

**NOTICE OF LA MARQUE
CITY COUNCIL
BY TELEPHONE CONFERENCE**

In accordance with order of the Office of the Governor issued March 16, 2020, the La Marque City Council will conduct a Public Hearing and Special Meeting on **Tuesday, June 9, 2020 at 6:00 PM by telephone and video conference** in order to advance the public health goal of limiting face-to-face meetings to slow the spread of the Coronavirus/COVID-19. This Notice, the meeting agenda, and the agenda packet can be found online at:

<https://ci.la-marque.tx.us/AgendaCenter>

THERE WILL BE NO PUBLIC ACCESS TO CITY HALL DURING THE MEETING.

The public will be permitted to offer public comments telephonically as provided below and as permitted by the Chairman during the meeting. A recording of the telephonic meeting will be made and will be available to the public in accordance with the Open Meetings Act upon written request.

THE PUBLIC TOLL-FREE DIAL-IN NUMBER TO PARTICIPATE IN THE MEETING IS:
1 (346) 248-7799

ONCE YOU ARE CONNECTED, YOU MUST ENTER THE FOLLOWING:

Meeting ID: 926 9989 4929

Press *6 to mute or unmute your phone line. You may also connect to the meeting on your smartphone, tablet or computer by going to the following internet address:

<https://zoom.us/j/92699894929>

Once you are on the website, you may need to enter the following:

Meeting ID: 992699894929

If you require accommodation to participate in this meeting, contact the City Clerk at 409-938-9259 or cityclerk@cityoflamarque.org at least 48 hours prior to the meeting start time.



1111 Bayou Rd.
La Marque, Texas 77568
409-938-9202

Bobby Hocking- Mayor

Robert Michetich- Councilmember District "C"

Keith Bell- Councilmember "A"

Casey Mc Auliffe- Councilwoman District "D"

Chris Lane- Councilmember District "B"

CITY OF LA MARQUE
CITY COUNCIL
Public Hearing and Special Meeting
AGENDA
of
June 9, 2020

Notice is hereby given that the City of La Marque City Council will conduct a Public Hearing and Special Called Meeting via telephone/video conference hosted through Zoom as provided in the attached notice on Tuesday, June 9, 2020 at 6:00 p.m., for the purpose of considering and taking action on the following agenda:

(1) CALL MEETING TO ORDER

(2) ROLL CALL

(3) PUBLIC COMMENTS

At this time, any person who wishes to speak on Council-related business, including any item on the agenda, should speak at this time by giving the Mayor your name and the item you wish to speak about. Comments are limited to three (3) minutes. In compliance with Texas Open Meetings Act, the City Council may not deliberate on comments. Personal attacks will not be allowed, and personnel matters should be addressed to the City Manager during normal business hours.
Press *6 to mute or unmute if you are participating by telephone.

(4) PUBLIC HEARING

Conduct Public Hearing to hear public comments regarding Ordinance No. O-2020-0004, authorizing the Issuance and Sale of the City of La Marque, Texas, Tax and Revenue Certificates of Obligation, Series 2020; Levying a Tax and Providing for the Security and Payment Thereof; and Enacting other provisions relating thereto

(5) NEW BUSINESS

a. Discussion/possible action regarding adopting Ordinance No. O-2020-0004, authorizing the Issuance and Sale of the City of La Marque, Texas, Tax and Revenue Certificates of Obligation, Series 2020; Levying a Tax and Providing for the Security and Payment Thereof; and Enacting other provisions relating thereto

- Finance Director S. Kou (THIS IS THE FIRST AND FINAL READING OF THIS ORDINANCE, pursuant to Section 1201.028 of the Texas Government Code.

- b. Discussion/possible action regarding updating the City's Disclosure Procedures to comply with SEC Rule 15c2-12 requirements - Finance Director S. Kou

(6) ADJOURNMENT

CERTIFICATION:

I hereby certify that the above notice of meeting was posted at 1109-B Bayou Road, La Marque, Texas, on or before **June 5, 2020**, before 5:30 p.m.

Robin Eldridge, TRMC
City Clerk

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

ORDINANCE NO. O-2020-0004

AUTHORIZING THE
ISSUANCE OF

CITY OF LA MARQUE, TEXAS
TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2020

Adopted: June 9, 2020

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AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF LA MARQUE, TEXAS, TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2020; LEVYING A TAX AND PROVIDING FOR THE SECURITY AND PAYMENT THEREOF; AND ENACTING OTHER PROVISIONS RELATING THERETO

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

WHEREAS, under the provisions of Subchapter C, Chapter 271, Texas Local Government Code, as amended (the "Act"), the City of La Marque, Texas (the "City"), is authorized to issue certificates of obligation for the purposes specified in this Ordinance and for the payment of all or a portion of the contractual obligations for professional services, including that of engineers, attorneys, and financial advisors in connection therewith, and to sell the same for cash as herein provided; and

WHEREAS, the City is authorized to provide that such obligations will be payable from and secured by a direct and continuing annual ad valorem tax levied, within the limits prescribed by law, against all taxable property within the City, in combination with a limited pledge of a subordinate lien on the net revenues of the City's water, sewer and wastewater system (the "System") in an amount not to exceed \$1,000 as authorized by the Act and Chapter 1502, Texas Government Code; and

WHEREAS, the City Council has found and determined that it is necessary and in the best interests of the City and its citizens that it issue such certificates of obligation authorized by this Ordinance; and

WHEREAS, pursuant to a resolution heretofore passed by this governing body, notice of intention to issue certificates of obligation of the City payable as provided in this Ordinance was published in a newspaper of general circulation in the City in accordance with the laws of the State of Texas, which notice provided that the principal amount of such certificates of obligation would not exceed \$13,000,000 and the proceeds would be used for the purpose of paying contractual obligations to be incurred for the purposes set forth in Section 3.1 hereof; and

WHEREAS, such notice provided that the City tentatively planned to consider the passage of an ordinance authorizing the issuance of the Certificates on May 5, 2020; and

WHEREAS, at its meeting held on May 5, 2020, the City Council took action to postpone consideration of the passage of an ordinance authorizing the issuance of the Certificates to a meeting to be held on June 9, 2020, and the City posted information on its website and published notice in the paper regarding the new date for the meeting; and

WHEREAS, no petition of any kind has been filed with the City Clerk, any member of the City Council or any other official of the City, protesting the issuance of such certificates of obligation; and

WHEREAS, this City Council is now authorized and empowered to proceed with the issuance of said certificates of obligation and to sell the same for cash; and

WHEREAS, the meeting at which this Ordinance is considered is open to the public as required by law, and public notice of the time, place, and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act; therefore,

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

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.1. Definitions.

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

“Bond Counsel” means Bracewell LLP.

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

“Certificate” or “Certificates” means the City’s certificates of obligation entitled, “City of La Marque, Texas, Tax and Revenue Certificates of Obligation, Series 2020” authorized to be issued by Section 3.1 of this Ordinance.

“City” means the City of La Marque, Texas.

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

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

“Dated Date” means June 15, 2020.

“Debt Service Fund” means the debt service fund established by Section 2.2 of this Ordinance.

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

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

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

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

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

“Initial Certificate” means the initial certificate authorized by Section 3.4 of this Ordinance.

“Interest Payment Date” means the date or dates upon which interest on the principal of the Certificates is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being February 1 and August 1 of each year, commencing on February 1, 2021.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Revenues” means the revenues to be derived from the System, after the payment of all operation and maintenance expenses thereof.

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

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

“Paying Agent/Registrar” means initially Wilmington Trust, National Association, Dallas, Texas or any successor thereto as provided in this Ordinance.

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

“Purchase Agreement” means the purchase agreement between the City and the Underwriter pertaining to the sale of the Certificates.

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

“Register” means the bond register specified in Section 3.6(a) of this Ordinance.

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

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

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

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

“State” means the State of Texas.

“System” as used in this Ordinance means the City’s water, sewer and wastewater system.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of principal, redemption premium, if any, or interest on the Certificates as the same becomes due and payable or money set aside for the payment of Certificates duly called for redemption prior to maturity and remaining unclaimed by the Owners of such Certificates for 90 days after the applicable payment or redemption date.

“Underwriter means RBC Capital Markets, LLC.

Section 1.2. Findings.

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

Section 1.3. Table of Contents, Titles, and Headings.

The table of contents, titles, and headings of the Articles and Sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.4. Interpretation.

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

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

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

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

ARTICLE II

TAX LEVY; DEBT SERVICE FUND; PLEDGE OF REVENUES

Section 2.1. Tax Levy.

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

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

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

Section 2.2. Debt Service Fund.

(a) The City hereby establishes a special fund or account to be designated the "City of La Marque, Texas, Tax and Revenue Certificates of Obligation, Series 2020, Debt Service Fund" (the "Debt Service Fund") with said fund to be maintained at an official depository bank of the City separate and apart from all other funds and accounts of the City.

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

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

Section 2.3. Pledge of Revenues.

The Net Revenues to be derived from the operation of the System in an amount not to exceed \$1,000 are hereby pledged to the payment of the principal of and interest on the Certificates as the same come due; provided, however, that such pledge is and shall be junior and subordinate in all respects to the pledge of the Net Revenues to the payment of all outstanding obligations of the City and any obligation of the City, whether authorized heretofore or hereafter, that the City designates as having a pledge senior to the pledge of the Net Revenues to the payment of the Certificates. The City also reserves the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind payable in whole or in part from the Net Revenues, secured by a pledge of the Net Revenues that may be prior and superior in right to, on a parity with, or junior and subordinate to the pledge of Net Revenues securing the Certificates. The revenues of the System available after the payment of all operation and maintenance expenses of the System, any debt service payable from gross revenues or Net Revenues of the System, if any, as well as other payments, costs or expenses designated in an ordinance authorizing the issuance of System revenue obligations may be used for any lawful purpose of the City.

