwithstanding anything herein to the contrary, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (b) a Person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Certificates. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Certificates from lawfully purchasing or selling Certificates in such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided pursuant to subsection (b) hereof an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

**SECTION 43: Further Procedures.** The Mayor, Mayor Pro Tem, City Manager, Finance Director, and City Secretary of the City and all other officers, employees and agents of the City, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the seal of the City and on behalf of the City all agreements, instruments, or such other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the initial sale and delivery of the Certificates, and the Paying Agent/Registrar Agreement. In addition, prior to the initial delivery of the Certificates, the Mayor, the Mayor Pro Tem, City Manager, Finance Director, and/or City Secretary of the City, and its Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance: (i) in order to cure any technical ambiguity, formal defect, or omission in the Ordinance or such other document; or (ii) as requested by the Attorney General or his representative to obtain the approval of the

Certificates by the Attorney General and if such officer or counsel determines that such ministerial changes are consistent with the intent and purpose of the Ordinance, which determination shall be final. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 44: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Texas Government Code, Chapter 551, as amended.

SECTION 45: Effective Date. This Ordinance shall take effect and be in full force immediately from and after its adoption on the date hereof in accordance with the provisions of Texas Government Code, Section 1201.028, as amended.

*[remainder of page left blank intentionally]*

PASSED AND ADOPTED, this August 22, 2017.

CITY OF FARMERSVILLE, TEXAS

\_\_\_\_\_  
Diane Piwko, Mayor

ATTEST:

\_\_\_\_\_  
Sandra Green, City Secretary

(City Seal)

**Exhibit A  
to  
Ordinance**

**PAYING AGENT/REGISTRAR AGREEMENT**



## **PAYING AGENT/REGISTRAR AGREEMENT**

THIS AGREEMENT is entered into as of August 22, 2017 (this "Agreement"), by and between BOKF, NA, a banking association duly organized and existing under the laws of the United States of America, or its successors (the "Bank") and the City of Farmersville, Texas (the "Issuer"),

### **RECITALS**

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "City of Farmersville, Texas, Tax and Utility System Surplus Revenue Certificates of Obligation, Series 2017" (the "Securities"), dated September 1, 2017, such Securities scheduled to be delivered to the initial purchasers thereof on or about September 21, 2017; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

NOW, THEREFORE, it is mutually agreed as follows:

### **ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR**

**Section 1.01 Appointment.** The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the "Authorizing Document" (hereinafter defined). The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the Authorizing Document.

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Securities.

**Section 1.02 Compensation.** As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A attached hereto.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

## **ARTICLE TWO DEFINITIONS**

**Section 2.01 Definitions.** For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Acceleration Date" on any Security means the date, if any, on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

"Authorizing Document" means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, as the same may be amended or modified, including any pricing certificate related thereto, certified by the secretary or any other officer of the Issuer and delivered to the Bank.

"Bank Office" means the designated office of the Bank at the address shown in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Authorizing Document).

"Redemption Date", when used with respect to any Security to be redeemed, means the date fixed for such redemption pursuant to the terms of the Authorizing Document.

"Responsible Officer", when used with respect to the Bank, means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfers of Securities.

"Stated Maturity" means the date specified in the Authorizing Document the principal of a Security is scheduled to be due and payable.

**Section 2.02 Other Definitions.** The terms "Bank," "Issuer," and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

### **ARTICLE THREE PAYING AGENT**

**Section 3.01 Duties of Paying Agent.** As Paying Agent, the Bank shall pay, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer [by no later than 4:00 p.m. on the business day immediately preceding the payment dates], on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the following address:

BOKF, NA Corporate Trust Services  
111 Fillmore Avenue East  
St. Paul, Minnesota 55107-1402

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer [by no later than 4:00 p.m. on the business day immediately preceding the payment dates], pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Securities (or their Predecessor Securities) on the Record Date (as defined in the Authorizing Document). All payments of principal and/or interest on the Securities to the registered owners shall be accomplished (1) by the issuance of checks, payable to the registered owners, drawn on the paying agent account provided in Section 5.05 hereof, sent by United States mail, first class postage prepaid, to the address appearing on the Security Register or (2) by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

