



City of Garden Ridge

9400 Municipal Parkway
Garden Ridge, Texas 78266-2600
(210) 651-6632
Fax (210) 651-9638

AGENDA

CITY COUNCIL SPECIAL MEETING, July 9, 2015 AT 6:00 P.M.

The Garden Ridge City Council will meet in a special meeting on Thursday, July 9, 2015 at 6:00 p.m. in the City Council Chambers, 9400 Municipal Parkway, Garden Ridge, Texas. This is an open meeting, open to the public, subject to the Open Meetings Law of the State of Texas, and as required by law, notice is hereby posted on July 6, 2015 before 5:00 p.m., providing time, place, date and agenda thereof. The meeting facility is wheelchair accessible and accessible parking spaces are provided. Requests for accommodations or interpretative services must be made 48 hours prior to this meeting.

1. Call to Order
2. Roll Call
3. Citizen's Participation- Limit remarks to three (3) minutes per citizen

Rules for Citizen's Participation:

The City Council welcomes citizen participation and comments at all of their Council Meetings. As a courtesy to your fellow citizens and out of respect to our elected officials, we request that if you speak, that you please follow these guidelines.

- a) Direct your comments to the entire Council, not to an individual member, nor to the audience.
- b) Show the City Council the same respect and courtesy that you would like to be shown.
- c) Limit remarks to three (3) minutes per citizen during Item 3 and to three (3) minutes per citizen during Item 4.
- d) Citizen comments may be deferred to a specific Business Item set forth in Section 5, below, if such comments pertain to such Business Item

*NOTE: The Texas Open Meetings Act permits a member of the public or a member of the governmental body to raise a subject that has not been included in the notice for the meeting. However, any discussion of the subject **must be limited** to a proposal to place the subject on the agenda for a future meeting and any response to a question posed to the Council is limited to either a statement of specific factual information or a recitation of existing policy.*
TEX. GOV'T CODE § 551.042.

4. Business Items

The City Council may discuss, provide direction, consider and/or take possible action on the following items:

- a) Consideration for approval of Ordinance 182-072015 setting dates, times and place for public hearings on the proposed annexation of approximately thirteen (13) acres generally located in Comal County, north of Bindseil Road, south of Park Lane Drive and west of Bat Cave Road within 107.14 acres commonly known as Woodlands at Garden Ridge in the extraterritorial jurisdiction of the City of Garden Ridge, Texas; authorizing and directing the publication of the notice of such public hearings; authorizing and directing the Public Works Director to prepare a Service Plan.
 - b) Proposed 2015 Bond discussion and update
 - c) Consideration and possible action concerning Ordinance 181-072015 authorizing the issuance of \$6,660,000 “City of Garden Ridge, Texas Combination Tax and Revenue Certificates of Obligation, Series 2015”; authorizing the sale thereof; and enacting provisions incident and related to the issuance of said certificates
 - d) Initial presentation of proposed 2016 Fiscal Year Budgets for the City of Garden Ridge (General Fund, Water Fund, Interest & Sinking Fund, Capital Improvement Fund)
 - e) Proposed 2015 Property Tax Rate for the City of Garden Ridge
5. Citizen’s Participation – Limit remarks to three (3) minutes per citizen
See “Rules for Citizen’s Participation” under Item 4.
6. Adjournment

AGENDA NOTICES:

Decorum Required:

Any disruptive behavior, including shouting or derogatory statements or comments may be ruled out of order by the Presiding Officer. Continuation of this type of behavior could result in a request by the Presiding Officer that the individual leave the meeting, and if refused, an order of removal.

Action by Council Authorized:

The City Council may vote and/or act upon any item within this Agenda. The Council reserves the right to retire into executive session concerning any of the items listed on this Agenda, pursuant to and in accordance with Texas Government Code Section 551.071, to seek the advice of its attorney about pending or contemplated litigation, settlement offer or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas conflict with the Open Meetings Act and may invoke this right where the City Attorney, the Mayor or a majority of the Governing Body deems an executive session is necessary to allow privileged consultation between the City Attorney and the governing body, if considered necessary and legally justified under the Open Meetings Act. The City Attorney may appear in person, or appear in executive session by conference call in accordance with applicable state law.