ARTICLE III

**AUTHORIZATION; GENERAL TERMS AND PROVISIONS
REGARDING THE CERTIFICATES**

Section 3.1. Authorization.

The City's "City of La Marque, Texas, Tax and Revenue Certificates of Obligation, Series 2020" are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, specifically Subchapter C, Chapter 271, Texas Local Government Code, as amended. The Certificates shall be issued in the aggregate principal amount of [\$_____] for the costs associated with the (i) rehabilitation of, construction of improvements to, and the equipment of the City's System, including lift stations, elevated storage tanks, wastewater treatment plant head works, and the expansion of the wastewater treatment plant, (ii) the construction of improvements to roads and related rights of way, including lighting, signals, signage, drainage, and landscaping, and (iii) cost of professional services incurred in connection therewith.

Section 3.2. Date, Denomination, Maturities, and Interest.

(a) The Certificates shall be dated the Dated Date. The Certificates shall be in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof and shall be numbered separately from R-1 upward, except the Initial Certificate, which shall be numbered I-1.

(b) The Certificates shall mature on February 1 in the years and in the principal amounts set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$_____	_____%	2036	\$_____	_____%
2022	_____	_____	2037	_____	_____
2023	_____	_____	2038	_____	_____
2024	_____	_____	2039	_____	_____
2025	_____	_____	2040	_____	_____
2026	_____	_____	2041	_____	_____
2027	_____	_____	2042	_____	_____
2028	_____	_____	2043	_____	_____
2029	_____	_____	2044	_____	_____
2030	_____	_____	2045	_____	_____
2031	_____	_____	2046	_____	_____
2032	_____	_____	2047	_____	_____

2033	_____	_____	2048	_____	_____
2034	_____	_____	2049	_____	_____
2035	_____	_____	2050	_____	_____

(c) Interest shall accrue and be paid on each Certificate, respectively, until the principal amount thereof has been paid or provision for such payment has been made, from the later of the Closing Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rate per annum for each respective maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable semiannually on each Interest Payment Date, computed on the basis of a 360-day year composed of twelve 30-day months.

Section 3.3. Medium, Method, and Place of Payment.

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

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

(c) The principal of each Certificate shall be paid to the Owner thereof on the Maturity Date or upon prior redemption upon presentation and surrender of such Certificate at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

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

(e) In the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the special payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Certificate appearing on the books of the Paying Agent/Registrar at the close of business on the fifteenth day next preceding the date of mailing of such notice.

(f) Unclaimed Payments shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Certificates to which the Unclaimed Payments pertain. Subject to Title 6, Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three (3) years after the applicable payment or redemption date shall be applied to the next payment or payments on the Certificates thereafter coming due and, to the extent any such money remains after the retirement of all outstanding Certificates, shall be paid to the City to be used for any lawful purpose. Thereafter, neither the City, the Paying Agent/Registrar nor any other person shall be liable or responsible to any holders of such Certificates for any further payment of such unclaimed moneys or on account of any such Certificates, subject to Title 6, Texas Property Code.

Section 3.4. Execution and Registration of Certificates.

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

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

(c) Except as provided below, no Certificate shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Certificates. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Certificate delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State, or by his duly authorized agent, which certificate shall be evidence that the Initial Certificate has been duly approved by the Attorney General of the State and that it is a valid and binding obligation of the City, and has been registered by the Comptroller of Public Accounts of the State.

(d) On the Closing Date, one initial Certificate (the "Initial Certificate"), representing the entire principal amount of the Certificates, payable in stated installments to the Underwriter or its designee, executed by manual or facsimile

signature of the Mayor or Mayor Pro Tem and the City Clerk of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the Underwriter or its designee. Upon payment for the Initial Certificate, the Paying Agent/Registrar shall cancel such Initial Certificate and deliver to DTC on behalf of the Underwriter registered definitive Certificates as described in Section 3.9. To the extent the Paying Agent/Registrar is eligible to participate in DTC's FAST System, as evidenced by an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

Section 3.5. Ownership.

(a) The City, the Paying Agent/Registrar and any other person may treat the Owner as the absolute owner of such Certificate for the purpose of making and receiving payment of the principal thereof, for the purpose of making and receiving payment of the interest thereon (subject to the provisions herein that the interest is to be paid to the person in whose name the Certificate is registered on the Record Date or Special Record Date, as applicable), and for all other purposes, whether or not such Certificate is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of a Certificate shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Certificate to the extent of the sums paid.

Section 3.6. Registration, Transfer, and Exchange.

(a) So long as any Certificates remain outstanding, the City shall cause the Paying Agent/Registrar to keep at its Designated Payment/Transfer Office a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Certificates in accordance with this Ordinance.

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

(c) The Certificates shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office for a Certificate or Certificates of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000, and in an aggregate principal amount equal to the unpaid principal amount of the Certificates presented for exchange.

(d) The Paying Agent/Registrar is hereby authorized to authenticate and deliver Certificates transferred or exchanged in accordance with this Section. A new

Certificate or Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificate being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each Certificate delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such Certificate is delivered.

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

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

Section 3.7. Cancellation.

All Certificates paid or redeemed before scheduled maturity in accordance with this Ordinance, and all Certificates in lieu of which exchange Certificates or replacement Certificates are authenticated and delivered in accordance with this Ordinance, shall be cancelled and proper records made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall dispose of such cancelled Certificates in the manner required by the Securities Exchange Act of 1934, as amended.

Section 3.8. Replacement Certificates.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Certificate, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Certificate of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Certificate to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Certificate is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State and in the absence of notice or knowledge that such Certificate has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Certificate of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

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

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

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

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

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

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

(e) Each replacement Certificate delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such replacement Certificate is delivered.

Section 3.9. Book-Entry-Only System.

(a) The definitive Certificates shall be initially issued in the form of a separate single fully registered Certificate for each maturity. Upon initial issuance, the ownership of each such Certificate shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.10 hereof, all of the outstanding Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates, except as provided in this Ordinance. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the

accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Register as the absolute Owner of such Certificate for the purpose of payment of principal of, premium, if any, and interest on the Certificates, for the purpose of giving notices of redemption and other matters with respect to such Certificate, for the purpose of registering transfer with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Certificates only to or upon the order of the respective Owners, as shown in the Register as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks or drafts being mailed to the registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

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

Section 3.10. Successor Securities Depository; Transfer Outside Book-Entry-Only System.

In the event that the City determines that it is in the best interest of the City and the beneficial owners of the Certificates that they be able to obtain certificated Certificates, or in the event DTC discontinues the services described herein, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Certificates and cause the Paying Agent/Registrar to transfer one or more separate registered Certificates to DTC Participants having Certificates credited to their DTC accounts. In such event, the Certificates shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be

registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

Section 3.11. Payments to Cede & Co.

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

ARTICLE IV

REDEMPTION OF CERTIFICATES BEFORE MATURITY

Section 4.1. Limitation on Redemption.

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

Section 4.2. Optional Redemption.

(a) The City has reserved the right to redeem at its option the Certificates maturing on and after February 1, 2027, in whole or from time to time in part before their respective scheduled maturity dates, on February 1, 2026, or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption.

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

Section 4.3. Mandatory Sinking Fund Redemption.

(a) The Certificates designated as "Term Certificates" in the form of Certificate contained in Section 6.2(a) ("Term Certificates"), are subject to scheduled mandatory redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Debt Service Fund, on the dates and in the respective principal amounts as set forth in the form of Certificate contained in Section 6.2(a).

(b) Prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Certificates equal to the aggregate principal amount of such Term Certificates to be redeemed, shall call such

Term Certificates for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.5.

(c) The principal amount of the Term Certificates required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.3 shall be reduced, at the option of the City, by the principal amount of any Term Certificates which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.4. Partial Redemption.

(a) If less than all of the Certificates are to be redeemed pursuant to Section 4.2 hereof, the City shall determine the maturity or maturities and the amounts thereof (or mandatory sinking fund payment with respect to the Term Certificates) to be redeemed and shall direct the Paying Agent/Registrar to call by lot, or other customary method that results in random selection, the Certificates, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

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

(c) Upon surrender of any Certificate for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.6 of this Ordinance, shall authenticate and deliver an exchange Certificate or Certificates in an aggregate principal amount equal to the unredeemed portion of the Certificate so surrendered, such exchange being without charge.

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

Section 4.5. Notice of Redemption to Owners.

(a) The Paying Agent/Registrar shall give notice of any redemption of Certificates by sending notice by United States mail, first class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Certificate (or part thereof) to be redeemed, at the address shown on the Register at the close of business on the Business Day next preceding the date of mailing such notice.

(b) The notice shall state the redemption date, the redemption price, the place at which the Certificates are to be surrendered for payment, and if less than all

Certificates outstanding are to be redeemed, an identification of the Certificates or portions thereof to be redeemed.

(c) The City reserves the right to give notice of its election or direction to redeem Certificates under Section 4.2 conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Certificates subject to conditional redemption where redemption has been rescinded shall remain outstanding and the rescission of such redemption shall not constitute an event of default. Further, in case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

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

Section 4.6. Payment Upon Redemption.