**Section 3.02 Payment Dates.** The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Authorizing Document.

### **ARTICLE FOUR REGISTRAR**

**Section 4.01 Security Register - Transfers and Exchanges.** The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable

regulations as the Issuer and the Bank may prescribe. All transfers, exchanges and replacements of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, such written instrument to be in a form satisfactory to the Bank and duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

**Section 4.02 Securities.** The Issuer shall provide additional Securities when needed to facilitate transfers or exchanges thereof. The Bank covenants that such additional Securities, if and when provided, will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

**Section 4.03 Form of Security Register.** The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

**Section 4.04 List of Security Holders.** The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

**Section 4.05 Return of Cancelled Securities.** The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, all Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

**Section 4.06 Mutilated, Destroyed, Lost or Stolen Securities.** The Issuer hereby instructs the Bank, subject to the provisions of the Authorizing Document, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

In case any Security shall be mutilated, destroyed, lost or stolen, the Bank may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such mutilated, destroyed, lost or stolen Security, only upon the approval of the Issuer and after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, destroyed, lost or stolen.

**Section 4.07 Transaction Information to Issuer.** The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

## **ARTICLE FIVE THE BANK**

**Section 5.01 Duties of Bank.** The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

### **Section 5.02 Reliance on Documents, Etc.**

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction,

consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by the Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

(g) The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum or letter as prepared by the Issuer, Issuer's financial advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum or letter acknowledged by the Issuer, the Issuer's financial advisor or other agent as the final closing memorandum or letter. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

**Section 5.03 Recitals of Issuer.** The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

**Section 5.04 May Hold Securities.** The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

**Section 5.05 Moneys Held by Bank - Paying Agent Account/Collateralization.** A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of moneys received from the Issuer under this Agreement for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such paying agent account shall be made by check drawn on such account unless the owner of the Securities shall, at its own expense and risk, request an alternative method of payment.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal of, premium (if any), or interest on any Security and remaining unclaimed for three years after final maturity of the Security has become

due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Texas Property Code, as amended. The Bank shall have no liability by virtue of actions taken in compliance with this provision.

The Bank is not obligated to pay interest on any money received by it under this Agreement.

This Agreement relates solely to money deposited for the purposes described herein, and the parties agree that the Bank may serve as depository for other funds of the Issuer, act as trustee under indentures authorizing other bond transactions of the Issuer, or act in any other capacity not in conflict with its duties hereunder.

**Section 5.06 Indemnification.** To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

**Section 5.07 Interpleader.** The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the state and county where the administrative office of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

**Section 5.08 DTC Services.** It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

**Section 5.09 \*\* include this section only if the Bonds are taxable\*\* [Tax Reporting**  
It shall be the duty of the Bank, on behalf of the Issuer, to report to the Holders and the Internal Revenue Service, to the extent required by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, (i) the amount of "reportable payments," if any, subject to backup withholding during each year and the amount of tax withheld, if any, with respect to payments of the Bonds and (ii) the amount of interest or amount treated as interest on the Bonds and required to be included in gross income of the Holder.]

## **ARTICLE SIX MISCELLANEOUS PROVISIONS**

**Section 6.01 Amendment.** This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

**Section 6.02 Assignment.** This Agreement may not be assigned by either party without the prior written consent of the other.

**Section 6.03 Notices.** Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page(s) hereof.

**Section 6.04 Effect of Headings.** The Article and Section headings herein are for convenience of reference only and shall not affect the construction hereof.

**Section 6.05 Successors and Assigns.** All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

**Section 6.06 Severability.** In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 6.07 Merger, Conversion, Consolidation, or Succession.** Any corporation or association into which the Bank may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank as Paying Agent under this Agreement without the execution or filing of any paper or any further act on the part of either parties hereto.