Executive Sessions Authorized:

This agenda has been reviewed and approved by the City's legal counsel and the presence of any subject in any Executive Session portion of the agenda constitutes a written interpretation of Texas Government Code Chapter 551 by legal counsel for the governmental body and constitutes an opinion by the attorney that the items discussed therein may be legally discussed in the closed portion of the meeting considering available opinions of a court of record and opinions of the Texas Attorney General known to the attorney. This provision has been added to this agenda with the intent to meet all elements necessary to satisfy Texas Government Code Chapter 551.144(c) and the meeting is conducted by all participants in reliance on this opinion.

Attendance By Other Elected or Appointed Officials:

It is anticipated that members of other city board, commissions and/or committees may attend the meeting in numbers that may constitute a quorum of the other city boards, commissions and/or committees. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a meeting of the other boards, commissions and/or committees of the City, whose members may be in attendance. The members of the boards, commissions and/or committees may participate in discussions on the same items listed on the agenda, which occur at the meeting, but no action will be taken by such in attendance unless such item and action is specifically provided for on an agenda for that board, commission or committee subject to the Texas Open Meetings Act.


Shelley Goodwin, TRMC
City Secretary

This is to certify that I, Shelley Goodwin, posted this Agenda at 2:30 p.m. on July 3, 2015 on the bulletin board located at the entrance to the Garden Ridge City Hall, 9400 Municipal Parkway, Garden Ridge, Texas.


Shelley Goodwin, TRMC
City Secretary

ORDINANCE NO. 182-072015

AN ORDINANCE SETTING DATES, TIMES AND PLACE FOR PUBLIC HEARINGS ON THE PROPOSED ANNEXATION OF APPROXIMATELY THIRTEEN (13) ACRES GENERALLY LOCATED IN COMAL COUNTY, NORTH OF BINDSEIL ROAD, SOUTH OF PARK LANE DRIVE AND WEST OF BAT CAVE ROAD WITHIN 107.14 ACRES COMMONLY KNOWN AS WOODLANDS AT GARDEN RIDGE IN THE EXTRATERRITORIAL JURISDICTION OF THE CITY OF GARDEN RIDGE, TEXAS; AUTHORIZING AND DIRECTING THE PUBLICATION OF THE NOTICE OF SUCH PUBLIC HEARINGS; AUTHORIZING AND DIRECTING THE PUBLIC WORKS DIRECTOR TO PREPARE A SERVICE PLAN.

WHEREAS, Texas Local Government Code Section 43.021 authorized the City of Garden Ridge, as a home-rule municipality, to extend its City Limit boundaries through the annexation of area adjacent to those boundaries; and

WHEREAS, Texas Local Government Code Section 43.052(h) provides that an area proposed for annexation containing fewer than one hundred (100) separate tracts of land of which one or more residential dwellings are located on each tract is exempted from the state law requirement that an area proposed for annexation first be identified in an annexation plan and not be annexed before the third anniversary of the date that the annexation plan is adopted; and

WHEREAS, the areas described herein that are proposed for annexation contain fewer than one hundred (100) separate tracts of land on which one or more residential dwellings are located on each tract and are, therefore, exempted from the above-described annexation plan requirement; and

WHEREAS, the area subject to this annexation is contiguous to the incorporated territory of the City of Garden Ridge; and

WHEREAS, the City Council of the City of Garden Ridge believes that it is in the best interest of the City of Garden Ridge to institute annexation proceedings for the areas described herein.

NOW THEREFORE BE IT ORDAINED THAT THE CITY COUNCIL OF THE CITY OF GARDEN RIDGE, TEXAS:

Section 1: On Monday, the 24th day of August, 2015 at 6:00 p.m. and Wednesday, the 2nd day of September, 2015, at 6:00 p.m., in the City Council Chambers of the City of Garden Ridge, the City Council of the City of Garden Ridge will hold Public Hearings giving all interested persons the right to appear and be heard on the proposed annexation by the City of Garden Ridge, of the described properties in **Exhibit "A"**, attached hereto and incorporated herein by reference.