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

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

Section 4.7. Effect of Redemption.

(a) When Certificates have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Certificates or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the

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

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

Section 4.8. Lapse of Payment. Money set aside for the redemption of the Certificates and remaining unclaimed by the Owners thereof shall be subject to the provisions of Section 3.3(f) hereof.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.1. Appointment of Initial Paying Agent/Registrar.

(a) The City hereby appoints Wilmington Trust, National Association, Dallas, Texas, as its initial registrar and transfer agent (the "Paying Agent/Registrar") shall keep such books or records and make such transfers and registrations under such reasonable regulations as the City and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfer and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the Owners and record in the Register the address of such Owner of each Certificate to which payments with respect to the Certificates shall be mailed, as provided herein. The City or its designee shall have the right to inspect the Register during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Register confidential and, unless otherwise required by law, shall not permit its inspection by any other entity.

(b) The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Certificates. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Certificates, and of all conversions, exchanges and replacements of such Certificates, as provided in this Ordinance.

(c) The form of Paying Agent/Registrar Agreement is hereby approved. The City hereby approves and the Mayor or Mayor Pro Tem and the City Clerk are hereby authorized to execute and deliver a Paying Agent/Registrar Agreement, specifying the duties and responsibilities of the City and the Paying Agent/Registrar.

Section 5.2. Qualifications.

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

Section 5.3. Maintaining Paying Agent/Registrar.

(a) At all times while any Certificates are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 5.2 of this Ordinance.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the City will promptly appoint a replacement, provided no such resignation shall be effective until a successor Paying Agent/Registrar has accepted the duties of Paying Agent/Registrar for the Certificates.

Section 5.4. Termination.

The City reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated (i) 45 days written notice of the termination of the appointment and of the Paying Agent/Registrar Agreement, stating the effective date of such termination, and (ii) appointing a successor Paying Agent/Registrar; provided, that, no such termination shall be effective until a successor Paying Agent/Registrar has assumed the duties of Paying Agent/Registrar for the Certificates.

Section 5.5. Notice of Change to Owners.

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

Section 5.6. Agreement to Perform Duties and Functions.

By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and functions of Paying Agent/Registrar prescribed hereby and under the Paying Agent/Registrar Agreement.

Section 5.7. Delivery of Records to Successor.

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

ARTICLE VI

FORM OF THE CERTIFICATES

Section 6.1. Form Generally.

(a) The Certificates, including the Registration Certificate of the Comptroller of Public Accounts of the State, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Certificates, (i) shall be substantially in the form set forth in this Article, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Certificates, as evidenced by their execution thereof.

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

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

Section 6.2. Form of the Certificates.

The form of the Certificates, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State, the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Certificates, shall be substantially as follows:

(a) Form of Certificate.

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
GALVESTON COUNTY

CITY OF LA MARQUE, TEXAS
TAX AND REVENUE CERTIFICATE OF OBLIGATION
SERIES 2020

INTEREST RATE: MATURITY DATE: CLOSING DATE: CUSIP NUMBER:
_____ % _____ [July 2, 2020] _____

The City of La Marque (the "City"), in Galveston County, State of Texas, for value received, hereby promises to pay to

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

_____ DOLLARS

and to pay interest on such principal amount from the later of the Closing Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 1 and August 1 of each year, commencing on February 1, 2021.

The principal of this Certificate shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Certificate at the corporate trust office of Wilmington Trust, National Association, Dallas, Texas, or such other location designated by the Paying Agent/Registrar (the "Designated Payment/Transfer Office"), of the Paying Agent/Registrar or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Certificate is

payable by check dated as of the interest payment date, and will be mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the registered owner; provided, however, such registered owner shall bear all risk and expenses of such customary banking arrangement. For the purpose of the payment of interest on this Certificate, the registered owner shall be the person in whose name this Certificate is registered at the close of business on the "Record Date," which shall be the fifteenth day of the month next preceding such interest payment date. In the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the special payment date of the past due interest (the "Special Payment Date," which date shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each owner of a Certificate appearing on the books of the Paying Agent/Registrar at the close of business on the last day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Certificate is not a Business Day, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday or legal holiday, or day on which banking institutions in the State of Texas or the city in which the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are generally authorized or obligated by law or executive order to close (a "Business Day"), and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

This Certificate is dated June 15, 2020 and is one of a series of fully registered certificates specified in the title hereof issued in the aggregate principal amount of [\$_____] (herein referred to as the "Certificates"), issued pursuant to a certain ordinance of the City (the "Ordinance") for the costs associated with the rehabilitation of, construction of improvements to, and the equipment of the City's System, including lift stations, elevated storage tanks, wastewater treatment plant head works, and the expansion of the wastewater treatment plant; the construction of improvements to roads and related rights of way, including lighting, signals, signage, drainage, and landscaping; the cost of professional services incurred in connection therewith; and the costs of issuing the Certificates.

The City has reserved the right to redeem the Certificates maturing on and after February 1, 2027, in whole or from time to time in part before their respective scheduled maturity dates, on February 1, 2026, or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City shall determine the maturity or maturities and the amounts thereof to be redeemed

and shall direct the Paying Agent/Registrar to call by lot the Certificates, or portions thereof, within such maturity and in such principal amounts, for redemption.

[Certificates maturing on February 1, 20__, (the "Term Certificates") are subject to mandatory sinking fund redemption prior to their scheduled maturity, and will be redeemed by the City, in part at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the redemption date, on the dates and in the principal amounts shown in the following schedule:

<u>\$ Term Certificates Maturing February 1, 20__</u>	
<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
February 1, 20__	\$_____
February 1, 20__ (maturity)	\$_____

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

Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the Owners of the Certificates to be redeemed at the address of the Owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

The City reserves the right to give notice of its election or direction to redeem Certificates pursuant to an optional redemption conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Certificates subject to conditional

redemption and such redemption has been rescinded shall remain outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the City in the notice, the Certificates called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Certificate or portion thereof has not been surrendered for payment, interest on such Certificates or portions thereof shall cease to accrue.

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

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

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

IT IS FURTHER certified, recited and represented that the revenues to be derived from the operation of the City's water, sewer and wastewater system, after the payment of all operation and maintenance expenses thereof (the "Net Revenues"), are pledged to the payment of the principal of and interest on the Certificates in an amount not to exceed \$1,000; provided, however, that such pledge is junior and subordinate in all respects to the pledge of the Net Revenues to the payment of all outstanding obligations of the City and any obligation of the City, whether authorized heretofore or hereafter, which the City designates as having a pledge senior to the pledge of the Net Revenues to the payment of the Certificates. The City also reserves the right to issue,

for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind payable in whole or in part from the Net Revenues, secured by a pledge of the Net Revenues that may be prior and superior in right to, on a parity with, or junior and subordinate to the pledge of the Net Revenues securing the Certificates.

IN WITNESS WHEREOF, the City has caused this Certificate to be executed by the manual or facsimile signature of the Mayor or Mayor Pro Tem of the City and countersigned by the manual or facsimile signature of the City Clerk, and the official seal of the City has been duly impressed or placed in facsimile on this Certificate.

City Clerk
City of La Marque, Texas

Mayor [Pro Tem] ¹
City of La Marque, Texas

[SEAL]

¹ Delete of the Mayor executes the Initial Certificate

(b) Form of Comptroller's Registration Certificate.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

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

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

[SEAL]

Comptroller of Public Accounts
of the State of Texas

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

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

CERTIFICATE OF PAYING AGENT/REGISTRAR

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

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Paying Agent/Registrar

Dated: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

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

(Social Security or other identifying number: _____) the within Certificate and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Certificate on the books kept for registration hereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By: _____

Authorized Signatory

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

(e) The Initial Certificate shall be in the form set forth in paragraphs (a), (b) and (d) of this Section, except for the following alterations:

(i) immediately under the name of the Certificate the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below" and "CUSIP NUMBER _____" deleted; and

(ii) in the first paragraph of the Certificate, the words "on the Maturity Date specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on February 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:"

(Information to be inserted from schedule in Section 3.2 of the Ordinance)

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

Section 6.3. CUSIP Registration.

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

Section 6.4. Legal Opinion.

The approving legal opinion of Bond Counsel may be attached to or printed on the reverse side of each Certificate over the certification of the City Clerk of the City, which may be executed in facsimile.

ARTICLE VII

SALE AND DELIVERY OF CERTIFICATES; DEPOSIT OF PROCEEDS; OFFICIAL STATEMENT

Section 7.1. Sale of Certificates.

(a) The Certificates are hereby sold and awarded and shall be delivered to the Underwriter at the price of [\$_____] (representing the par amount of the Certificates, plus premium received from the sale of the Certificates in the amount of [\$_____], less an underwriting discount in the amount of [\$_____]), on the terms specified in the Purchase Agreement. The form, terms and provisions of the Purchase Agreement are hereby approved and the Mayor or Mayor Pro Tem is hereby authorized and directed to execute and deliver such Purchase Agreement. It is hereby found, determined and declared that the terms of this sale are the most advantageous reasonably available. The Certificates shall be initially registered in the name of the Underwriter or its designee.

(b) The obligation of the Representative to accept delivery of the Certificates is subject to the Representative being furnished with the final, approving opinion of Bond Counsel to the City, which opinion shall be dated and delivered the Closing Date.

Section 7.2. Deposit of Proceeds.

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

(a) The amount of [\$_____], consisting of [\$_____] principal amount of Certificate proceeds plus premium received from the sale of the Certificates in the amount of \$[_____] , shall be used for the purposes set forth in Sections 3.1 hereof;

(b) Premium received from the sale of the Certificates in the amount of [\$ _____] shall be used to pay the costs of issuance.