**Section 6.08 Benefits of Agreement.** Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

**Section 6.09 Entire Agreement.** This Agreement and the Authorizing Document constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Authorizing Document, the Authorizing Document shall govern.

**Section 6.10 Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

**Section 6.11 Termination.** This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. However, if the Issuer fails to appoint a successor Paying Agent/Registrar within a reasonable time, the Bank may petition a court of competent jurisdiction within the State of Texas to appoint a successor. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.



Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with the other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

**Section 6.12 Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

*[The remainder of this page intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BOKF, NA, Dallas, Texas

By: \_\_\_\_\_

Title: \_\_\_\_\_

Address: 5956 Sherry Lane, Suite 1201  
Dallas, Texas 75225

Attest:

\_\_\_\_\_

Title: \_\_\_\_\_

CITY OF FARMERSVILLE, TEXAS

By: \_\_\_\_\_  
Mayor

Address: 205 S. Main Street  
Farmersville, Texas 75442

Attest:

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

## ANNEX A

**Exhibit B  
to  
Ordinance**

**ESCROW AGREEMENT**

## ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of August 22, 2017, made by and between the City of Farmersville, Texas, a political subdivision of the State of Texas in Collin County (the "City") and BOKF, NA, Dallas, a banking association duly organized and existing under the laws of the United States of America, as Escrow Agent (the "Escrow Agent") together with any successor in such capacity:

### WITNESSETH:

WHEREAS, pursuant to an ordinance (the "Ordinance") finally adopted on August 22, 2017, the City authorized the issuance of \$5,845,000 "City of Farmersville, Texas, Tax and Utility System Surplus Revenue Certificates of Obligation, Series 2017" (the "Obligations") for constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving wastewater system properties and facilities (the "Project"); and

WHEREAS, such Ordinance also confirmed the sale of the Obligations to the Texas Water Development Board (the "TWDB"); and

WHEREAS, the Escrow Agent is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code, Chapter 404, Subchapter D, and is otherwise qualified and empowered to enter into this Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

WHEREAS, a condition of the Obligations is the deposit of the proceeds of the Obligations (the "Proceeds") in escrow subject to being withdrawn only with the approval of the Executive Administrator or another designated representative; provided, however, the Proceeds can be transferred to different investments so long as all parties hereto consent to such transfer;

NOW, THEREFORE, in consideration of the mutual agreements herein contained and in consideration of the amount to be paid by the City to the Escrow Agent, as set forth on Exhibit A, the receipt of which is hereby acknowledged, and in order to secure the delivery of the Obligations, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives and successors, as follows:

**SECTION 1: ESCROW ACCOUNT.** Upon the delivery of the Obligations described above, the Proceeds identified under TWDB Commitment No. L1000631 shall be deposited to the credit of a special escrow account(s) or escrow subaccount(s) (the "Escrow Account") maintained at the Escrow Agent on behalf of the City and the TWDB and shall not be commingled with any other accounts or with any other proceeds or funds. The Proceeds received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the City, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement.

The Escrow Account shall be entitled "CITY OF FARMERSVILLE, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2017 TEXAS WATER DEVELOPMENT BOARD L1000631 ESCROW ACCOUNT" and shall not be subject to warrants, drafts or checks drawn by the City but shall be disbursed or withdrawn to pay the costs of the project for which the Obligations were issued or other purposes in accordance with the Ordinance and solely upon

written authorization from the Executive Administrator, or his/her designated representative. The Escrow Agent shall provide to the City and to the TWDB the Escrow Account(s) bank statements upon request.

**SECTION 2: COLLATERAL.** All cash deposited to the credit of such Escrow Account and any accrued interest in excess of the amounts insured by the FDIC and remaining uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Texas Government Code, Chapter 2257.

**SECTION 3: INVESTMENTS.** While the Proceeds are held in escrow, the Escrow Agent shall only invest Proceeds in investments that are authorized by the Public Funds Investment Act, Texas Government Code, Chapter 2256 (PFIA). It is the City's responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the PFIA but also with its own written investment policy.