Section 2: The City Secretary of the City of Garden Ridge is hereby authorized and directed to cause notice of such Public Hearings to be published once in a newspaper having general circulation in the City of Garden Ridge not more than twenty (20) days, nor less than ten (10) days, prior to the date of such Public Hearings, in accordance with Texas Local Government Code Section 43.063(c), as amended.

Section 3: The Director of Public Works of the City of Garden Ridge is hereby authorized and directed to prepare a service plan that provides for the extension of full municipal services to the area to be annexed pursuant to Texas Local Government Code Section 43.065(a).

PASSED AND APPROVED this, the _____ day of _____ 2015.

Nadine Knaus
Mayor, City of Garden Ridge

ATTEST:

Shelley Goodwin
City Secretary, City of Garden Ridge

APPROVED AS TO FORM:

George Hyde, City Attorney
Denton Navarro Rocha Bernal Hyde & Zech, P.C.

EXHIBIT "A"

DESCRIPTION OF PROPOSED LAND TO BE ANNEXED



**PROPERTY DESCRIPTION OF
A PORTION OF 107.14 ACRES**

Being all of that approximately 13 acre portion of the west side of a 107.14 acre tract of land lying outside the City Limits of the City of Garden Ridge, Texas and being out of the Charles P. Hanlon Survey No. 72, Abstract No. 253, Comal County, Texas and being a portion of the 107.14 acre tract of land conveyed to Daphne Development, LLC of record in Document No. 201206013370 of the Official Public Records of Comal County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at a found 1/2" iron rod for the northwest corner of said 107.14 acres and the tract described herein, also being the northeast corner of Lot 1 of the Friesnhahn Hill Subdivision of record in Volume 9 Page 94, Deed and Plat Records of Comal County, Texas and on the south line of Lot 63 of the Park Lane Estates Subdivision Unit 4 of record in Volume 5 Page 358, Deed and Plat Records of Comal County, Texas;

THENCE: N 59° 53' 14" E (bearings based on NAD83 Texas State Plane Coordinate System South Central Zone) along and with the southeast line of said Park Lane Estates Subdivision Unit 4 and northwest line of said 107.14 acres and the tract described herein to the point of intersection with the City Limits line of the City of Garden Ridge, Texas for the northeast corner of this tract,

THENCE: S 00° 39' 34" E, a distance of 753.42 feet (course and distance taken from the map titled City of Garden Ridge City Limits January 2007 prepared by Bill W. Callender, R.P.L.S. of record in the Administrators Office of the City of Garden Ridge) over and across said 107.14 acres along and with the City Limits Line of the City of Garden Ridge, Texas, to a point of curvature;

THENCE: Continuing over and across said 107.14 acres along and with the City Limits Line of the City of Garden Ridge, Texas, with a curve to the left (courses and distances taken from the map titled City of Garden Ridge City Limits January 2007 prepared by Bill W. Callender, R.P.L.S. of record in the Administrators Office of the City of Garden Ridge) said curve having an arc length of 1391.37 feet, a delta angle of 30° 11' 49", a radius of 2640.00 feet and a chord bearing and distance of S 15° 45' 04" E 1375.33 feet, to a point of tangency;

THENCE: S 30° 51' 23" E (course taken from the map titled City of Garden Ridge City Limits January 2007 prepared by Bill W. Callender, R.P.L.S. of record in the Administrators Office of the City of Garden Ridge) over and across said 107.14 acres along and with the City Limits Line of the City of Garden Ridge, Texas, to the point of intersection with the southeast line of said 107.14 acres and being on the northwest line of a called 3.047 acre tract conveyed to Imam Hussain of record in Document No. 200406039929 of the Official Public Records of Comal County, Texas, for the southeast corner of the tract described herein;

THENCE: S 60° 32' 19" W (this course and the following courses and distances based on NAD83 Texas State Plane Coordinate System South Central Zone) along and with the northwest line of the 3.047 acre tract and a southeast line of the 107.14 acre tract, to a found 1/2" iron rod with "Carter & Burgess" Cap for the west corner of the 3.047 acre tract and in the northeast line of a 4.433 acre tract of land conveyed to C. L. Montanio et ux of record in Volume 247 Page 370, Deed Records of Comal County, Texas and the most southwest corner of the 107.14 acre tract and the tract described herein;

