

PROCLAMATION 1

PROCLAMATION

THE STATE OF TEXAS
COUNTY OF BLANCO
CITY OF BLANCO

WHEREAS, the United States of America was established following the War of Revolution from 1776 to 1783, a war won through the brilliant and courageous leadership of George Washington, revered Father of our Nation; and

WHEREAS, George Washington, who lived from 1732 to 1799, mobilized the Continental Army and led the American colonies against the most powerful country in the world, finally defeating the British at the famous battle of Yorktown, Virginia; and

WHEREAS, this revered founder of our nation resisted the efforts of many supporters to make him a king or dictator, instead using his influence and power to support the creation and adoption of the Constitution of the United States; and

WHEREAS, George Washington was elected as the first President of the United States, serving two terms of office from 1789 to 1797, and through his devotion, wisdom, and vision, became the exemplar of distinguished leadership for all future presidents; and

WHEREAS, the San Antonio Chapter of the Sons of the American Revolution wish to encourage all citizens to recognize the epochal contributions of George Washington to our nation by celebrating his birth on Tuesday, February 22, 2023.

NOW THEREFORE I, Rachel Lumpee, by virtue of the authority vested in me as Mayor, City of Blanco, do hereby proclaim February 22, 2023, as

PRESIDENT GEORGE WASHINGTON DAY

And call upon all citizens to recognize and honor the brilliance, courage, and vision of the Father of our Nation and the relevance of his life to the preservation of our democracy in today's complex world.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused to be affixed the Seal of the City of Blanco, Texas, this the _____ day of February 2023.

Rachel Lumpee, Mayor

ATTEST:

Laurie Cassidy, City Secretary



PROCLAMATION 2

AMERICAN RED CROSS MONTH, 2023
Proclamation

During American Red Cross Month in March, we celebrate the humanitarian spirit of volunteers and reaffirm our commitment to help ensure no one faces a crisis alone.

Caring for one another is at the heart of our community and exemplified by simple acts of kindness performed by American Red Cross volunteers that provide help and hope in people's most difficult moments — continuing the lifesaving legacy of Clara Barton, who founded the organization more than 140 years ago to prevent and alleviate human suffering.

Every day, these ordinary individuals lend a helping hand to make an extraordinary difference for neighbors in need — whether it's providing emergency shelter, food and comfort for families displaced by home fires and other disasters; donating lifesaving blood for cancer patients, accident victims, and people with sickle cell disease and other life-threatening conditions; supporting military members and veterans, along with their families and caregivers, through the unique challenges of service; using vital skills like first aid and CPR to help others survive medical emergencies; or delivering international humanitarian aid and reconnecting loved ones separated by crises around the world.

Their support, volunteerism and generous donations are critical to our community's resilience. We hereby recognize this month of March in honor of all those who fulfill Clara Barton's noble words, "You must never think of anything except the need and how to meet it," and ask everyone to join in this commitment.

Now, therefore, I, Mayor Rachel Lumpee, Mayor of Blanco, Texas do hereby proclaim March 2023 as American Red Cross Month. I encourage all citizens to support this organization and its noble humanitarian mission.

Signed this _____ day of February, 2023

Mayor Rachel Lumpee, Mayor of Blanco, Texas



PUBLIC HEARING

Approval of Proposed Amendment to Planned Development District (PDD) No. 2020-O-013 Project: Los Altos (Owners: RAM LLC, Phase 1 and 4 Cuatro Consultants, Ltd., Phase 2).



City of Blanco

P.O. Box 750

Blanco, Texas 78606

Office (830)833 - 4524

Fax (830)833 - 4121

January 5, 2023



Blanco Texas 78606

Dear Property Owner:

The City of Blanco has received a request from the owner of the following tract of land to amend the PDD to allow minimum house size from 1440 square feet to 1200 square feet on the following described tract located within the city limits of the City of Blanco.

Property Owner: RAM LLC, Phase 1 and 4 Cuatro Consultants, LTD Phase 2

Property Description: - That certain 4.14-acre tract of land, situated in the City of Blanco, being all lot 4 and part of lot 3 of the Cage and Boon Addition to the town of Blanco, Blanco County, Texas, same being that certain 4.14-acre tract of land conveyed to Hugo Elizondo, Jr. By Warranty Deed of assumption as recorded in volume 290, Page 730 of the official public records of Blanco County, Texas

The Planning and Zoning Commission of the City of Blanco will conduct a public hearing and regular meeting, for the purpose of considering the request at 6:30 p.m. on January 17, 2023, at 308 Pecan Street. The City Council will conduct a public hearing at Gem of the Hills, 2233 US 281 North at @ 6:00 p.m. on February 14, 2023.

You are receiving this notice as required by the Texas Local Government Code because you have been identified from the tax rolls as owning property approximately 200 feet of the tract proposed for rezoning. If you wish to protest the proposed change, you must do so prior to the public hearing in writing, sign the protest, and return it to the Blanco Assistant City Secretary at Blanco City Hall, 300 Pecan Street in Blanco or mail it to City of Blanco, P.O. Box 750, Blanco, Texas 78606.

Sincerely,

Olga Gamez,
Assistant City Secretary

PRESENTATION 1

A1024 Section 3 Presentation to City of Blanco

February 14, 2023



1



The City recently received the following
grant award:

- Grant Contract No. 7220040
- Award Amount: \$300,000
- Project: improve main lift station, to include SCADA system

2



The grant is funded through the Community Development Block Grant, via:

- U.S. Department of Housing and Urban Development (HUD)

and

- Texas Department of Agriculture (TDA)

3



Section 3 Concepts

- As a condition of funding, the City must comply with Section 3 of the Housing and Urban Development Act of 1968.
- To the greatest extent feasible, Grant Recipients must direct economic opportunities generated by CDBG funds to low- and very low-income persons.

4



Section 3 Concepts

In part, this means ensuring that:

- Section 3 Businesses have the information to submit a bid or proposal for the project; and
- Section 3 Workers have information about any available job opportunities related to the project.

For precise definitions, see TxCDBG Policy Issuance 20-01

5



Section 3 Business


A company may qualify as a **Section 3 Business** if:

- it is owned by low-income persons;
- it is owned by Section 8-Assisted housing residents; or
- 75% of all labor hours for the business in a 3-month period are performed by Section 3 Workers

Register at:

- HUD's Section 3 website:
<https://portalapps.hud.gov/Sec3BusReg/BRegistry/RegisterBusiness>

6




Section 3 Business

This project is expected to include the following contracting opportunities:

- Grant Administration services (previously selected)
- Engineering Services (previously selected)
- MC Fonseca– LS improvements

7



Section 3 Worker


You may qualify as a **Section 3 Worker** if:

- Your annual income is below the county threshold for your family size:
- You are a current or recent Youthbuild participant

Register your information and search for opportunities at:


- WorkInTexas.gov
- HUD’s Section 3 Opportunity Portal
<https://hudapps.hud.gov/OpportunityPortal/>
- CIVCAST
- Minority Women-owned Business Enterprise (MWBE)

8

 **Targeted Section 3 Worker**


Section 3 Workers that reside near the project location may also qualify as Targeted Section 3 Workers. For this project, that service area is defined by this map:

Section 3 Service Area Map -Blanco 7220040




County	Tract	Area (Acres)	Count
Blanco County	000000	1330	2
Blanco County	000000	1330	2
Blanco County	000000	880	2
Blanco County	000000	2130	4
Total Area (Acres)		2850	

9

 **Recordkeeping**

Langford will track all hours worked on the project based on the three categories of workers.

This will require collection of certain income information.



10



For More Information

TxCDBG Policy Issuance 20-01

[REVISED Policy Issuance 20-01 Section 3 v1.pdf](#)
texasagriculture.gov

24 CFR Part 75

[Electronic Code of Federal Regulations \(eCFR\)](#)

Janell Foster, Langford: (512) 452-0432
janell@LCMSinc.com

STAFF
CITY HALL

**STAFF
POLICE
DEPARTMENT**

CONSENT
ITEM #1

**REGULAR MEETING
OF THE GOVERNING BODY OF
THE CITY OF BLANCO**

**Meeting Minutes
January 10, 2023**

A regular meeting and public hearing of the City Council, City of Blanco, Texas was held on January 10, 2023, at 6:00 pm at the Gem of the Hills, 2233 US 281, Blanco, Texas.