**SECTION 4: DISBURSEMENTS.** The Escrow Agent shall not honor any disbursement from the Escrow Account, or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator or his/her designated representative. However, no written approval and consent by the Executive Administrator shall be required if the disbursement involves transferring Proceeds from one investment to another within the Escrow Account provided that all such investments are consistent with the PFIA requirements.

**SECTION 5: UNEXPENDED FUNDS.** Any Proceeds remaining unexpended in the Escrow Account after completion of the Project and after the final accounting has been submitted to and approved by the TWDB shall be disposed of pursuant to the provisions of the Ordinance. The City shall deliver a copy of such TWDB approval of the final accounting to the Escrow Agent together with instructions concerning the disbursement of unexpended Proceeds hereunder. The Escrow Agent shall have no obligation to ensure that such unexpended Proceeds are used as required by the provisions of the Ordinance, that being the sole obligation of the City.

**SECTION 6: CERTIFICATIONS.** The Escrow Agent shall be authorized to accept and rely upon the certifications and documents furnished to the Escrow Agent by the City and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

**SECTION 7: LIABILITY OF ESCROW AGENT.** To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or default or failure in the performance of any obligation imposed upon it hereunder. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Obligations or any recitation contained in the Obligations.

**SECTION 8: RECORDS.** The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Account, and investments of the Escrow Account and all proceeds thereof. The records shall be available for inspection and copying at reasonable hours and under reasonable conditions by the City and the TWDB.

**SECTION 9: MERGER/CONSOLIDATION.** In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code, Chapter 404, Subchapter D. The Escrow Agent must provide the TWDB with written notification within 30 days of acceptance of the merger, consolidation, or transfer. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within five business days following such merger, consolidation or exchange.

**SECTION 10: AMENDMENTS.** This Agreement may be amended from time to time as necessary with the written consent of the City and the TWDB, but no such amendments shall increase the liabilities or responsibilities or diminish the rights of the Escrow Agent without its consent.

**SECTION 11: TERMINATION.** In the event that this Agreement is terminated by either the City or by the Escrow Agent, the Escrow Agent must report said termination in writing to the TWDB within five business days of such termination. The City is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the City and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this Agreement; and (d) the City must forward a copy of the executed escrow agreement with the successor escrow agent within 5 business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent. If the City has not appointed a successor escrow agent within thirty (30) days of the notice of termination, the Escrow Agent may petition any court of competent jurisdiction in Texas for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the City. Whether appointed by the City or a court, the successor escrow agent and escrow agreement must be approved by the TWDB for the appointment to be effective. The Escrow Agent is responsible for performance under this Agreement until a successor has been approved by the TWDB and has signed an acceptable escrow agreement.

**SECTION 12: EXPIRATION.** This Agreement shall expire upon final transfer of the funds in the Escrow Account to the City.

**SECTION 13: POINT OF CONTACT.** The points of contact for the Escrow Agent and the TWDB are as follows:

BOKF, NA, Dallas  
5956 Sherry Lane, Suite 1201  
Dallas, Texas 75225  
Attention: Ms. Caresse Tankersley

Kevin Patteson  
Executive Administrator  
Texas Water Development Board  
1700 North Congress Avenue  
Austin, Texas 78701

**SECTION 14: CHOICE OF LAW.** This Agreement shall be governed exclusively by the applicable laws of the State of Texas. Venue for disputes shall be in the District Court of Travis County, Texas.

**SECTION 15: ASSIGNABILITY.** This Agreement shall not be assignable by the parties hereto, in whole or in part, and any attempted assignment shall be void and of no force and effect.

**SECTION 16: ENTIRE AGREEMENT.** This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the City and supersedes any other agreements, whether oral or written, between the parties regarding the Proceeds or the Escrow Account. No modification or amendment of this Agreement shall be valid unless the same is in writing and is signed by the City and consented to by the Escrow Agent and the TWDB.

**SECTION 17: VALIDITY OF PROVISIONS.** If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

**SECTION 18: COMPENSATION FOR ESCROW SERVICES.** The Escrow Agent shall be entitled to compensation for its services as stated in Exhibit A, which compensation shall be paid by the City but may not be paid directly from the Escrow Account.