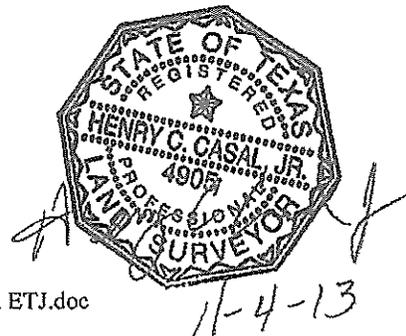
THENCE: N 30° 55' 21" W, a distance of 1541.76 feet, along and with the northeast line of the 4.433 acre tract and a northeast line of a 16.338 acre tract of land conveyed to Horacio M. Ayala et ux of record in Volume 962 Page 46, Official Public Records of Comal County, Texas and with a southwest line of the 107.14 acre tract, to a found 1/2" iron rod with "Carter & Burgess" Cap for the north corner of the 16.338 acre tract of land and a southeast corner of Lot 3 of the Friesnhahn Hill Subdivision of record in Volume 9

Page 94, Deed and Plat Records of Comal County, Texas and an angle point of the 107.14 acre tract and the tract described herein;

THENCE: N 30° 58' 36" W, a distance of 720.01 feet, along and with the northeast line of said Friesnhahn Hill Subdivision and a southwest line of the 107.14 acre tract, to the **POINT OF BEGINNING** and containing all of that portion of said 107.14 acres outside of the City Limits line of the City of Garden Ridge, Comal County, Texas.

"This document was prepared under 22TAC663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared."

Job No.: I2-038
Prepared by: KFW Surveying
Date: November 1, 2013
Revised: 11-4-2013
File: S:\Draw 2012\I2-038 Forest At Garden Ridge\ FN FOR ETJ.doc



City of Garden Ridge
Proposed Annexation Time Line for Annexation Date: October 7, 2015

**Dates in Blue indicate statutory deadlines

First Public Hearing: August 24, 2015

Second Public Hearing: September 2, 2015

Institute Annexation Proceedings: October 7, 2015

Step 1: Thursday, July 9, 2015 – Adopt Ordinance

City Council adoption of an ordinance directing staff to annex property (prepare documents, maps and notices to annex property and setting dates for public hearings).

Any time after ordinance is passed but before the publication of the notice for the first public hearing: Direct planning department or other appropriate municipal department to prepare a service plan that provides for the extension of full municipal services to the area to be annexed. The municipality shall provide the services by any of the methods by which it extends the services to any other area of the municipality. TLGC 43.065.

Step 2: Monday, July 23, 2015 - Send written notice to each property owner, public entity, school district, and railroad.

Before the 30th day before the date of the 1st public hearing (August 24, 2015) – Must provide written notice to each property owner; public entity; school district and railroad in the annexation area. TLGC 43.062 (b).

Step 3: August 7 – 13, 2015 - Publish Notice of First Public Hearing.

Between August 7 – 13, 2015

On or after the 20th day but before the 10th day before the date of the first public hearing: City Secretary publishes Notice of First Public Hearing in a newspaper of general circulation and on the City's webpage TLGC 43.063(c). If any railroads in annexation area send notice of public hearing by certified mail.

Step 4: August 17 – 21, 2015 - Publish Notice of Second Public Hearing.

Between August 17 – August 21, 2015

On or after the 20th day but before the 10th day before the date of the second public hearings: City Secretary publishes Notice of Second Public Hearing in a newspaper of general circulation and on the City's webpage. TLGC 43.063(c). If any railroads in annexation area send notice of public hearing by certified mail.

Step 5: Conduct the 1st Public Hearing and 2nd Public Hearing. TLGC 43.063(a).