The meeting was called to order at 6:01 pm by Mayor Pro-Tem Connie Barron, followed by roll call (Laurie Cassidy) announcing a quorum was present. The Invocation was led by Pastor Carlos Cloyd and the Pledge of Allegiance was led by Mayor Pro-Tem Barron. Council members present: Mayor Pro-Tem Barron, and Council Members McClellan and Thraikill. Mayor Lumpee and Council Members Smith and Divine were absent.

City staff present: Warren Escovy, Laurie Cassidy, Sasha Ricks, and Chief Scott Rubin.

Mayor Pro-Tem Barron made the following announcement: the City offices will be closed Monday, January 16 in honor of Martin Luther King, Jr.

Public Comments:

- Laura Swinson, resident at 1407 Loop 163, spoke of her desire to serve on the City Council. She has participated in the formation of the Capital Improvements Committee, served on the 281 Overlay Committee, the Planning & Zoning Commission, and Blanco Wheels and Feet. She will listen to the citizens and consider their concerns when making decisions.
- Mike Arnold, 818 Pecan Street, spoke saying he wants to set the record straight regarding these falsehoods and lies, first with abolishing the police department, not true, he has the upmost respect for the Chief, has asked some tough questions, will keep asking tough questions, but he backs the blue. Second, that he wants to fire Warren Escovy, nothing could be further from the truth. Even though he takes home 10% of the city budget as a pay package, he's worth every penny. Mr. Arnold said he looks forward to working with him, would cut expenses, raise revenues. Finally, regarding doing away with all regulations and ordinances, get the red tape off the backs of our citizens and rebuild Blanco strong. If you have something you want to talk about, call.
- Ryan Moses, resident, spoke saying he has great deal of respect for the Council members. He expressed his willingness to serve with Council. He feels Council should leave the seat vacant and let the candidates run for election, allowing the citizens to decide.

Presentation:

Craig Cunningham spoke regarding issuance of a tax note (gap financing) to assist with financing of the Lift Station project. A Tax Note is a short term financing obligation that cannot mature beyond seven years from the issue date. It can be secured by ad valorem taxes, other available revenue, or a combination of both. No voter approval or publication of intent is required to obtain a tax note. It can be refinanced with General Obligation Refunding Bonds, Certificates of Obligation, or revenue bonds issued for refinancing purposes. The first two years of the note would be interest only and principal and interest will kick in the third year, the reason for this is the TWDB loan should kick in by the third year. Waiting for the current audit to be completed (by end of February) and then get things going by April 2023.

Staff Presentations:

- City Hall, Warren Escovy, City Administrator discussed the City's Development Procedures, Special Use Permits, Rezoning, and Platting Procedures. Water and sewer line acceptance near 281 and north side is close to final approval and use as City infrastructure. Pavement restoration services beginning soon, using funds from ARPA, the most damaged, most traveled streets will be repaired first. Meeting with Titan Milling to begin marking streets on Friday. Expect to begin work towards the end of the month and should take about two weeks to complete. Financials, quarterly reports to be posted on-line this week. Investment report to be posted to the City website quarterly beginning in April.
- Police Department, Chief Rubin presented the December 2022 Monthly Statistics Report. He also gave an update on the new radar trailer which has arrived in the City. Beginning next week, the trailer will be moved around the City to gather trip counts, high speed, low speed, etc. PD has ongoing staffing issues and are currently 2 officers down with one officer still in training, so still running only one officer per shift. Annual report coming next month. Applied for shield grant last month and City was just awarded the grant.

Consent Agenda: *The following items may be acted upon in one motion.* No separate discussion or action is necessary unless requested by the Mayor or a Council Member, in which those items will be pulled for separate consideration.

1. Approval of Minutes from the December 13, 2022, Regular Meeting and Public Hearing.
2. Approval of Minutes from the December 20, 2022, Special Meeting.
3. Approval of Resolution 2023-R-001 TxDOT Gateway Sign.

A motion was made by Council Member Thrailkill to approve items one through three on the consent agenda as presented, seconded by Council Member McClellan, all in favor, motion carried unanimously.

Old Business: Consider, discuss, and take appropriate action on the following:

1. Consideration, Discussion, and Take Possible Action on Approval of an Election Services Contract between the City of Blanco and the Blanco County Elections Officer for the May 6, 2023, Uniform Election and Related Services. **A motion was made by Council Member Thrailkill to table item to next council meeting when full council is present, seconded by Council Member McClellan, all in favor, motion carried unanimously.**

2. Consideration, Discussion and Take Possible Action on Single City Council Position Vacancy and Related Holdover Status. **A motion was made by Mayor Pro Tem Barron to table item to next council meeting when full council is present, seconded by Council Member Thrailkill, all in favor, motion carried unanimously.**
3. Consideration, Discussion, and Take Possible Action on Approval of Updates to the Personnel Policy (Sasha Ricks, Finance Director). Deserves a line by line review of the items. Sasha Ricks can present next month - **A motion was made by Council Member Thrailkill to table item to next council meeting when full council is present, seconded by Council Member McClellan, all in favor, motion carried unanimously.**

New Business: Consider, discuss, and take appropriate action on the following:

1. Consideration, Discussion and Take Possible Action Concerning Award of the Contractor Bid to M&C Fonseca Construction Co., Inc. for Repairs to Lift Station. Warren Escovy and Bradley Loehr, P.E. spoke and shared background on lift station project. Main lift station has been in existence for a very long time. Two lift stations pump into sewer main. The new location is elevated out of the floodplain (SCADA, monitoring of sewer system). M&C Fonseca have done approximately 12 different projects with BEFCO, have the equipment and knowledge to complete the project. December 31, 2023 is the estimated completion date. Project cost is \$1,437,847.00. **A motion was made by Council Member Thrailkill to award the bid to M&C Fonseca Construction Co., Inc. for repairs to the lift station, seconded by Council Member McClellan, all in favor, motion carried unanimously.**

Consideration, Discussion and Take Possible Action on Possible Amendment to Ordinance 2022-O-005 Short-Term Rentals. Warren Escovy spoke on the STR Ordinance. Once you create an ordinance and go through the process you find ways to make improvements. All new STR's currently require review and approval by the Planning & Zoning Commission and City Council for approval. This is a 6-8 week process. *Recommendation:* If a proposed STR permit 1) will not result in STRs operating in more than 10% of the dwelling units in the surrounding block, neighborhood, or similar geographic areas, and 2) otherwise meets the objective criteria in the ordinance, then the City Administrator be given discretion to grant the STR permit without further review from Planning & Zoning Commission and City Council. In the event of a denial by the Administrator, appeal rights to the Planning & Zoning Commission and City Council would stay in place. The council would like to err on the side of public notice. The STR permit fee is \$300 per year. This fee covers administrative costs to monitor the program. **A motion was made by Council Member McClellan to table item, and expand on considerations, seconded by Council Member Thrailkill, all in favor, motion carried unanimously.**

2. Consideration, Discussion and Take Possible Action on Approval of Fundview Customer Portal for Utilities and Court Online Payments at a Cost of \$3,400.00. **A motion was made by Council Member Thrailkill to table item to next council meeting when full council is present, seconded by Council Member McClellan, all in favor, motion carried unanimously.**

Closed regular meeting at 6:58 pm and convened into executive session.

Executive Session in accordance with Texas Government Code: in accordance with the authority contained in the Texas Government Code, Sections 551.071, 551.072, and 551.074.

1. Texas Government Code Sections 551.071 (Consultation with City Attorney), 551.072 (Real Estate) and Section 1.05, Texas Disciplinary Rules of Professional Conduct; Confer with City Attorney regarding Pharr Paradise Utility Easement Agreement.
2. Texas Government Code Section 551.071 (Consultation with City Attorney) and Section 1.05, Texas Disciplinary Rules of Professional Conduct and 551.072 (Real Estate). Confer with City Attorney regarding Canyon Lake Water SC (CLWSC); Water Valuation with West Water, City's interest undivided interest.
3. Texas Government Code Section 551.071 (Consultation with City Attorney) and Section 1.05, Texas Disciplinary Rules of Professional Conduct; Confer with City Attorney regarding City Council Possible Vacancy Created By Absence Of Council Member Divine At Three Consecutive Regular Meetings Of City Council Of The City Of Blanco.
4. Texas Government Code Section 551.074 (Personnel Matters) to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of City Administrator.