*[remainder of page left blank intentionally]*



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CITY OF FARMERSVILLE, TEXAS

By: \_\_\_\_\_  
Mayor

Address: 205 S. Main Street  
Farmersville, Texas 75442

ATTEST:

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

BOKF, NA, Dallas, Texas, as Escrow Agent

By \_\_\_\_\_  
Title: \_\_\_\_\_

Address: 5956 Sherry Lane, Suite 1201  
Dallas, Texas 75225

ATTEST:

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**  
**BANK FEES**

**Exhibit C  
to  
Ordinance**

**DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 42 of this Ordinance.

**Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified below:

1. The financial statements of the City for the most recently concluded fiscal year.

**Accounting Principles**

The accounting principles referred to in such Section are the generally accepted accounting principles as applicable to governmental units as prescribed by the Government Accounting Standards Board.

Agenda Section	Public Hearing
Section Number	IV.B
Subject	First Public Hearing on Tax Rate Increase to allow proponents and opponents of the tax rate increase to present their views.
To	Mayor and Council Members
From	Ben White, City Manager
Date	August 22, 2017
Attachment(s)	Proposed Tax Rate
Related Link(s)	<a href="http://www.farmersvilletx.com/government/agendas_and_minutes/city_council_meetings.php">http://www.farmersvilletx.com/government/agendas_and_minutes/city_council_meetings.php</a>
Consideration and Discussion	City Council discussion as required.
Action	<ul style="list-style-type: none"> <li>• Motion/second/vote <ul style="list-style-type: none"> <li><input type="checkbox"/> Approve</li> <li><input type="checkbox"/> Approve with Updates</li> <li><input type="checkbox"/> Disapprove</li> </ul> </li> <li>• Motion/second/vote to continue to a later date. _____ <ul style="list-style-type: none"> <li><input type="checkbox"/> Approve</li> <li><input type="checkbox"/> Disapprove</li> </ul> </li> <li>• Move item to another agenda. _____</li> <li>• No motion, no action</li> </ul>

# **NOTICE OF 2017 TAX YEAR PROPOSED PROPERTY TAX RATE FOR CITY OF FARMERSVILLE**

A tax rate of \$0.780000 per \$100 valuation has been proposed for adoption by the governing body of City of Farmersville. This rate exceeds the lower of the effective or rollback tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate.

The governing body of City of Farmersville proposes to use revenue attributable to the tax rate increase for the purpose of supporting the general fund.

PROPOSED TAX RATE	\$0.780000 per \$100
PRECEDING YEAR'S TAX RATE	\$0.787564 per \$100
EFFECTIVE TAX RATE	\$0.738263 per \$100
ROLLBACK TAX RATE	\$0.782046 per \$100

The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for City of Farmersville from the same properties in both the 2016 tax year and the 2017 tax year.

The rollback tax rate is the highest tax rate that City of Farmersville may adopt before voters are entitled to petition for an election to limit the rate that may be approved to the rollback rate.

**YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS  
FOLLOWS:**

$$\text{property tax amount} = (\text{rate}) \times (\text{taxable value of your property}) / 100$$

For assistance or detailed information about tax calculations, please contact:

Kenneth L. Maun  
Tax Assessor-Collector  
2300 Bloomdale Road  
McKinney, TX 75071  
972-547-5020  
[kmaun@collincountytexas.gov](mailto:kmaun@collincountytexas.gov)  
[www.farmersvilletexas.com](http://www.farmersvilletexas.com)

You are urged to attend and express your views at the following public hearings on the proposed tax rate:

First Hearing: August 22, 2017 at 6:00 pm at the City of Farmersville City Hall, City Chambers, 205 S. Main St., Farmersville, TX 75442.

Second Hearing: September 5, 2017 at 6:00 pm at the City of Farmersville City Hall, City Chambers, 205 S. Main St., Farmersville, TX 75442.