First Public Hearing: August 24, 2015

Second Public Hearing: September 2, 2015

After the 40th day but before the 20th day before the date of the institution of proceedings:
Between August 19, 2015 and September 16, 2015

Step 7: Monday, September 2, 2015 – Direct City Staff

20 days prior to annexation but before instituting annexation proceedings: Monday, September 2, 2015

Direct City Engineer to prepare an Annexation Map, Annexation Field Notes and new City Limits–ETJ Map.

Receive Annexation Map, Annexation Field Notes & City Limits/ETJ Map from City Engineer.

Complete all required ordinances, resolutions, maps and reports for the City Council meeting.

Provide City Secretary with all required ordinances, resolutions, maps and reports for the City Council meeting.

Step 8: Post Notice of City Council Meeting

Post notice of meeting to institute annexation proceedings in order to comply with Texas Open Meetings Act

Step 9: Wednesday, October 7, 2015 - Conduct Annexation Proceedings.

City Council considers/votes on adoption of ordinance

CITY OF SAN ANTONIO -- CITY OF GARDEN RIDGE

MEMORANDUM OF AGREEMENT

This Agreement is entered into by and between the City of San Antonio, a Texas Municipal Corporation, acting by and through its City Manager pursuant to Ordinance No. _____, and the City of Garden Ridge, a Texas Municipal Corporation, acting by and through its Mayor pursuant to Resolution No. 314-122013, Witnesseth:

WHEREAS, the City of Garden Ridge has requested that San Antonio release from its extraterritorial jurisdiction an area of approximately 13 acres so that it may incorporate the area into the City of Garden Ridge; and

WHEREAS, incorporation of this area would allow the City of Garden Ridge to exercise jurisdiction over the tract of land; and

WHEREAS, both municipalities are desirous of entering into an agreement to permit this situation;

THE PARTIES AGREE AS FOLLOWS:

1. General Terms and Conditions

- A. City of San Antonio agrees to release from its extraterritorial jurisdiction and to relinquish control over an area containing approximately 13 acres generally located northeast of San Antonio in Comal County, north of Bindseil road, South of Park Lane Drive, and West of Bat Cave Road from the City of San Antonio ETJ as petitioned by the City of Garden Ridge and more particularly described by map attached hereto as Exhibit A and Metes and Bounds attached as Exhibit B, and incorporated herein for all purposes.
- B. City of Garden Ridge agrees to incorporate into its city limits the area described in Section A above.
- C. The Subject Property shall revert back to San Antonio's extraterritorial jurisdiction automatically, if the City of Garden Ridge fails to take action to annex the subject area through the adoption of an ordinance within 180 days of the effective date of this Agreement.
- D. This Agreement is effective immediately.

2. Severability

If for any reason, any one or more paragraphs of this agreement is held invalid, such judgment shall not affect, impair or invalidate the remaining paragraphs of the agreement but shall be confined in its operation to the specific sections sentences clauses or parts of this agreement held invalid and invalidity of any section, sentence, clause or parts shall not affect, impair or prejudice in any way the validity of this agreement in any instances.

3. Applicable Law

This agreement shall be construed in accordance with the laws of the State of Texas.

4. Notices

Any notice, request, demand, report, certificate or other instrument which may be required or permitted to be furnished to or served upon the parties shall be deemed sufficiently given or furnished or served if in writing and deposited in the United States mail, registered or certified, return receipt required, addressed to such party at the address set forth below or such other address as may be hereafter designated by either party by written notice to the other party.

IF TO THE CITY OF SAN ANTONIO:

City of San Antonio
P.O. Box 839966
San Antonio, Texas 78283-3966
Attn: Leticia M. Vacek
City Clerk

IF TO THE CITY OF GARDEN RIDGE:

City of Garden Ridge
9400 Municipal Parkway
San Antonio, Texas 78266
Attn: _____
City Secretary

ACKNOWLEDGEMENTS

In witness of which this agreement has been executed in duplicate.

CITY OF GARDEN RIDGE

By: _____

Attest: _____

Title: Mayor _____

Title: _____

Date: _____

STATE OF TEXAS

COUNTY OF BEXAR

This instrument was acknowledged before me on _____ by _____, Mayor of the City of Garden Ridge, a Texas Municipal Corporation, on behalf of said corporation.