(c) Premium received from the sale of the Certificates in the amount of [\$ _____] shall be used to pay the underwriters' discount.

(d) Any amounts remaining after accomplishing such purposes and paying costs of issuance shall be used for the purposes described in subsection (a) above and to the extent not necessary for such purposes, shall be deposited to the Debt Service Fund.

Section 7.3. Control and Delivery of Certificates.

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

(b) After registration by the Comptroller of Public Accounts, delivery of the Certificates shall be made to the Underwriter under and subject to the general supervision and direction of the Mayor or Mayor Pro Tem, against receipt by the City of all amounts due to the City under the terms of sale.

(c) All officers of the City are authorized to execute such documents, certificates and receipts and to make such elections with respect to the tax-exempt status of the Certificates, as they may deem necessary to consummate the delivery of the Certificates.

Section 7.4. Official Statement.

The City hereby ratifies and approves the form and content and distribution of the Preliminary Official Statement and the action of the Finance Director in deeming the Preliminary Official Statement final within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934. The City hereby authorizes the preparation of a final Official Statement reflecting the terms of the Purchase Agreement and other relevant information. The use of such final Official Statement by the Underwriter (with such appropriate variations as shall be approved by the City Manager or his designee and the Underwriter) is hereby approved and authorized and the proper officials of the City are authorized to sign such Official Statement and deliver a certificate pertaining to such Official Statement, if necessary.

ARTICLE VIII

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 8.1. Payment of the Certificates.

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

Section 8.2. Other Representations and Covenants.

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

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

Section 8.3. Provisions Concerning Federal Income Tax Matters.

(a) General. The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest on the Certificates to be includable in gross income for federal income tax purposes. In furtherance thereof, the City covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the City in connection with the Certificates.

(b) No Private Activity Bonds. The City covenants that it will use the proceeds of the Certificates (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Certificates will not be "private activity bonds" within the meaning of section 141 of the Code. Furthermore, the City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Certificates to be a "private activity bond" unless it takes a remedial action permitted by section 1.141-12 of the Regulations.

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

(d) No Hedge Bonds. The City covenants not to take any action or omit to take action that, if taken or omitted, would cause the Certificates to be "hedge bonds" within the meaning of section 149(g) of the Code.

(e) No Arbitrage Bonds. The City covenants that it will make such use of the proceeds of the Certificates (including investment income) and regulate the investment of such proceeds of the Certificates so that the Certificates will not be "arbitrage bonds" within the meaning of section 148(a) of the Code.

(f) Required Rebate. The City covenants that, if the City does not qualify for an exception to the requirements of section 148(f) of the Code, the City will comply with the requirement that certain amounts earned by the City on the investment of the gross proceeds of the Certificates, be rebated to the United States.

(g) Information Reporting. The City covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning the Certificates in accordance with section 149(e) of the Code.

(h) Record Retention. The City covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Certificates and the use of the property financed, directly or indirectly, thereby until three years after the last Certificate is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

(i) Registration. If the Certificates are "registration-required bonds" under section 149(a)(2) of the Code, the Certificates will be issued in registered form.

(j) Favorable Opinion of Bond Counsel. Notwithstanding the foregoing, the City will not be required to comply with any of the federal tax covenants set forth above if the City has received an opinion of nationally recognized bond counsel that such noncompliance will not adversely affect the excludability of interest on the Certificates from gross income for federal income tax purposes.

(k) Continuing Compliance. Notwithstanding any other provision of this Ordinance, the City's obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Certificates for as long as such matters are relevant to the excludability of interest on the Certificates from gross income for federal income tax purposes.

(l) Official Intent. For purposes of section 1.150-2(d) of the Regulations, to the extent that an official intent to reimburse has not previously been adopted by the City, this Ordinance serves as the City's official declaration of intent to use proceeds of the Certificates to reimburse itself from proceeds of the Certificates issued in the maximum amount for certain expenditures paid in connection with the projects set forth herein. Any such reimbursement will only be made (i) for an original expenditure paid no earlier than 60 days prior to the date hereof and (ii) not later than 18 months after the later of (A) the date the original expenditure is paid or (B) the date of with the project to which such expenditure relates is placed in service or abandoned, but in to event more than three years after the original expenditure is paid.

ARTICLE IX

DISCHARGE

Section 9.1. Discharge.

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

ARTICLE X

CONTINUING DISCLOSURE UNDERTAKING

Section 10.1. Annual Reports.

(a) The City shall provide annually to the MSRB, (i) within six (6) months after the end of each Fiscal Year of the City ending in or after 2020, financial information and operating data with respect to the City of the general type included in the Official Statement under Tables 1 through 4, 6, 7 and 9 through 13, and including financial statements of the City if audited financial statements of the City are then available, and (ii) if not provided as part such financial information and operating data, audited financial statements when and if they become available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in the rules to the financial statements for the most recently concluded Fiscal Year, or such other accounting principles as the City may be required to employ, from time to time, by State law or regulation, and (ii) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such financial statements becomes available.

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

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

Section 10.2. Event Notices.

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;

- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of Certificates, or other material events affecting the tax status of the Certificates;
- (7) Modifications to rights of the holders of the Certificates, if material;
- (8) Certificate calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Certificates, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;

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

- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the

termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (14) Appointment of successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material;
- (15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

Note to paragraphs (15) and (16): For purposes of the events identified in paragraphs (15) and (16) of this section and in the definition of Financial Obligation in Section 1.1, the City intends the words used in such paragraphs to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the "2018 Release") and any further written guidance provided by the SEC or its staff with respect to the amendments to the Rule affected by the 2018 Release.

(b) The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 10.1. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

Section 10.3. Limitations, Disclaimers and Amendments.

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

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Certificates, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The

City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

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

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

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

(e) The provisions of this Article may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (i) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (A) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Ordinance that authorizes such an amendment) of the outstanding Certificates consent to such amendment or (B) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Certificates. The provisions of this Article may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent the underwriters of the initial public offering of the Certificates from lawfully purchasing or selling Certificates in such offering. If the City so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 10.1 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Changes to Ordinance.

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

Section 11.2. Partial Invalidity.

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

Section 11.3. Repealer.

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

Section 11.4. Individuals Not Liable.

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

Section 11.5. Related Matters.

To satisfy in a timely manner all of the City's obligations under this Ordinance, the Mayor or Mayor Pro Tem, the City Clerk and all other appropriate officers and agents of the City are hereby authorized and directed to do any and all things necessary and/or convenient in order to consummate the delivery of the Certificates, pay the costs of issuance on the Certificates, and effectuate the terms and purposes of this Ordinance.

Section 11.6. Force and Effect.

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

[Signature Page Follows]

PASSED, APPROVED AND EFFECTIVE this 9th day of June, 2020.

City Clerk
City of La Marque, Texas

Mayor
City of La Marque, Texas

[SEAL]

CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS §
COUNTY OF GALVESTON §

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

1. The City Council of the City of La Marque, Texas, convened in a special meeting on the 9th day of June, 2020, by telephone/video conference pursuant to the March 16, 2020 action by the Governor of the State of Texas under Section 418.016 of the Texas Government Code suspending certain provisions of the Texas Open Meetings Act, and the roll was called of the duly constituted officers and members of said City Council, to wit:

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

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

ORDINANCE NO. O-2020-_____

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF LA MARQUE, TEXAS, TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2020; LEVYING A TAX AND PROVIDING FOR THE SECURITY AND PAYMENT THEREOF; AND ENACTING OTHER PROVISIONS RELATING THERETO

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

_____ Member(s) of City Council shown present above voted "Aye".

_____ Member(s) of City Council shown present above voted "No".

_____ Member(s) of City Council shown present above who abstained.

2. A true, full and correct copy of the aforesaid ordinance adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said ordinance has been duly recorded in said City Council's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said City Council's minutes of said meeting pertaining to the adoption of said ordinance; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said City Council as indicated therein; that each of the officers and members of said City Council was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and purpose of the aforesaid meeting, and that said ordinance would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose; that said meeting was open to the public as required by law; and that public notice of the date, hour, place and subject of said meeting was given as required by Chapter 551, Texas Government Code and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act.

SIGNED AND SEALED this 9th day of June, 2020.

[SEAL]

City Clerk
City of La Marque, Texas



CITY COUNCIL AGENDA FORM

Meeting Date: June 9, 2020

Agenda item: _____

Prepared by: Suzy Kou

Reviewed by: Charlene Warren

Charles Jackson

Department: Finance

AGENDA ITEM DESCRIPTION: Discussion/possible action regarding updating the City's Disclosure Procedures to comply with SEC Rule 15c2-12 requirements

ATTACHMENTS FOR REFERENCE

1. Updated Disclosure Procedures
2. Previous formal Disclosure Procedures

STAFF BRIEFING:

- Per United States Securities and Exchange Commission (the "SEC") laws, the City is required to follow a set of procedures to disclose certain financial information, as well as certain major events that have occurred, to the appropriate agency
- Beginning February 27, 2019, SEC amended Rule 15c2-12 to require new events (15) and (16) to be added to the list of events and must be included in Continuing Disclosure undertakings each year
- Failure to comply may result in fines and/or loss of the preferential status of the debt issuances

HISTORY:

December 15, 2014 - Council approved formal Disclosure Procedures per SEC requirement; prior to this date, the city didn't have these procedures in place

TARGET IMPLEMENTATION: June 9, 2020

SIGNIFICANT ACTION DATES:

12.15.2014 - Formal Procedure approved by Council

ACTION:

- | | |
|--|---|
| <input type="checkbox"/> Ordinance | <input type="checkbox"/> Resolution |
| <input type="checkbox"/> Special Presentation | <input type="checkbox"/> Proclamation |
| <input type="checkbox"/> Finance Report | <input type="checkbox"/> Public Hearing |
| <input checked="" type="checkbox"/> Other - Procedure Policy | |
| <input checked="" type="checkbox"/> Mark if this item does not conflict with any Resolution, Ordinance or City Charter, policies, procedures | |

Cost Details:	
Budgeted	N/A
Actual Bid	N/A
Estimated Expenditure	N/A
Acct. Name(s)	
Line Item #	
Other Funding	



CITY COUNCIL AGENDA FORM

STAFF'S RECOMMENDATION: Motion to update the City's Disclosure Procedures to comply with SEC Rule 15c2-12 requirements

FISCAL IMPACT: N/A

CITY OF LA MARQUE, TEXAS

DISCLOSURE PROCEDURES

Updated as of this ___ day of _____, 2020.