Closed executive session at 7:49 pm and convened into regular meeting.

Items 1-4: No Action Taken

Adjournment:

A motion was made by Council Member McClellan to adjourn the meeting, seconded by Council Member Thrailkill, all in favor.

The meeting was adjourned at 7:50 pm.

Respectfully submitted,

Connie Barron, Mayor Pro-Tem

ATTEST:

Laurie A. Cassidy, City Secretary

These minutes were approved on the _____ day of _____, 2023.

NEW BUSINESS

ITEM #1



City of Blanco

P.O. Box 750 Blanco, Texas 78606
Office 830-833-4525 Fax 830-833-4121

2-10-23

STAFF REPORT: Los Altos PDD Amendment

DESCRIPTION:

Request from the developer to allow for a 1200' minimum home size instead of 1440' which was approved in the original PDD

ANALYSIS:

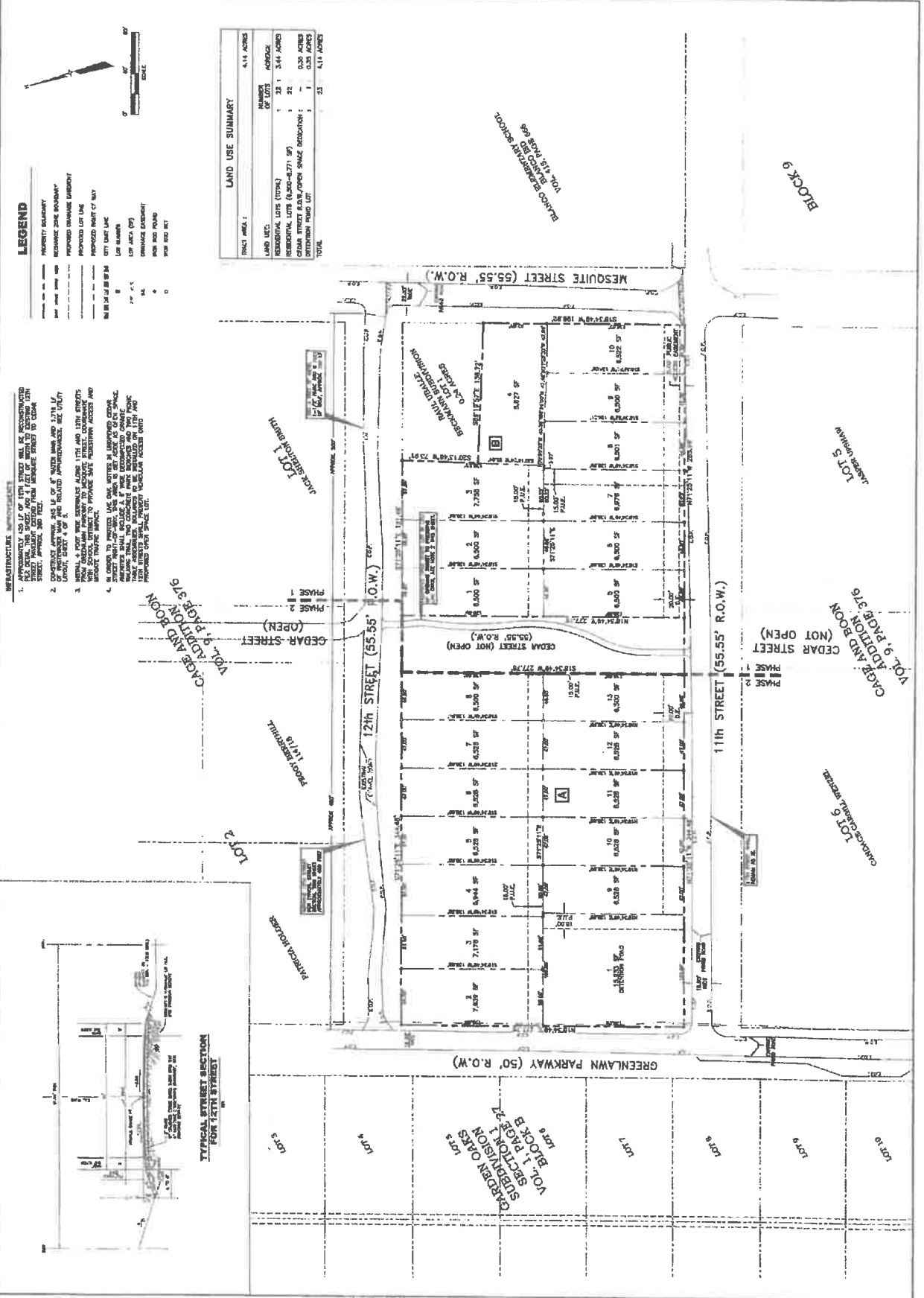
A Planned Development District was approved in June of 2020 along with the concept plan that outlined the development. Plans were approved for the infrastructure on Phase 1 and the plat has been recorded. This is a relatively minor request that only change the size of the homes and doesn't require new plans or plat.

FISCAL IMPACT:

The City does need new housing at the home size would probably lower the cost of building the homes.

RECOMMENDATION:

P&Z is recommending approval of the PDD amendment to allow a minimum home size of 1200 square feet to City Council.



LAND USE SUMMARY

TRACT AREA:	4.11 ACRES	
LAND USE:	NUMBER OF LOTS	AREA
RESIDENTIAL LOTS (TOTAL)	22	3.44 ACRES
RESIDENTIAL LOTS (SINGLE-FAMILY)	22	3.44 ACRES
CEGAR STREET (HOT OPEN)	1	0.35 ACRES
CEGAR STREET (CAGE AND BOON)	1	0.35 ACRES
EXTENSION ROAD LOT	1	0.37 ACRES
TOTAL	25	4.11 ACRES

LEGEND

- PROPERTY BOUNDARY
- MEASURED BOUNDARY
- PROPOSED BOUNDARY
- PROPOSED LOT LINE
- PROPOSED RIGHT OF WAY
- PROPOSED DRIVE
- CITY LIMIT LINE
- LOT NUMBER
- LOT AREA (SQ FT)
- DRIVE EXISTENT
- ROAD NOT FOUND
- PROP. ROAD

- INFRASTRUCTURE IMPROVEMENTS:**
- APPROXIMATE 100 LF OF 18" DIAM. STREET SHALL BE RECONSTRUCTED TO MEET CITY STANDARDS. APPROXIMATE 100 LF OF 18" DIAM. STREET SHALL BE RECONSTRUCTED FROM MESQUITE STREET TO CEDAR STREET. APPROX. 300 LF.
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City of Blanco

P.O. Box 750
Blanco, Texas 78606

Office (830)833-4525

Fax (830)833-4121

January 5, 2023



Blanco Texas 78606

Dear Property Owner:

The City of Blanco has received a request from the owner of the following tract of land to amend the PDD to allow minimum house size from 1440 square feet to 1200 square feet on the following described tract located within the city limits of the City of Blanco.

Property Owner: RAM LLC, Phase 1 and 4 Cuatro Consultants, LTD Phase 2

Property Description: - That certain 4.14-acre tract of land, situated in the City of Blanco, being all lot 4 and part of lot 3 of the Cage and Boon Addition to the town of Blanco, Blanco County, Texas, same being that certain 4.14-acre tract of land conveyed to Hugo Elizondo, Jr. By Warranty Deed of assumption as recorded in volume 290, Page 730 of the official public records of Blanco County, Texas

The Planning and Zoning Commission of the City of Blanco will conduct a public hearing and regular meeting, for the purpose of considering the request at **6:30 p.m. on January 17, 2023, at 308 Pecan Street. The City Council** will conduct a public hearing at Gem of the Hills, 2233 US 281 North at @ **6:00 p.m. on February 14, 2023.**

You are receiving this notice as required by the Texas Local Government Code because you have been identified from the tax rolls as owning property approximately 200 feet of the tract proposed for rezoning. If you wish to protest the proposed change, you must do so prior to the public hearing in writing, sign the protest, and return it to the Blanco Assistant City Secretary at Blanco City Hall, 300 Pecan Street in Blanco or mail it to City of Blanco, P.O. Box 750, Blanco, Texas 78606.