GENERAL

These Disclosure Procedures (the "Procedures") are for the purpose of maintaining and evidencing the City's internal procedures for ensuring compliance with federal and state securities laws, preparing and reviewing its disclosures in connection with the issuance of debt obligations, and complying with its continuing disclosure obligations, if any, entered into in connection with the issuance of such debt obligations. In furtherance of such purposes the City has adopted these Procedures with respect to the following:

- Identifying who is responsible for certain actions in connection with the City's disclosure obligations;
- Providing the process by which disclosures by the City are drafted and reviewed; and
- Providing a process for helping to ensure compliance with filings required in connection with the City's continuing disclosure undertakings.

It is the intention of the City to modify or amend these Procedures in the future in order to comply with any legal or regulatory requirements to the extent they may apply to the City and its obligations. The City Manager, or his designee, in consultation with Bond Counsel, will maintain a record of the City's continuing disclosure undertakings, which may be achieved through updates to Exhibit A and Exhibit B of these procedures.

GENERAL OVERSIGHT

The City acknowledges that as the issuer of municipal debt obligations, it is responsible for compliance with federal and state securities laws applicable to such obligations as well as its continuing disclosure undertakings entered into in connection therewith. The City Manager and his designee, the Director of Finance (the "Director of Finance"), have general oversight responsibilities for compliance with these Procedures.

These Procedures will be used in connection with the reviewing the form and content of the City's disclosure materials prepared, issued or distributed in connection with the City's disclosure obligations relating to its debt obligations, including, private placement memoranda, preliminary and final official statements and any supplements thereto, audited financial statements or Comprehensive Annual Financial Reports (each referred to herein as the "Audited Financial Statements") and other filings made with the Municipal Securities Rulemaking Board (the "MSRB") or ratings agencies as well as financial information or operating data posted on the City's website.

PREPARATION OF OFFERING DOCUMENTS AND RATINGS AGENCY PRESENTATIONS

The following process will be used in connection with the reviewing the form and content of the City's offering documents, including, private placement memoranda and preliminary and final official statements and any supplements thereto and ratings agency presentations.

- Unless the City has contracted with another party to provide such services (such as Disclosure Counsel), the City's Financial Advisor (or Disclosure Counsel with the assistance of the Financial Advisor), with the assistance of City staff, will prepare the offering document and appendices thereto or ratings agency presentations for review by the City and working group for the proposed financing.
- The Director of Finance will assign portions of the offering documents, including appendices, or ratings agency presentations to the members of City staff with responsibility for the City financial information or operating data described therein for review and comment prior to the dissemination of such materials.
- The City Attorney will consult with City staff and any other consultants regarding disclosures contained in the offering documents or ratings agency presentations related to litigation, ongoing investigations and other general legal matters addressed in the course of his or her representation prior to the dissemination of such materials.
- The Director of Finance and members of City staff with responsibility for the City financial information or operating data described in such documents will be available to respond to diligence questions prior to the dissemination of such materials.
- The City's Bond Counsel will review and comment on disclosures related to the ordinance authorizing the debt obligations, the description of the continuing disclosure undertaking, and federal income tax considerations prior to the dissemination of such materials.
- With respect to the offering documents, City Council will either approve a substantially final form of offering document and/or delegate the approval of the offering document to the City Manager or Director of Finance or another City officer or employee delegated such authority by official action of the City Council prior to the dissemination of such materials.

COMPLIANCE WITH CONTINUING DISCLOSURE UNDERTAKINGS

In the connection with the issuance of debt obligations, the City has entered into (and in the future may enter into) certain continuing disclosure undertakings for the benefit of the holders and beneficial owners of the such debt obligations in accordance with Rule 15c2-12 (the "Rule") of the United States Securities and Exchange Commission (the

“SEC”). The City is required to observe these agreements for so long as it remains obligated to advance funds to pay the debt obligations, subject to amendment to or repeal of such undertakings. Under such undertakings, the City is obligated to provide certain financial information and operating data annually, and timely notice of specified material events, to the MSRB via the Electronic Municipal Market Access (“EMMA”) System.

- **Updating Its Continuing Disclosure Undertakings**

- The City, with the assistance of the Financial Advisor or disclosure dissemination agent (if requested by the City), will review its outstanding continuing disclosure undertakings in connection with each financing and identify any failures to comply with such undertakings. Any material failures to comply with such undertakings in the five years preceding the financing must be described in the final official statement. The City will review its disclosure regarding any such failures with Bond Counsel.

- **Annual Filing Requirements**

- The City’s annual filing requirements in connection with its current continuing disclosure undertakings are outlined in Exhibit A.
- **Audited Financial Statements or Comprehensive Annual Financial Statements**
 - The Director of Finance will seek to make arrangements with the City’s outside auditors to schedule the preparation and presentation to the City of the City’s annual Audited Financial Statements in time to allow the City to meet its continuing disclosure obligations described in Exhibit A.
 - If the City’s annual Audited Financial Statements are not available in sufficient time to meet its obligations described in Exhibit A, the Director of Finance, or her designee, will arrange for the filing of unaudited financial statements by the time period specified in Exhibit A, if such filing is required.
 - If the City does not file audited or unaudited financial statements by the time period specified in Exhibit A, the Director of Finance will file a notice of failure to provide required annual financial information.
 - The Director of Finance will assign portions of the City’s annual Audited Financial Statements to the members of City staff with responsibility for the City financial information or operating data described therein for review and comment prior to the dissemination of such materials.

➤ **Annual Reports of Required Financial Information and Operating Data**

- For so long as the City is required to annually file schedules containing agreed upon financial information and operating data in connection with its continuing disclosure undertakings, the Director of Finance will arrange for the schedules to be prepared on an annual basis in time to allow the City to meet its obligations as described in Exhibit A. The schedules currently required to be filed as part of the City's annual reports are described in Exhibit A. The schedules containing the required financial information and operating data may be incorporated into the City's Audited Financial Statements.
- The Director of Finance will assign portions of the City's schedules containing the required financial information and operating data to the members of City staff with responsibility for the City financial information or operating data described therein for review and comment prior to the dissemination of such materials.

➤ **Responsible Party**

- The Director of Finance is responsible for posting the annual filings to EMMA by March 31 of each year (subject to any change in the City's fiscal year), unless a longer period is allowed under the each of the City's outstanding undertakings described in Exhibit A. The City must comply with each undertaking; later undertakings do not supersede older undertakings unless the older undertakings are formally amended.
- Information on setting up email reminders for filings is available on the MSRB website at <http://www.msrb.org/msrb1/pdfs/Financial-Disclosure-Email-Reminders-Instructions.pdf>.
- Additional information on filing notices through the EMMA system is available on the MSRB website as part of its issuer toolkit at <http://www.msrb.org/MSRB-For/Issuers/Issuer-Toolkit.aspx>.

• **Event Notices**

- The City is also obligated to provide, in a timely manner not in excess of ten business days after the occurrence of the event, notices of certain events to the MSRB through EMMA. The events giving rise to such notices are described in Exhibit B.
 - City staff responsible for reviewing the portions of the City's offering documents related to their areas of responsibility will have access to this policy by which they are instructed to notify the

Director of Finance if they become aware of an event requiring the filing of notice.

- The Director of Finance will seek the review by members of City staff with responsibility for the City financial information or operating data described in any such notices prior to the dissemination of such notices.
- The Director of Finance will work with the City's Financial Advisor to identify resources available to assist the City in identifying those events requiring notice filings.

➤ **Responsible Party**

- The Director of Finance is responsible for posting the event filings to EMMA within a timely manner, not to exceed ten business days after the occurrence of the event.

• **Event Notices - Financial Obligations**

Beginning February 27, 2019, in connection with any primary offering subject to the Rule, the City will be required to include in Continuing Disclosure Undertakings an agreement to file, not in excess of ten business days, an Event Notice for: (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. The terms used in events (15) and (16) shall have the meanings ascribed to them in 83 F.R. 44700 (Aug. 31, 2018).

- The Director of Finance is expected to have a complete understanding of new events (15) and (16) under the Rule. If the Director of Finance has not received training on new events (15) and (16), the Director of Finance should request training from Bond Counsel or other competent counsel.
- The Director of Finance will, in consultation with Bond Counsel, be responsible for: (i) identifying existing material Financial Obligations; (ii) tracking new material Financial Obligations, including amendments thereto; and (iii) monitoring Financial Obligations for events which may reflect financial difficulties.
- To assist in monitoring compliance with new events (15) and (16), the Director of Finance or her designee will create the Financial Obligations Master List, with the assistance of the Financial

Advisor, Bond Counsel, and other outside consultants, as appropriate.

- The Financial Obligations Master List should at a minimum provide information similar in content to the recommended format that was provided by the Government Finance Officers Association in January 2019.¹
- The Director of Finance will maintain and update the Financial Obligations Master List, and the City, may retain a Financial Advisor or other outside consultants, as may be necessary, to effectively maintain and continuously update such Master List as well as to make all filings required to be made by the City under the Continuing Disclosure Undertakings.
- The Director of Finance or her designee shall review City agenda items in order to identify potential Financial Obligations (or a modification of an existing Financial Obligation) and shall follow-up with the individual responsible for the agenda item to determine if the item rises to the level of disclosure. For purposes of this section, at a minimum, items to be considered by the Director of Finance as a potential “Financial Obligation” shall include, but are not limited to:
 1. A debt obligation;
 2. A derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation;
 3. A guarantee of (1) or (2);
 4. A financing agreement, financing lease or energy savings performance contract where the City effectively borrows money at a rate of interest for the purchase of vehicles and equipment and pays back such borrowing over a number of years;
 5. A line of credit, credit agreement or commercial paper program; and
 6. Any other instrument that contains “debt-like” features or terms.
- The Director of Finance shall review all potential Financial Obligations for materiality, with the assistance of the Financial Advisor or Bond Counsel, as necessary, to determine whether filing is required. For purposes of this section, a determination as to the

¹ The GFOA recommendations are available at <http://www.gfoa.org/new-amendments-sec-rule-15c2-12-new-event-notices-related-material-financial-obligations-and-events>.

materiality of a potential Financial Obligation involves a determination as to whether a financial obligation or the terms of a financial obligation, if they affect security holders, would be important, to the total mix of information made available to a reasonable investor when making an investment decision.

FINANCIAL AND OPERATING INFORMATION LISTED ON THE CITY'S WEBSITE

If the City is posting financial and operating information to the City's website, the Director of Finance will assign portions of such information to the members of City staff or consultants with responsibility for the City financial information or operating data described therein for review and comment prior to posting such materials unless such materials have previously been reviewed in accordance with these Procedures. Posting such information to the City's website only is not sufficient to comply with the City's undertakings described in Exhibit A; such information must also be posted to EMMA in accordance with the procedures above.

EXHIBIT A

ANNUAL FILING REQUIREMENTS UNDER CONTINUING DISCLOSURE UNDERTAKINGS²

I. General Obligation Refunding Bonds, Series 2014 (the "Series 2014 Bonds"):

The Series 2014 Bonds qualified for the SEC Rule 15c2-12(d)(2) exemption from SEC Rule 15c2-12(b)(5). The final maturity date of the Series 2014 Bonds is September 1, 2029. Other than any event filings that may be required while the Series 2014 Bonds are outstanding, if the Series 2014 Bonds remain outstanding, the last filing required under the undertaking related to the Series 2014 Bonds is the audited financial statements related to the fiscal year ending September 30, 2028, which will be due to the MSRB through the EMMA system not later than on March 31, 2029.

A. Audited Financial Statements: The City agreed to provide the financial information and operating data with respect to the City of the general type included in the City's audited financial statements to the MSRB annually in an electronic format as prescribed by the MSRB. Such information will be provided when the audited financial statements become available.

II. Tax and Revenue Certificates of Obligation, Series 2016 (the "Series 2016 Certificates"): The final maturity date of the Series 2016 Certificates is June 1, 2046. Other than any event filings that may be required while the Series 2016 Certificates are outstanding, if the Series 2016 Certificates remain outstanding, the last filing required under the undertaking related to the Series 2016 Certificates is the audited financial statements and the annual report consisting of operating and financial information related to the fiscal year ending September 30, 2045, which will be due to the MSRB through the EMMA system not later than on March 31, 2046.

A. Audited Financial Statements:

1. The City agreed to provide audited financial statements, if the City commissions an audit and the audit is completed by the required time, within six months of the end of the fiscal year (currently by March 31 of each year) through the EMMA system.
2. If the audit is not complete within 12 months after the fiscal year end, the City must provide the unaudited financial statements through the EMMA system within such 12-month period through the

² The information in this Exhibit A is a summary of the City's continuing disclosure undertakings. Reference is made to the ordinances authorizing the issuance of the City's debt obligations and the offering documents for such obligations for complete information on the applicable requirements.

EMMA system and audited financial statements when they become available through the EMMA system.

3. If the City changes its fiscal year, it must post notice through the EMMA system of the change and of the date of the new fiscal year end prior to the date the City otherwise would be required to provide financial information and operating data to the MSRB.

B. Annual Reports:

In addition to the audited financial statements, the City is obligated to annually update financial information and operating data of the City of the general type included in the Official Statement for the Series 2016 Certificates under the following schedules (Excerpts from the Official Statement for the Series 2016 Certificates showing the listed schedules are attached hereto):

Schedule 1: Outstanding Obligations
Schedule 2: Self-Supporting
Schedule 3: Debt Service Requirements for the Certificates
Schedule 4: Tax Adequacy for Estimated Debt Service
Schedule 6: Historical Analysis of Ad Valorem Taxation
Schedule 7: Tax Rate Distribution
Schedule 9: Ten Largest Taxpayers
Schedule 10: Municipal Sales Tax History
Schedule 11: Historical Operations of the Debt Service Fund
Schedule 12: Historical Operations of the General Fund

- III. General Obligation Refunding Bonds, Series 2017 (the "Series 2017 Bonds"):
The final maturity date of the Series 2017 Bonds is September 1, 2029. Other than any event filings that may be required while the Series 2017 Bonds are outstanding, if the Series 2017 Bonds remain outstanding, the last filing required under the undertaking related to the Series 2017 Bonds is the audited financial statements and the annual report consisting of operating and financial information related to the fiscal year ending September 30, 2028, which will be due to the MSRB through the EMMA system not later than on March 31, 2029.

A. Audited Financial Statements:

1. The City agreed to provide audited financial statements, if the City commissions an audit and the audit is completed by the required time, within six months of the end of the fiscal year (currently by March 31 of each year) through the EMMA system.

2. If the audit is not complete within 12 months after the fiscal year end, the City must provide the unaudited financial statements through the EMMA system within such 12-month period through the EMMA system and audited financial statements when they become available through the EMMA system.
3. If the City changes its fiscal year, it must post notice through the EMMA system of the change and of the date of the new fiscal year end prior to the date the City otherwise would be required to provide financial information and operating data to the MSRB.

B. Annual Reports:

In addition to the audited financial statements, the City is obligated to annually update financial information and operating data of the City of the general type included in the Official Statement for the Series 2017 Bonds under the following schedules (Excerpts from the Official Statement for the Series 2017 Bonds showing the listed schedules are attached hereto):

Schedule 1: Outstanding Obligations
Schedule 2: Self-Supporting
Schedule 3: Debt Service Requirements
Schedule 4: Tax Adequacy for Estimated Debt Service
Schedule 6: Historical Analysis of Ad Valorem Taxation
Schedule 7: Tax Rate Distribution
Schedule 9: Ten Largest Taxpayers
Schedule 10: Municipal Sales Tax History
Schedule 11: Historical Operations of the Debt Service Fund
Schedule 12: Historical Operations of the General Fund

IV. Public Property Finance Contractual Obligation, Series 2018 (the "Series 2018 Contractual Obligation"):

The Series 2018 Contractual Obligation was a direct purchase and did not have a continuing disclosure undertaking associated with it. Please refer to the Ordinance and Purchase Letter for information regarding documents that must be provided to the Purchaser (The American National Bank of Texas) on an annual basis.

V. Tax and Revenue Certificates of Obligation, Series 2018 (the "Series 2018 Certificates"): The final maturity date of the Series 2018 Certificates is September 1, 2048. Other than any event filings that may be required while the Series 2018 Certificates are outstanding, if the Series 2018 Certificates remain outstanding, the last filing required under the undertaking related to the Series

2018 Certificates is the audited financial statements and the annual report consisting of operating and financial information related to the fiscal year ending September 30, 2047, which will be due to the MSRB through the EMMA system not later than on March 31, 2048.

A. Audited Financial Statements:

1. The City agreed to provide audited financial statements, if the City commissions an audit and the audit is completed by the required time, within six months of the end of the fiscal year (currently by March 31 of each year) through the EMMA system.
2. If the audit is not complete within 12 months after the fiscal year end, the City must provide the unaudited financial statements through the EMMA system within such 12-month period through the EMMA system and audited financial statements when they become available through the EMMA system.
3. If the City changes its fiscal year, it must post notice through the EMMA system of the change and of the date of the new fiscal year end prior to the date the City otherwise would be required to provide financial information and operating data to the MSRB.