Sincerely,

Olga Gamez,
Assistant City Secretary

and submit an application via the districts online system at <https://www.jc.txd.net/page/job-postings-applications> or also available at the Administration Building, 304 N. LBJ Drive, Johnson City, TX 78636. For questions please contact Kelsey Kerr, Child Nutrition Director at 830-868-7410. (2/1)

BLANCO



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LETTER TO THE EDITOR POLICY

All letters to the editor must be signed and include a telephone number for verification. Letters should focus on the point to be made and should be no longer than 350 words. Letter writers are encouraged to speak out on issues and ideas and to refrain from personal attacks. Personal attacks on businesses or individuals will not be published. No endorsements of candidates or calls to vote for political parties will be published. Letters from candidates will not be published two months prior to an election. Letters from any one single writer will only be published twice a month. The Blanco County News reserves the right to accept or reject any letter. Letters are published on a space available basis at the discretion of the editor. Send letters to editor@blanconews.com with contact information.

LEGAL NOTICE

PUBLIC HEARING NOTICE CITY OF BLANCO

PROPOSED AMENDMENT TO PLANNED DEVELOPMENT DISTRICT NO. 2020-O-013-001 PROJECT: LOS ALTOS

The City of Blanco, City Council will hold a Public Hearing at 6:00 p.m. on February 14, 2023, at the Gem of the Hills, 2233 US Hwy. 281, Blanco, Texas 78606, regarding a proposed amendment to a Planned Development District (PDD) No. 2020-O-013-001, Project: LOS ALTOS, relating to a proposed reduction in required building square footage. The City encourages citizens to participate and make their views known at this public hearing. Persons with disabilities that wish to attend this meeting should contact City Hall to arrange for assistance. Individuals who require auxiliary aids or services for this meeting should contact the city at least two days before the meeting so that appropriate arrangements can be made. For more information in Spanish, please contact Olga Gamez at 830-833-4525 or send email to: citysec@cityofblancotx.gov.

**PLACE
CLASSIFIED ADS**

**RENEW
SUBSCRIPTIONS**

AND

PAY BILLS

Online

BlancoNews.com

Visit us online at www.BlancoNews.com

01/25/2023

LOOKING FOR A PART-TIME JOB? Love driving in the Hill Country? Don't like people watching over your shoulder? We have the perfect job for you: delivering specialty news products around the area. If interested, please email wesnermedia@gmail.com. (TFN)

Material Yard. Monday - Friday, 8:00am to 5:00pm, no weekends. Overtime and health coverage. Must be dependable, drug free and have reliable transportation. Knowledge of equipment operation and concrete work a plus. Call 830-833-2097 or come by for an application: 711 Ranch Road 32, Blanco 78606 (12/28)

CHOCOLATES EL REY in Stonewall TX Part - time Tasting Room Associate needed Starting pay \$16/hr Duties include: Helping with chocolate tastings and checkout Packaging product Keeping warehouse and tasting rooms clean Assistance with packing orders for shipment (Lifting up to 45lbs) Answering phone Must be able to obtain a food handlers certificate Must be willing to work Thursday thru Saturday 830.644.8131. (1/4)

LEGALS

PUBLIC HEARING NOTICE CITY OF BLANCO

PROPOSED AMENDMENT TO PLANNED DEVELOPMENT DISTRICT NO. 2020-O-013-001 PROJECT: LOS ALTOS

The City of Blanco, Planning & Zoning Commission will hold a Public Hearing at 6:30 p.m. on Tuesday, January 17, 2023, at the Byars Building, 308 Pecan Street, Blanco, Texas 78606, regarding a proposed amendment to a Planned Development District (PDD) No. 2020-O-013-001, Project: LOS ALTOS, relating to a proposed reduction in required building square footage. The City encourages citizens to participate and make their views known at this public hearing. Persons with disabilities that wish to attend this meeting should contact City Hall to arrange for assistance. Individuals who require auxiliary aids or services for this meeting should contact the city at least two days before the meeting so that appropriate arrangements can be made. For more information in Spanish, please contact Olga Gamez at 830-833-4525 or send email to: citysec@cityofblancotx.gov.

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as of August 15th, 2018

BlancoNews.com

LETTER TO THE EDITOR POLICY

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12/28/2022

NEW BUSINESS

ITEM #2



City of Blanco

P.O. Box 750 Blanco, Texas 78606

Office 830-833-4525 Fax 830-833-4121

STAFF REPORT: 2-10-23

DESCRIPTION: Tax Note ordinance for the City of Blanco in an amount not to exceed \$1.4M for consideration and adoption at their City Council meeting next Tuesday, February 14th for improvements at the City's lift station.

ANALYSIS: A Resolution to fund a gap in expenses between the TDA grant and the overall cost was approved for \$1.2 million on December 20, 2023. City Administration and our Financial Advisor is asking City Council to allow Staff to go out and solicit a tax note to exceed the gap but to not exceed \$1.4 million.

In an event where we can't receive low interest financing (and loan forgiveness) from TWDB this note could be refinanced into a 25 or 30 year amortized note. Our financial advisor, Craig Cunningham will provide a presentation in January before City Council votes on the specific financing.

FISCAL IMPACT: \$1.4 million in loan and cost

RECOMMENDATION: Staff recommendation for Council to approve the ordinance to fund improvement at waste water lift station

ORDINANCE NO. 2023-O-004

**ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF BLANCO,
TEXAS LIMITED TAX NOTE, SERIES 2023; APPROVING A PAYING
AGENT/REGISTRAR AGREEMENT; PRESCRIBING THE FORM OF THE NOTE;
LEVYING AN AD VALOREM TAX TO PAY THE NOTE; AWARDED THE SALE
THEREOF; AND ENACTING OTHER PROVISIONS RELATING THERETO**

Adopted _____, 2023

issued in replacement thereof being in a like denomination and numbered consecutively from R-2 upward, payable to the registered owner thereof, or to the registered assignee or assignees of the Note or any portion or portions thereof (in each case, the "Registered Owner"), and the Note shall mature and be payable in annual installments as set forth in the FORM OF NOTE set forth in this Ordinance. The term "Note" as used in this Ordinance shall mean and include collectively the note initially issued and delivered pursuant to this Ordinance and all substitute notes exchanged therefor, as well as all other substitute notes and replacement notes issued pursuant hereto.

Section 3. INTEREST. The Note shall bear interest on the unpaid balance of the principal amount thereof from the Dated Date to the date of maturity or redemption prior to maturity at the respective rates for each outstanding principal installment as set forth in the FORM OF NOTE contained in this Ordinance. Said interest shall be payable in the manner provided and on the dates stated in the FORM OF NOTE set forth in this Ordinance.

Section 4. CHARACTERISTICS OF THE NOTE. (a) Registration, Transfer, Conversion and Exchange; Authentication. The City shall keep or cause to be kept at _____, in _____, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion and exchange of the Note (the "Registration Books"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Note to which payments with respect to the Note shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The City shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar shall make the Registration Books available within the State of Texas. The City shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Note or Notes. Registration of assignments, transfers, conversions and exchanges of Notes shall be made in the manner provided and with the effect stated in the FORM OF NOTE set forth in this Ordinance. Each substitute Note shall bear a letter and/or number to distinguish it from each other Note.

Except as provided in Section 4(c) of this Ordinance, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Note, date and manually sign said Note, and no such Note shall be deemed to be issued or outstanding unless such Note is so executed.

The Paying Agent/Registrar promptly shall cancel all paid Note and Note surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing conversion and exchange of any Note or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Note in the manner prescribed herein, and said Note shall be printed or typed on paper of customary weight and strength. Pursuant to Chapter 1201, Texas Government Code, as amended, and particularly Subchapter D thereof, the duty of conversion and exchange of Note as aforesaid is hereby imposed upon the Paying

Agent/Registrar, and, upon the execution of said Note, the converted and exchanged Note shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Note which initially was issued and delivered pursuant to this Ordinance, approved by the Attorney General and registered by the Comptroller of Public Accounts.

(b) Payment of Note and Interest. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Note, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Note, and of all conversions and exchanges of the Note, and all replacements of the Note, as provided in this Ordinance. However, 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 from the City. Notice of the past due interest 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 Registered Owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(c) In General. The Note (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Note to be payable only to the Registered Owners thereof, (ii) may be converted and exchanged for other Note, (iii) may be transferred and assigned, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) the principal of and interest on the Note shall be payable, and (vii) shall be administered and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Note, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF NOTE set forth in this Ordinance. The Note initially issued and delivered pursuant to this Ordinance are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Note issued in conversion of and exchange for any Note issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF NOTE.