B. Annual Reports:

In addition to the audited financial statements, the City is obligated to annually update financial information and operating data of the City of the general type included in the Official Statement for the Series 2018 Certificates under the following schedules (Excerpts from the Official Statement for the Series 2018 Certificates showing the listed schedules are attached hereto):

Schedule 1: Outstanding Obligations
Schedule 2: Self-Supporting
Schedule 3: Debt Service Requirements for the Certificates
Schedule 4: Tax Adequacy for Estimated Debt Service
Schedule 6: Historical Analysis of Ad Valorem Taxation
Schedule 7: Tax Rate Distribution
Schedule 9: Ten Largest Taxpayers
Schedule 10: Municipal Sales Tax History
Schedule 11: Historical Operations of the Debt Service Fund
Schedule 12: Historical Operations of the General Fund
Schedule 13: Historical Operation of the Water and Sewer Fund

VI. Tax and Revenue Certificates of Obligation, Series 2020 (the "Series 2020 Certificates"): The final maturity date of the Series 2020 Certificates is February 1, 2050. Other than any event filings that may be required while the Series 2020 Certificates are outstanding, if the Series 2020 Certificates remain outstanding, the last filing required under the undertaking related to the Series 2020 Certificates is the audited financial statements and the annual report consisting of operating and financial information related to the fiscal year ending September 30, 2048, which will be due to the MSRB through the EMMA system not later than on March 31, 2049.

A. Audited Financial Statements:

1. The City agreed to provide audited financial statements, if the City commissions an audit and the audit is completed by the required time, within six months of the end of the fiscal year (currently by March 31 of each year) through the EMMA system.
2. If the audit is not complete within 12 -months after the fiscal year end, the City must provide the unaudited financial statements through the EMMA system within such 12-month period through the EMMA system and audited financial statements when they become available through the EMMA system.
3. If the City changes its fiscal year, it must post notice through the EMMA system of the change and of the date of the new fiscal year end prior to the date the City otherwise would be required to provide financial information and operating data to the MSRB.

B. Annual Reports:

In addition to the audited financial statements, the City is obligated to annually update financial information and operating data of the City of the general type included in the Official Statement for the Series 2020 Certificates under the following schedules (Excerpts from the Official Statement for the Series 2020 Certificates showing the listed schedules are attached hereto):

Schedule 1: Outstanding Obligations
Schedule 2: Self-Supporting
Schedule 3: Debt Service Requirements for the Certificates
Schedule 4: Tax Adequacy for Debt Service
Schedule 6: Historical Analysis of Ad Valorem Taxation
Schedule 7: Tax Rate Distribution
Schedule 9: Ten Largest Taxpayers
Schedule 10: Municipal Sales Tax History
Schedule 11: Historical Operations of the Debt Service Fund

Schedule 12: Historical Operations of the General Fund
Schedule 13: Historical Operation of the Water and Sewer Fund

EXHIBIT B

EVENT NOTICES³

- I. General Obligation Refunding Bonds, Series 2014 (the "Series 2014 Bonds"), Tax and Revenue Certificates of Obligation, Series 2016 (the "Series 2016 Certificates"), General Obligation Refunding Bonds, Series 2017 (the "Series 2017 Bonds") and Tax and Revenue Certificates of Obligation, Series 2018 (the "Series 2018 Certificates"):

The City is required to provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the City's Series 2014 Bonds, Series 2016 Certificates, Series 2017 Bonds and Series 2018 Certificates:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of the holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes⁴;

³ The information in this Exhibit B is a summary of the portion of the City's continuing disclosure undertakings addressing event filings. Reference is made to the ordinances authorizing the issuance of the City's debt obligations and the offering documents for such obligations for complete information on the applicable requirements.

⁴ Ratings changes may include changes in the ratings of any bond insurers.

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

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

- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material.

In addition, the City shall provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the City to provide required annual financial information and notices of material events in accordance with its undertakings.

II. Tax and Revenue Certificates of Obligation, Series 2020 (the "Series 2020 Certificates"):

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;

- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of Certificates, or other material events affecting the tax status of the Certificates;
- (7) Modifications to rights of the holders of the Certificates, if material;
- (8) Certificate calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Certificates, if material;
- (11) Rating changes;⁵
- (12) Bankruptcy, insolvency, receivership or similar event of the City;

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

- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of successor or additional paying agent/registrars or the change of name of a paying agent/registrars, if material;
- (15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of

⁵ Ratings changes may include changes in the ratings of any bond insurers.

a Financial Obligation of the City, any of which affect security holders, if material; and

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

Note to paragraphs (15) and (16): For purposes of the events identified in paragraphs (15) and (16) of this section and in the definition of Financial Obligation in Section 1.1, the City intends the words used in such paragraphs to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the "2018 Release") and any further written guidance provided by the SEC or its staff with respect to the amendments to the Rule affected by the 2018 Release.

In addition, the City shall provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the City to provide required annual financial information and notices of material events in accordance with its undertakings.



CITY OF LA MARQUE, TEXAS

DISCLOSURE PROCEDURES

Implemented as of this _____ day of _____, 2014.

GENERAL

These Disclosure Procedures (the “Procedures”) are for the purpose of maintaining and evidencing the City’s internal procedures for ensuring compliance with federal and state securities laws, preparing and reviewing its disclosures in connection with the issuance of debt obligations, and complying with its continuing disclosure obligations, if any, entered into in connection with the issuance of such debt obligations. In furtherance of such purposes the City has adopted these Procedures with respect to the following:

- Identifying who is responsible for certain actions in connection with the City’s disclosure obligations;
- Providing the process by which disclosures by the City are drafted and reviewed; and
- Providing a process for helping to ensure compliance with filings required in connection with the City’s continuing disclosure undertakings.

It is the intention of the City to modify or amend these Procedures in the future in order to comply with any legal or regulatory requirements to the extent they may apply to the City and its obligations. The Finance Director, in consultation with Bond Counsel, will update these Procedures, including Exhibit A and Exhibit B attached hereto, in connection with each financing.

GENERAL OVERSIGHT

The City acknowledges that as the issuer of municipal debt obligations, it is responsible for compliance with federal and state securities laws applicable to such obligations as well as its continuing disclosure undertakings entered into in connection therewith. The City Manager and her designee, the Director of Finance (the “Director of Finance”), have general oversight responsibilities for compliance with these Procedures.

These Procedures will be used in connection with the reviewing the form and content of the City’s disclosure materials prepared, issued or distributed in connection with the City’s

disclosure obligations relating to its debt obligations, including, private placement memoranda, preliminary and final official statements and any supplements thereto, audited financial statements or Comprehensive Annual Financial Reports (each referred to herein as the “Audited Financial Statements”) and other filings made with the Municipal Securities Rulemaking Board (the “MSRB”) or ratings agencies as well as financial information or operating data posted on the City’s website.

PREPARATION OF OFFERING DOCUMENTS AND RATINGS AGENCY PRESENTATIONS

The following process will be used in connection with the reviewing the form and content of the City’s offering documents, including, private placement memoranda and preliminary and final official statements and any supplements thereto and ratings agency presentations.

- Unless the City has contracted with another party to provide such services, the City’s Financial Advisor, with the assistance of City staff, will prepare the offering document and appendices thereto or ratings agency presentations for review by the City and working group for the proposed financing.
- The Director of Finance will assign portions of the offering documents, including appendices, or ratings agency presentations to the members of City staff with responsibility for the City financial information or operating data described therein for review and comment prior to the dissemination of such materials.
- The City Attorney will consult with City staff and any other consultants regarding disclosures contained in the offering documents or ratings agency presentations related to litigation, ongoing investigations and other general legal matters addressed in the course of his or her representation prior to the dissemination of such materials.
- The Director of Finance and members of City staff with responsibility for the City financial information or operating data described in such documents will be available to respond to diligence questions prior to the dissemination of such materials.
- The City’s Bond Counsel will review and comment on disclosures related to the ordinance authorizing the debt obligations, the description of the continuing disclosure undertaking, and federal income tax considerations prior to the dissemination of such materials.
- With respect to the offering documents, City Council will either approve a substantially final form of offering document and/or delegate the approval of the offering document to the City Manager or Director of Finance or another City officer or employee delegated such authority by official action of the City Council prior to the dissemination of such materials.

COMPLIANCE WITH CONTINUING DISCLOSURE UNDERTAKINGS

In the connection with the issuance of debt obligations, the City has entered into (and in the future may enter into) certain continuing disclosure undertakings for the benefit of the holders and beneficial owners of the such debt obligations in accordance with Rule 15c2-12 (the “Rule”) of the United States Securities and Exchange Commission (the “SEC”). The City is required to observe these agreements for so long as it remains obligated to advance funds to pay the debt obligations, subject to amendment to or repeal of such undertakings. Under such undertakings, the City is obligated to provide certain financial information and operating data annually, and timely notice of specified material events, to the MSRB via the Electronic Municipal Market Access (“EMMA”) System.

- **Updating its Continuing Disclosure Undertakings**
 - The City will review its outstanding continuing disclosure undertakings in connection with each financing and identify any failures to comply with such undertakings. Any material failures to comply with such undertakings in the five years preceding the financing must be described in the final official statement. The City will review its disclosure regarding any such failures with Bond Counsel.

- **Annual Filing Requirements**
 - The City’s annual filing requirements in connection with its current continuing disclosure undertakings are outlined in Exhibit A.
 - **Audited Financial Statements or Comprehensive Annual Financial Statements**
 - The Director of Finance will make arrangements with the City’s outside auditors to schedule the preparation and presentation to the City of the City’s annual Audited Financial Statements in time to allow the City to meet its continuing disclosure obligations described in Exhibit A.
 - If the City’s annual Audited Financial Statements are not available in sufficient time to meet its obligations described in Exhibit A, the Director of Finance, or her designee, will arrange for the filing of unaudited financial statements by the time period specified in Exhibit A, if such filing is required, and will file an event notice stating that the audited financial statements are not yet available and will not be filed by the deadline. The event notice should indicate the approximate timeframe for when the audited financial statements will be provided.
 - If the City does not file audited or unaudited financial statements by the time period specified in Exhibit A, the Director of Finance will file a notice of failure to provide required annual financial information.