(d) Substitute Paying Agent/Registrar. The City covenants with the Registered Owner of the Note that at all times while the Note is outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Note under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 30 days written notice to the Paying Agent/Registrar, to be effective at such time which will not disrupt or delay payment on the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Note, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Note, by United States mail, first-class postage prepaid, which notice also

shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

Section 5. FORM OF NOTE. The form of the Note, including the form of Paying Agent/Registrar's Authentication Note, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Note issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance.

FORM OF NOTE

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS CITY OF BLANCO, TEXAS LIMITED TAX NOTE SERIES 2023	PRINCIPAL AMOUNT \$1,400,000
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DATED DATE: _____, 2023

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: ONE MILLION FOUR HUNDRED THOUSAND DOLLARS

INTEREST RATE: _____%

MATURITY DATE: _____, 20__

BLANCO, TEXAS (the "City"), being a political subdivision of the State of Texas, for value received, promises to pay, from the sources described herein, to the registered owner specified above, or registered assigns, the principal amount specified above, and to pay interest thereon, from the Dated Date set forth above (calculated on the basis of a 360-day year of twelve 30-day months), on the balance of said principal amount from time to time remaining unpaid, at the Interest Rate set forth above for each outstanding principal installment as set forth below on each _____ and _____ of each year commencing _____, 2023. The principal of this Note is subject to mandatory sinking fund redemption as described herein, and bearing interest at the per annum Interest Rate set forth above.

THE PRINCIPAL OF AND INTEREST ON the Notes are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Note shall be paid to the Registered Owner hereof upon presentation and surrender of this Note at maturity, at _____, which is the "Paying Agent/Registrar" for this Note at its designated office in _____, Texas (the "Designated Payment/Transfer Office). The payment of interest on this Note shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Note (the "Ordinance") to be on deposit with the Paying

Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared at the close of business on the last day of the preceding month each such date (the "Record Date") on the registration books kept by the Paying Agent/Registrar (the "Registration Books"). In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of the registered owner of this Note appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Note for redemption and payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The City covenants with the Registered Owner of this Note that on or before each principal payment date, interest payment date, and accrued interest payment date for this Note it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Notes, when due.

IF THE DATE for the payment of the principal of or interest on this Note shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the City where the principal corporate trust 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.

THIS NOTE is dated _____, 2023, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$1,400,000, for the purpose of: (i) constructing, improving, designing, acquiring, including acquiring land, easements and right of way, and equipping for water and wastewater system improvements and (ii) paying the costs of issuing the Note.

ON _____, 20____, or on any date thereafter, the Note may be redeemed prior to its scheduled maturity, at the option of the City, with funds derived from any available and lawful source, at par plus accrued interest to the date fixed for redemption as a whole, or in part. Any partial prepayment shall (i) occur no more than twice during any consecutive 12-month period, (ii) be in a principal amount of not less than \$100,000, and (iii) be applied to the then remaining principal repayment schedule in inverse order of installments coming due.

THE NOTE is subject to mandatory sinking fund redemption by lot prior to maturity in the following amounts on the following dates and at a price of par plus accrued interest to the redemption date.

Note Maturing on _____-, 20____ †

Redemption Date

Principal Amount

† Final Maturity

THE PRINCIPAL AMOUNT of this Note required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City by the principal amount hereof of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount hereof plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City with monies in the Interest and Sinking Fund at a price not exceeding the principal amount hereof plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

AT LEAST THIRTY DAYS PRIOR to the date fixed for any optional redemption of this Note or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the Registered Owner hereof at its address as it appeared on the Registration Books on the day such notice of redemption is mailed; provided, however, that the failure of the Registered Owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of this Note. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for this Note or portions thereof which are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, this Note or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for redemption, and shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

UPON THE PAYMENT OR PARTIAL REDEMPTION of the outstanding principal balance of this Note, the Paying Agent/Registrar, shall note in the Payment Record appearing on this Note the amount of such payment or partial redemption, the date said payment was made and the remaining unpaid principal balance of this Note and shall then have said entry signed by an authorized official of the Paying Agent/Registrar. The Paying Agent/Registrar shall also record such information in the Registration Books, and the Paying Agent/Registrar shall also record in the Registration Books all payments of principal installments on such Certificate when made on their respective due dates.

THIS NOTE is issuable in the form of one fully-registered Note without coupons in the denomination of \$1,400,000. This Note may be transferred or exchanged as provided in the Ordinance, only upon the registration books kept for that purpose at the above-mentioned office of the Paying Agent/Registrar upon surrender of this Note together with a written instrument of transfer

or authorization for exchange satisfactory to the Paying Agent/Registrar and duly executed by the Registered Owner or his duly authorized attorney, and thereupon a new Note of the same maturity and in the same aggregate principal amount shall be issued by the Paying Agent/Registrar to the transferee in exchange therefor as provided in the Ordinance, and upon payment of the charges therein prescribed. The City and the Paying Agent/Registrar may deem and treat the person in whose name this Note is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon and for all other purposes. The Paying Agent/Registrar shall not be required to make any such transfer or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

IN THE EVENT any Paying Agent/Registrar for the Notes is changed by the City, resigns, or otherwise ceases to act as such, the City has covenanted in the Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owner of the Note.

THIS NOTE shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the Certificate of Authentication shall have been executed by the Paying Agent/Registrar or the Comptroller's Registration Certificate hereon shall have been executed by the Texas Comptroller of Public Accounts.

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

BY BECOMING the Registered Owner of this Note, the Registered Owner hereby acknowledges all of the terms and provisions of the Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the City, and agrees that the terms and provisions of this Note and the Ordinance constitute a contract between each Registered Owner hereof and the City.

IN WITNESS WHEREOF, the City has caused this Note to be signed with the manual or facsimile signature of the Mayor of the City and countersigned with the manual or facsimile signature of the City Secretary of said City, and has caused the official seal of the City to be duly impressed, or placed in facsimile, on this Note.

City Secretary, City of Blanco, Texas

Mayor, City of Blanco, Texas

(CITY SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Note is not accompanied by
an executed Registration Certificate of the Comptroller
of Public Accounts of the State of Texas)

It is hereby certified that this Note has been issued under the provisions of the Ordinance described in the text of this Note; and that this Note has been issued in conversion or replacement of, or in exchange for, a Note, Notes, or a portion of a Note or Notes of a Series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

_____,
Paying Agent/Registrar

By _____
Authorized Representative

FORM OF PAYMENT RECORD

PAYMENT RECORD

<u>Date of Payment</u>	<u>Principal Payment (amount and installment(s) to which payment is applied)</u>	<u>Remaining Principal Balance</u>	<u>Name and Title of Authorized Officer making Entry</u>	<u>Signature of Authorized Officer</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

FORM OF ASSIGNMENT

ASSIGNMENT

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

Please insert Social Security or Taxpayer
Identification Number of Transferee

(Please print or typewrite name and address,
including zip code, of Transferee)

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

Dated: _____

Signature Guaranteed:

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

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Note in every particular, without alteration or enlargement or any change whatsoever.

**FORM OF REGISTRATION CERTIFICATE OF
THE COMPTROLLER OF PUBLIC ACCOUNTS**

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

Section 6. INTEREST AND SINKING FUND. A special "Interest and Sinking Fund" is hereby created and shall be established and maintained by the City at an official depository bank of said City. Said Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of said City, and shall be used only for paying the interest on and principal of said Note.

All ad valorem taxes levied and collected for and on account of said Notes shall be deposited, as collected, to the credit of said Interest and Sinking Fund. During each year while any of said Notes are outstanding and unpaid, the governing body of said City shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on said Notes as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of said Notes as such principal matures (but never less than 2% of the original principal amount of said Notes as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of said City, with full allowances being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in said City, for each year while any of said Notes are outstanding and unpaid, and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Notes, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law. Accrued interest on the Notes shall be deposited in the Interest and Sinking Fund and used to pay interest on the Notes.

Section 7. ESTABLISHMENT OF PROJECT FUND. (a) Project Fund. The City's Tax Notes Series 2023 Project Fund is hereby created and shall be established and maintained by the City at an official depository bank of the City. Proceeds from the sale of the Notes, including any premium, but excluding accrued interest, shall be deposited into the Project Fund.