- The Director of Finance will assign portions of the City's annual Audited Financial Statements to the members of City staff with responsibility for the City financial information or operating data described therein for review and comment prior to the dissemination of such materials.

➤ **Annual Reports of Required Financial Information and Operating Data**

- For so long as the City is required to annually file schedules containing agreed upon financial information and operating data in connection with its continuing disclosure undertakings, the Director of Finance will arrange for the schedules to be prepared on an annual basis in time to allow the City to meet its obligations as described in Exhibit A. The schedules currently required to be filed as part of the City's annual reports are described in Exhibit A. The schedules containing the required financial information and operating data may be incorporated into the City's Audited Financial Statements.
- The Director of Finance will assign portions of the City's schedules containing the required financial information and operating data to the members of City staff with responsibility for the City financial information or operating data described therein for review and comment prior to the dissemination of such materials.

➤ **Responsible Party**

- The Director of Finance is responsible for posting the annual filings to EMMA by March 31 of each year (subject to any change in the City's fiscal year), unless a longer period is allowed under the each of the City's outstanding undertakings described in Exhibit A. The City must comply with each undertaking; later undertakings do not supersede older undertakings unless the older undertakings are formally amended.
- Information on setting up email reminders for filings is available on the MSRB website at <http://www.msrb.org/msrb1/pdfs/Financial-Disclosure-Email-Reminders-Instructions.pdf>.
- Additional information on filing notices through the EMMA system is available on the MSRB website as part at <http://www.msrb.org/MSRB-For/Issuers/Issuer-Toolkit.aspx>.

- **Event Notices**

- The City is also obligated to provide, in a timely manner not in excess of ten business days after the occurrence of the event, notices of certain events to the MSRB through EMMA. The events giving rise to such notices are described in Exhibit B.
 - City staff responsible for reviewing the portions of the City's offering documents related to their areas of responsibility will have access to this policy by which they are instructed to notify the Director of Finance if they become aware of an event requiring the filing of notice.
 - The Director of Finance will seek the review by members of City staff with responsibility for the City financial information or operating data described in any such notices prior to the dissemination of such notices.
 - The Director of Finance will work with the City's Financial Advisor to identify resources available to assist the City in identifying those events requiring notice filings.
- **Responsible Party**
 - The Director of Finance is responsible posting the event filings to EMMA within a timely manner, not to exceed ten business days after the occurrence of the event.

FINANCIAL AND OPERATING INFORMATION LISTED ON THE CITY'S WEBSITE

If the City is posting financial and operating information to the City's website, the Director of Finance will assign portions of such information to the members of City staff or consultants with responsibility for the City financial information or operating data described therein for review and comment prior to posting such materials unless such materials have previously been reviewed in accordance with these Procedures. Posting such information to the City's website only is not sufficient to comply with the City's undertakings described in Exhibit A; such information must also be posted to EMMA in accordance with the procedures above.

EXHIBIT A

ANNUAL FILING REQUIREMENTS UNDER CONTINUING DISCLOSURE UNDERTAKINGS¹

- I. **Tax and Revenue Certificates of Obligation, Series 2005 (the “Series 2005 Certificates”)**: The final maturity date of the Series 2005 Certificates is September 1, 2029. Other than any event filings that may be required while the Series 2005 Certificates are outstanding, if the Series 2005 Certificates remain outstanding, the last filing required under the undertaking related to the Series 2005 Certificates is the audited financial statements and the annual report consisting of operating and financial information related to the fiscal year ending September 30, 2028, which will be due to the MSRB through the EMMA system not later than on March 31, 2039. **The Series 2005 Certificates are scheduled to be refunded by the Series 2014 Bonds (as defined herein) on December 30, 2014. The undertaking related to the Series 2005 Bonds will expire upon the closing of the Series 2014 Bonds.**

A. Audited Financial Statements:

1. The City agreed to provide audited financial statements, if the City commissions an audit and the audit is completed by the required time, within six months of the end of the fiscal year (currently by March 31 of each year) through the EMMA system.
2. If the audit is not complete within such time period, the City must provide the unaudited financial statements through the EMMA system. When audited financial statements become available, the City must provide the audited financial statements through the EMMA system.
3. If the City changes its fiscal year, it must post notice through the EMMA system of the change and of the date of the new fiscal year end prior to the date the City otherwise would be required to provide financial information and operating data to the MSRB.

B. Annual Reports:

In addition to the audited financial statements, the City is obligated to annually update financial information and operating data of the City of the general type included in the Official Statement for the Series 2005 Certificates under the following sections and subsections of the Official Statement (excerpts from the Official Statement for the Series 2005 Certificates showing the listed schedules are attached hereto):

¹ The information in this Exhibit A is a summary of the City’s continuing disclosure undertakings. Reference is made to the ordinances authorizing the issuance of the City’s debt obligations and the offering documents for such obligations for complete information on the applicable requirements.

OFFICIAL STATEMENT SUMMARY
CITY TAX DEBT (except for “Estimated Overlapping Debt”)
TAX DATA
SELECTED FINANCIAL DATA
INVESTMENT AUTHORITY AND INVESTMENT OBJECTIVES OF THE CITY – Current Investments

II. **Tax and Revenue Certificates of Obligation, Series 2007 (the “Series 2007 Certificates”)**: The final maturity date of the Series 2007 Certificates is September 1, 2029. Other than any event filings that may be required while the Series 2007 Certificates are outstanding, if the Series 2007 Certificates remain outstanding, the last filing required under the undertaking related to the Series 2007 Certificates is the audited financial statements and the annual report consisting of operating and financial information related to the fiscal year ending September 30, 2028, which will be due to the MSRB through the EMMA system not later than on March 31, 2029.

A. **Audited Financial Statements:**

1. The City agreed to provide audited financial statements, if the City commissions an audit and the audit is completed by the required time, within six months of the end of the fiscal year (currently by March 31 of each year) through the EMMA system.

2. If the audit is not complete within such time period, the City must provide the unaudited financial statements through the EMMA system. When audited financial statements become available, the City must provide the audited financial statements through the EMMA system.

3. If the City changes its fiscal year, it must post notice through the EMMA system of the change and of the date of the new fiscal year end prior to the date the City otherwise would be required to provide financial information and operating data to the MSRB.

B. **Annual Reports:**

In addition to the audited financial statements, the City is obligated to annually update financial information and operating data of the City of the general type included in the Official Statement for the Series 2007 Certificates under the following sections and subsections of the Official Statement (excerpts from the Official Statement for the Series 2007 Certificates showing the listed schedules are attached hereto):

OFFICIAL STATEMENT SUMMARY
CITY TAX DEBT (except for “Estimated Overlapping Debt”)
TAX DATA
SELECTED FINANCIAL DATA
INVESTMENT AUTHORITY AND INVESTMENT OBJECTIVES OF THE CITY – Current Investments

III. **General Obligation Refunding Bond, Series 2011 (the “Series 2011 Bonds”):**

The Series 2011 Bonds were a direct purchase and did not have a continuing disclosure undertaking associated with them. Please refer to the Ordinance and Purchase Letter for information regarding documents that must be provided to the Purchaser (Compass bank) on an annual basis.

IV. **General Obligation Refunding Bonds, Series 2014 (the “Series 2014 Bonds”):**

The Series 2012 Bonds qualified for the SEC Rule 15c2-12(d)(2) exemption from SEC Rule 15c2-12(b)(5). The final maturity date of the Series 2014 Bonds is September 1, 2029. Other than any event filings that may be required while the Series 2014 Bonds are outstanding, if the Series 2014 Bonds remain outstanding, the last filing required under the undertaking related to the Series 2014 Bonds is the audited financial statements related to the fiscal year ending September 30, 2028, which will be due to the MSRB through the EMMA system not later than on March 31, 2029.

A. Audited Financial Statements: The City agreed to provide the financial information and operating data with respect to the City of the general type included in the City’s audited financial statements to the MSRB annually in an electronic format as prescribed by the MSRB. Such information will be provided when the audited financial statements become available.

EXHIBIT B
EVENT NOTICES²

I. Certificates of Obligation, Series 2005 (the “Series 2005 Certificates”) and Certificates of Obligation, Series 2007 (the Series 2007 Certificates”)

The City will provide notice of any of the following events with respect to the Series 2005 Certificates and the Series 2007 Certificates, if such event is material to a decision to purchase or sell the Series 2005 Certificates and the Series 2007 Certificates:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax-exempt status of the Certificates;
- (7) modifications to rights of holders of the Bonds;
- (8) bond calls;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds; and
- (11) rating changes.³

In addition, the City shall provide to the MSRB in a timely manner, notice of a failure by the City to provide required annual financial information in accordance with its undertaking.

² The information in this Exhibit B is a summary of the portion of the City’s continuing disclosure undertakings addressing event filings. Reference is made to the ordinances authorizing the issuance of the City’s debt obligations and the offering documents for such obligations for complete information on the applicable requirements.

³ Ratings changes may include changes in the ratings of any bond insurers

II. General Obligation Refunding Bonds, Series 2014 (the “Series 2014 Bonds”)

The City is required to provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the City’s Series 2014 Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of the holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes⁴;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;

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

⁴ Ratings changes may include changes in the ratings of any bond insurers

- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material.

In addition, the City shall provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the City to provide required annual financial information and notices of material events in accordance with its undertakings.