(b) Investment of Funds. The City hereby covenants that the proceeds of the sale of the Notes will be used as soon as practicable for the purposes for which the Notes are issued. Obligations purchased as an investment of money in any fund shall be deemed to be a part of such fund. Any money in any fund created by this Ordinance may be invested as permitted by the Texas Public Funds Investment Act, as amended.

(c) Security for Funds. All funds created by this Ordinance shall be secured in the manner and to the fullest extent required by law for the security of funds of the City.

(d) Maintenance of Funds. Any funds created pursuant to this Ordinance may be created as separate funds or accounts or as subaccounts of the City's General Fund held by the City's depository, and, as such, not held in separate bank accounts, such treatment shall not constitute a commingling of the monies in such funds or of such funds and the City shall keep full and complete records indicating the monies and investments credited to each such fund.

(e) Interest Earnings. Interest earnings derived from the investment of proceeds from the sale of the Notes shall be used along with the Note proceeds for the purpose for which the Notes are issued as set forth in Section 1 hereof or to pay principal or interest payments on the Notes; provided, however, that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on note proceeds which are required to be rebated to the United States of America pursuant to Section 11 hereof in order to prevent the Notes from being

arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

(f) Perfection. Chapter 1208, Texas Government Code, applies to the issuance of the Notes and the pledge of the ad valorem taxes granted by the City under this Section, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Notes are outstanding and unpaid such that the pledge of the ad valorem taxes granted by the City under this Section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the Owners of the Notes the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 8. DEFEASANCE OF NOTES. (a) The Notes and the interest thereon shall be deemed to be paid, retired and no longer outstanding ("Defeased Notes") within the meaning of this Ordinance, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Notes, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or a commercial bank or trust company for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the City with the Paying Agent/Registrar or a commercial bank or trust company for the payment of its services until all Defeased Notes shall have become due and payable or (3) any combination of (1) and (2). At such time as Notes shall be deemed to be a Defeased Notes hereunder, as aforesaid, such Notes and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of Notes as aforesaid when proper notice of redemption of such Notes shall have been given, in accordance with this Ordinance. Any money so deposited with the Paying Agent/Registrar or a commercial bank or trust company as provided in this Section may, at the discretion of the City Council, also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar or a commercial bank or trust company pursuant to this Section which is not required for the payment of such Notes and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be remitted to the City Council.

(c) Notwithstanding any provision of any other Section of this Ordinance which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in

trust pursuant to the provisions of this Section for the payment of principal of the Notes and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Notes and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Notes shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Notes the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(d) Notwithstanding anything elsewhere in this Ordinance, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or a commercial bank or trust company pursuant to this Section for the payment of the Notes and the Notes shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of the Notes affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Notes to be paid at its maturity, the City retains the right under Texas law to later call that Defeased Notes for redemption in accordance with the provisions of the Ordinance authorizing its issuance, the City may call such Defeased Notes for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to such Defeased Notes as though it was being defeased at the time of the exercise of the option to redeem the Defeased Notes and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Notes.

Section 9. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED NOTES.

(a) Replacement Note. In the event any outstanding Note is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new Note of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Note, in replacement for such Note in the manner hereinafter provided.

(b) Application for Replacement Note. Application for replacement of a damaged, mutilated, lost, stolen or destroyed Note shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft or destruction of a Note, the Registered Owner applying for a replacement Note shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft or destruction of a Note, the Registered Owner shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft or destruction of such Note, as the case may be. In every case of damage or mutilation of a Note, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Note so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Note shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Note, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or

mutilated Note) instead of issuing a replacement Note, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Note. Prior to the issuance of any replacement Note, the Paying Agent/Registrar shall charge the Registered Owner of such Note with all legal, printing, and other expenses in connection therewith. Every replacement Note issued pursuant to the provisions of this Section by virtue of the fact that any Note is lost, stolen or destroyed shall constitute a contractual obligation of the City whether or not the lost, stolen or destroyed Note shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Notes duly issued under this Ordinance.

(e) Authority for Issuing Replacement Note. In accordance with Subchapter B of Texas Government Code, Chapter 1206, this Section of this Ordinance shall constitute authority for the issuance of any such replacement Note without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such Note is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Note in the form and manner and with the effect, as provided in Section 9(a) of this Ordinance for Note issued in conversion and exchange for other Note.

Section 10. CUSTODY, APPROVAL, AND REGISTRATION OF NOTE; BOND COUNSEL'S OPINION; AND CONTINGENT INSURANCE PROVISION, IF OBTAINED.

The Mayor of the City is hereby authorized to have control of the Notes issued and delivered hereunder and all necessary records and proceedings pertaining to the Notes pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Notes said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Notes attached to the Note, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Note. The approving legal opinion of the City's Bond Counsel may, at the option of the City, be printed on the Note issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Note. In addition, if bond insurance is obtained, the Note may bear an appropriate legend as provided by the insurer.

Section 11. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE NOTES.

(a) Covenants. The City covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Notes as an obligation described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

- (1) to take any action to assure that no more than 10 percent of the proceeds of the Notes or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under

the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Notes, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Notes or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Notes (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Notes being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Notes being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Notes, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Notes, other than investment property acquired with --

(A) proceeds of the Notes invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the Notes are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Notes;

(7) to otherwise restrict the use of the proceeds of the Notes or amounts treated as proceeds of the Notes, as may be necessary, so that the Notes does not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage); and

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Notes) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the

United States of America, not later than 60 days after the Notes have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the City for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the Noteholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Notes. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Notes, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Notes under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Notes, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Notes under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the City Manager or Director of Finance to execute any documents, Notes or reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Notes. This Ordinance is intended to satisfy the official intent requirements set forth in Section 1.150-2 of the Treasury Regulations.

(d) Allocation Of, and Limitation On, Expenditures for the Project. The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Ordinance (the "Project") on its books and records in accordance with the requirements of the Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Notes, or (2) the date the Notes is retired. The City agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Notes. For purposes of this subsection, the City shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such

failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The City covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless the City obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Notes. For purposes of this subsection, the portion of the property comprising personal property and disposed of in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes of this subsection, the City shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Reimbursement. This Ordinance is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

Section 12. SALE OF NOTES. The Note is hereby sold and shall be delivered to _____ (the "Purchaser"), for cash for a price of \$1,400,000 (the "Investment Letter") relating to the Note and dated the date of the adoption of this Ordinance, in substantially the form attached hereto as Exhibit B. The Note shall initially be registered in the name of the Purchaser.

In consultation with, and reliance upon the advice of the financial advisor for the City, the City Council hereby finds the terms and sale of the Notes are the most advantageous reasonably available on the date and time of the pricing of the Notes given the then existing market conditions and the stated terms of sale on such date and time and accordingly that such terms are in the best interest of the City.

Section 13. NO CONTINUING DISCLOSURE UNDERTAKING. The placement of the Note is exempt from SEC Rule 15c2-12; however, the City will provide for the benefit of the purchaser of the Note the City's most current audited financial information upon written request.

Section 14. AMENDMENT OF ORDINANCE. The City hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The City may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the holders, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, (v) obtain insurance or ratings on the Notes, (vi) obtain the approval of the Attorney General of the State Texas, or (vii) make such other provisions in regard to matters or questions arising under this

Ordinance as shall not be inconsistent with the provisions of this Ordinance and that shall not in the opinion of the City's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the holders of Notes aggregating in principal amount 51% of the aggregate principal amount of then outstanding Notes that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the holders in aggregate principal amount of the then outstanding Notes, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Notes so as to:

- (1) Make any change in the maturity of any of the outstanding Notes;
- (2) Reduce the rate of interest borne by any of the outstanding Notes;
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on any outstanding Notes;
- (4) Modify the terms of payment of principal or of interest or redemption premium on outstanding Notes or any of them or impose any condition with respect to such payment; or
- (5) Change the minimum percentage of the principal amount of any series of Notes necessary for consent to such amendment.

(c) If at any time the City shall desire to amend this Ordinance under this Section, the City shall send by U.S. mail to each registered owner of the affected Notes a copy of the proposed amendment and cause notice of the proposed amendment to be published at least once in a financial publication published in The City of New York, New York or in the State of Texas. Such published notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the City for inspection by all holders of such Notes.

(d) Whenever at any time within one year from the date of publication of such notice the City shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all of the Notes then outstanding that are required for the amendment, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the City may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be modified and amended in accordance with such amendatory Ordinance, and the respective rights, duties, and obligations of the City and all holders of such affected Notes shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the holder of a Note pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Note during such period. Such consent may be revoked at any time after six months from the date of the publication of said notice by the holder who gave such consent, or by a successor in title, by filing notice with the City, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the affected Notes then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

Section 15. DEFAULT AND REMEDIES. (a) Events of Default. Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

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

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

(b) Remedies for Default.

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

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

(c) Remedies Not Exclusive.

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

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

(iii) By accepting the delivery of a Note authorized under this Ordinance, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the City or the City Council.

(iv) None of the members of the City Council, nor any other official or officer, agent, or employee of the City, shall be charged personally by the Registered Owners with any liability, or be held personally liable to the Registered Owners under any term or provision of this Ordinance, or because of any Event of Default or alleged Event of Default under this Ordinance.

Section 16. APPROVAL OF PAYING AGENT/REGISTRAR AGREEMENT. Attached hereto as Exhibit C is a substantially final form of Paying Agent/Registrar Agreement. Each of the Mayor, the City Manager and the Director of Finance are hereby authorized to amend, complete or modify such agreement as necessary and are further authorized to execute such agreement.

Section 17. NO PERSONAL LIABILITY. No covenant or agreement contained in the Notes, this Ordinance or any corollary instrument shall be deemed to be the covenant or agreement of any member of the City Council or any officer, agent, employee or representative of the City Council in his individual capacity, and neither the directors, officers, agents, employees or representatives of the City Council nor any person executing the Notes shall be personally liable thereon or be subject to any personal liability for damages or otherwise or accountability by reason of the issuance thereof, or any actions taken or duties performed, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the issuance of the Notes.

Section 18. FURTHER ACTIONS. The officers and employees of the City are hereby 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 corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Note, the initial sale and delivery of the Note, the Paying Agent/Registrar Agreement, any insurance commitment letter or insurance policy and the Official Statement. In addition, prior to the initial delivery of the Note, the City Manager or Assistant City Manager are each 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 necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance and as described in the Official Statement or (ii) obtain the approval of the Note by the Texas Attorney General's office.

In case any officer of the City whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 19. INTERPRETATIONS. All terms defined herein and all pronouns used in this Ordinance shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the articles and sections of this Ordinance and the Table of Contents of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Note and the validity of the lien on and pledge of the Pledged Revenues to secure the payment of the Note.

Section 20. INCONSISTENT PROVISIONS. 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 21. INTERESTED PARTIES. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City and the registered owners of the Note, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City and the registered owners of the Note.

Section 22. INCORPORATION OF RECITALS. The City hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the City hereby incorporates such recitals as a part of this Ordinance.

Section 23. 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 this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

Section 24. REPEALER. All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 25. EFFECTIVE DATE. This Ordinance shall become effect immediately from and after its passage on first and final reading in accordance with Section 1201.028, Texas Government Code, as amended.

Section 26. PERFECTION. Chapter 1208, Government Code, applies to the issuance of the Note and the pledge of ad valorem taxes and surplus net revenues granted by the City under Sections 6 and 7 of this Ordinance, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Note is outstanding and unpaid such that the pledge of

ad valorem taxes and surplus net revenues granted by the City under Sections 6 and 7 of this Ordinance is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Note the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 27. REIMBURSEMENT. The City expects to pay expenditures in connection with the purposes set forth in the Section 1 of this Ordinance prior to the issuance of the Notes. The City finds, considers and declares that the reimbursement of the City for the payment of such expenditures will be appropriate and consistent with the lawful objectives of the City and, as such, chooses to declare its intention, in accordance with the provisions of Section 1.150-2 of the Treasury Regulations, to reimburse itself for such payments at such time as it issues Notes to accomplish the purposes set forth in Section 1 of this Ordinance. All costs to be reimbursed pursuant hereto will be capital expenditures. No Notes will be issued by the City in furtherance of this Ordinance after a date which is later than 18 months after the later of (1) the date the expenditures are paid or (2) the date on which the property, with respect to which such expenditures were made, is placed in service. The foregoing notwithstanding, no Notes will be issued pursuant to this Ordinance more than three years after the date any expenditure which is to be reimbursed is paid.

Section 28. PAYMENT OF ATTORNEY GENERAL FEE. The City hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of the Notes or (ii) \$9,500, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code. The appropriate member of the City's staff is hereby instructed to take the necessary measures to make this payment. The City is also authorized to reimburse the appropriate City funds for such payment from proceeds of the Notes.

IN ACCORDANCE WITH SECTION 1201.028, Texas Government Code, finally passed, approved and effective on this _____ day of _____, 2023.

Mayor
City of Blanco, Texas

ATTEST:

City Secretary
City of Blanco, Texas

EXHIBIT A

DEFINITIONS

As used in this Ordinance, the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"*Authorized Denominations*" means the denomination of \$5,000 or any integral multiple thereof with respect to the Notes and in the denomination of \$5,000 in maturity amount or any integral multiple thereof with respect to the Notes.

"*Note Insurer*" or "*Insurer*" means the provider of a municipal bond insurance policy for the Notes or any other entity that insures or guarantees the payment of principal and interest on any Notes.

"*Book-Entry-Only System*" means the book-entry system of note registration provided in Section 3, or any successor system of book-entry registration.

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

"*Cede & Co.*" means the designated nominee and its successors and assigns of The Depository Trust Company, New York.

"*City*" and "*Issuer*" mean the City of Blanco, Texas, and where appropriate, the City Council.

"*City Council*" means the governing body of the City.

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

"*Defeasance Securities*" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City Council adopts or approves proceedings authorizing the issuance of refunding notes or otherwise provide for the funding of an escrow to effect the defeasance of the Notes 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 the City Council adopts or approves proceedings authorizing the issuance of refunding notes or otherwise provide for the funding of an escrow to effect the defeasance of the Notes, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent and (iv) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Notes.

"*Depository*" means one or more official depository banks of the City.

"DTC" means The Depository Trust Company, New York, New York and its successors and assigns.

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

"Federal Securities" as used herein means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

"Fiscal Year" means the twelve-month accounting period used by the City in connection with the operation of the System, currently ending on September 30 of each year, which may be any twelve consecutive month period established by the City, but in no event may the Fiscal Year be changed more than one time in any three calendar year period.

"Holder," "Holders," "Owners" or "Registered Owners" means any person or entity in whose name a Note is registered in the Security Register.

"Initial Note" means the Note authorized, issued, and initially delivered as provided in Section 3 of this Ordinance.

"Insurance Policy" means an insurance policy issued by any Insurer guaranteeing the scheduled principal of and interest on the Notes when due.

"Interest and Sinking Fund" means the special fund maintained by the provisions of Section 5 of this Ordinance.

"Interest Payment Date" means a date on which interest on the Notes is due and payable.

"Issuance Date" means the date of delivery of the Notes.

"MSRB" means the Municipal Securities Rulemaking Board.

"Notes" means the "City of Blanco, Texas Tax Note, Series 2023."

"Ordinance" means this ordinance finally adopted by the City Council on _____, 2023.

"Outstanding", when used with respect to Notes, means, as of the date of determination, all Notes theretofore delivered under this Ordinance, except:

(1) Notes theretofore cancelled and delivered to the City or delivered to the Paying Agent/Registrar for cancellation;

(2) Notes deemed paid pursuant to the provisions of Section 9 of this Ordinance;

(3) Notes upon transfer of or in exchange for and in lieu of which other Notes have been authenticated and delivered pursuant to this Ordinance

(4) Notes under which the obligations of the City have been released, discharged or extinguished in accordance with the terms thereof.

"*Rating Agency*" means any nationally recognized securities rating agency which has assigned, at the request of the City, a rating to the Notes.

"*Record Date*" means Record Date as defined in Section 4 the Form of Notes.

"*Redemption Date*" means a date fixed for redemption of any Note pursuant to the terms of this Ordinance.

"*Register*" or "*Registration Books*" means the registry system maintained on behalf of the City by the Registrar in which are listed the names and addresses of the Registered Owners and the principal amount of Notes registered in the name of each Registered Owner.

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

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

EXHIBIT B
INVESTMENT LETTER

EXHIBIT C

PAYING AGENT\REGISTRAR AGREEMENT

NEW BUSINESS

ITEM #3

CITY OF BLANCO, TEXAS
SPECIAL ELECTION ORDER
ORDINANCE 2023-O-003

AN ORDINANCE OF THE CITY OF BLANCO, TEXAS,
PROVIDING FOR THE HOLDING OF A SPECIAL
ELECTION ON MAY 6, 2023, FOR THE PURPOSE OF
ELECTING ONE COUNCIL MEMBER; AND PROVIDING
DETAILS RELATING TO THE HOLDING OF THE
ELECTION.

WHEREAS, the laws of the State of Texas provide that on May 6, 2023, there shall be a Special election for municipal officers; and

WHEREAS, the unexpired term for the City Council Member Place 5 is scheduled to expire in May 2024.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BLANCO THAT:

SECTION 1. ELECTION

- A. A Special Election is called and ordered for May 6, 2023, at which election the qualified voters of the City of Blanco may vote for the purpose of electing one (1) City Council Member At-Large.

- B. Candidates for the above office may file their application beginning at 8:00 a.m. February 15, 2023, and shall file their applications no later than 5:00 p.m. March 6, 2023, on the 61st day before the date of the election, as provided in Sections 141.031 and 201.054 of the Texas Election Code. All candidates for the office to be filled in the election to be held on May 6, 2023, shall file their sworn application with the City Secretary of the City of Blanco at City Hall, 300 Pecan Street, Blanco, Texas, said applications shall be on a form as prescribed by the Election Code of the State of Texas.

The City Secretary shall note on the face of each application the date and time of its filing. All applications shall include a clear reference to the office the candidate is seeking and, if applicable, the position number.

- C. The present boundaries of the City of Blanco shall constitute one election precinct. The polls shall be open for voting 7:00 a.m. to 7:00 p.m. at the following countywide polling places:

ELECTION DAY POLLING PLACE

First Baptist Church-Fellowship Hall
1200 4th Street
Blanco, TX 78606

Good Shepherd Catholic Church
285 281 Loop
Johnson City, TX 78636

Blanco Courthouse Annex-Hoppe
101 E. Cypress Street
Johnson City, TX 78636

Round Mountain Fire Department
8480 US Highway 281
Round Mountain, TX 78663

Blanco South Annex
402 Blanco Avenue
Blanco, TX 78636

SECTION 2. APPOINTMENTS

- A. The Election Officer is authorized to appoint the Presiding Election Judge, and the Alternate Presiding Election Judge. The Election Officer is authorized to appoint additional alternates, if necessary. The Presiding Judge at each polling place shall have the authority to appoint no more than two (2) clerks to assist in the holding of the election, but in no event serve as the early voting ballot board for the election and the Presiding Judge of the election precinct shall also serve as the presiding officer of the Early Voting Ballot Board. The Board shall process early voting results in accordance with the Texas Election Code. Compensation for each Election Judge(s) and Clerks shall be in accordance with Section 32.091 and 32.092 of the Texas Elections Code.
- B. The Election Officer is hereby appointed clerk for early voting. The Election Officer is authorized to appoint a deputy clerk or clerks for early voting in accordance with Chapter 83, Subchapter B of the Election Code.

SECTION 3. EARLY VOTING BY MAIL

Blanco County Elections Officer shall serve as Early Voting Clerk for the purpose of receiving ballot applications for ballots to be voted by mail. Ballot applications submitted by mail shall be addressed to the City's Early Voting Clerk at the following address:

Early Voting Clerk
P. O. Box 13
Johnson City, Texas 78636

SECTION 4. EARLY VOTING BY PERSONAL APPEARANCE

- A. The Election Officer shall serve as the Early Voting Clerk for early voting by personal appearance. The Early Voting Clerk shall have the authority to designate such deputy early voting clerks as may be necessary to staff the Early Voting Polling Place established under this Order.
- B. The place for early voting for the election shall be:

EARLY VOTING POLLING PLACE

Blanco County Courthouse-Hoppe Room
101 E. Cypress Street
Johnson City, TX 78636

Blanco County South Annex
402 Blanco Avenue
Blanco, TX 78606

- C. The election clerks shall keep the office open from 8:00 a.m. until 5:00 p.m., for early voting on each day that which is not a Saturday, a Sunday, or an official state holiday, beginning April 24, 2023, and continuing through May 2, 2023, for early voting by personal appearance. The clerks shall not permit anyone to vote early by personal appearance on any day which is not a regular working day for the Blanco County Elections office, and under no circumstances shall they permit anyone to vote early by personal appearance at any time when such office is not open to the public. The Blanco County Elections mailing address is P.O. Box 13, Johnson City, Texas, 78636 where ballot applications and ballots voted by mail may be sent. The early voting clerk shall maintain a roster listing each person who votes early by personal appearance and each person to whom a ballot to be voted by mail is sent, in accordance with the provisions of the Election Code. The roster shall be maintained in a form approved by the Secretary of State.

SECTION 5. CONDUCT OF ELECTION

- A. Electronic voting shall be used for the election, both in early voting and for voting on election day, in accordance with the Election Code. The use of at least one (1) voting station that complies with Section 61.012 of the Texas Election Code, which provides a practical and effective means for voters with physical disabilities to cast a secret ballot is hereby authorized.
- B. A central counting station is established at the place designated in Blanco County Annex-Conference Room at 101 E. Cypress, Johnson City, TX 78636 . The Election Officer will be appointed as the Central counting station manager and the Election Clerk will be appointed as the Tabulation Supervisor.
- C. All expenditures necessary for the conduct of the election, the purchase of materials, and the employment of all election officials are hereby authorized in accordance with the Election Code. The Election Officer is hereby authorized and directed to furnish all necessary election supplies to conduct the election.
- D. The order in which the names of the candidates are to be printed on the ballot shall be determined by a drawing by the City Secretary, as provided by Section 52.094 of the Election Code. The City Secretary shall post a notice in her office, at least seventy-two (72) hours prior to the date on which the drawing is to be held, of the time and place of the drawing, and shall also give personal notice to any candidate who makes written request for such notice and furnishes to the City Secretary a self-addressed, stamped envelope. Each candidate involved in the drawing, or a representative designated by such candidate, shall have a right to be present and observe the drawing.
- E. The one (1) City Council Member candidate receiving the highest number of votes shall be declared elected to such position.
- F. Notice of this election shall be given in accordance with the provisions of the Election Code. The Mayor shall issue all necessary orders and writs for such an election and returns of the election shall be made to the City Secretary immediately after the closing of the polls.
- G. All election materials shall be printed in English and Spanish as required by Section 272.001 of the Texas Election Code.
- H. The election shall be held in accordance with the applicable requirements of the Texas Election Code. If any provisions of this ordinance conflict with a mandatory provision of the Election Code, it is the intention of the City Council that the provision of the Election Code shall control.

SECTION 6. CANVASSING OF RETURNS

The Election Officer shall make a written return of the Election Results to the City Council in accordance with the Election Code. The City Council shall canvass the returns and declare the results of the Election in accordance with the Texas Election Code.

SECTION 7. AUTHORIZATION TO EXECUTE

The Mayor of the City of Blanco is authorized to execute, and the City Secretary is authorized to attest this Ordinance on behalf of the City Council. The Mayor is further authorized to do all other things legal and necessary in connection with the ordering, holding and consummation of the Election.

SECTION 8. EFFECTIVE DATE

This Ordinance is effective immediately upon its passage and approval.

SECTION 9. SEVERABILITY

Should any of the clauses, sentences, paragraphs, sections or parts of this Ordinance be deemed invalid, unconstitutional, or unenforceable by a court of law or administrative agency with jurisdiction over the matter, such action shall not be construed to affect any other valid portion of this Ordinance.

SECTION 10. PROPER NOTICE & MEETING

A quorum of the City Council was present at the meeting at which this Ordinance was adopted. The meeting was open to the public and public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

PASSED & APPROVED this, the _____ day of _____, 2023, by a vote of _____ ayes, _____ nays, _____ abstentions of the City Council of the City of Blanco, Texas.

CITY OF BLANCO, TEXAS

Rachel Lumpee, Mayor

ATTEST:

Laurie Cassidy, City Secretary

NEW BUSINESS

ITEM #4