Notary Public, State of Texas

My Commission expires: _____

CITY OF SAN ANTONIO

By: _____

Attest: _____

Title: _____

Title: _____

Date: _____

STATE OF TEXAS

COUNTY OF BEXAR

This instrument was acknowledged before me on _____ by _____, City Manager of the City of San Antonio, a Texas Municipal Corporation, on behalf of said corporation.

Notary Public, State of Texas

My Commission expires: _____

City Administrator

From: Tom Pollan <tpollan@bickerstaff.com>
Sent: Monday, June 29, 2015 2:39 PM
To: City Administrator
Cc: 'Henderson, Robert'; Traylor, Robert D; 'Martinez, Rafael'
Subject: Garden Ridge - Draft Ordinance authorizing Certificates of Obligation
Attachments: Garden Ridge 2015 CO Ordinance Authorizing COs (00838209x7A30F).pdf

Nancy

I have attached a proposed draft of the Ordinance to authorize the Certificates of Obligation. It has many blanks that cannot be completed until pricing on July 9. I will bring copies of the final version of the completed ordinance to the meeting. I am providing this in case you want a preliminary draft for the council.

Tom

Tom Pollan | Attorney | Bickerstaff Heath Delgado Acosta LLP
3711 S. Mo-Pac | Building One | Suite 300 | Austin, TX | 78746
Phone 512.472.8021 | Fax 512.320.5638

tpollan@bickerstaff.com | www.bickerstaff.com

Austin | El Paso | Houston | Rio Grande Valley

CONFIDENTIALITY NOTICE:

The information contained in this transmission may be (1) subject to the Attorney-Client Privilege, (2) attorney work product, or (3) strictly confidential. If you are not the intended recipient of this message, you are notified that you may not disclose, print, copy or disseminate this information. If you have received this transmission in error, please reply and notify the sender (only) and delete the message. Unauthorized interception of this e-mail may be a violation of criminal law.

ORDINANCE NO. 2015-___-__

AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$6,660,000 "CITY OF GARDEN RIDGE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015"; AUTHORIZING THE SALE THEREOF; AND ENACTING PROVISIONS INCIDENT AND RELATED TO THE ISSUANCE OF SAID CERTIFICATES

WHEREAS, the City Council of the City of Garden Ridge, Texas originally determined that it should issue certificates of obligation in an amount not to exceed \$6,750,000 for (1) the construction of city street improvements, including the acquisition of right-of-way, (2) the construction of drainage improvements, including the acquisition of right-of-way, (3) improvements and extensions to the City's water utility system, including the acquisition of right-of-way, (4) renovation of the City's community/civic center, (5) park improvements and (6) the payment of professional services and costs of issuance related thereto; and

WHEREAS, notice of intention to issue said combination tax and revenue certificates of obligation for such purposes has been published in the *New Braunfels Herald-Zeitung*, a newspaper of general circulation in the City of Garden Ridge, Texas, on June 7, 2015, and June 14, 2015, the date of the first publication of such notice being before the thirtieth (30th) day prior to the tentative date stated therein for the passage of this ordinance; and

WHEREAS, the City Council of the City of Garden Ridge, Texas has determined in accordance with the provisions of Subchapter C of Chapter 271, Texas Local Government Code, §§ 271.041, et seq., as amended, and Chapter 1502, Texas Government Code, as amended, for the purpose of paying contractual obligations to be incurred for (1) the construction of city street improvements, including the acquisition of right-of-way, (2) the construction of drainage improvements, including the acquisition of right-of-way, (3) improvements and extensions to the City's water utility system, including the acquisition of right-of-way, (4) renovation of the City's community/civic center, (5) park improvements and (6) the payment of professional services and costs of issuance related thereto; and

WHEREAS, on July 9, 2015, the City Council of the City of Garden Ridge, Texas, convened at 6:00 p.m. and considered passage of an ordinance authorizing the issuance of said certificates of obligation (the "Ordinance"); and

WHEREAS, the certificates of obligation in the principal amount of \$6,660,000 should be sold for cash in accordance with the provisions of Texas Local Government Code § 271.052, as amended; and

WHEREAS, no petition protesting the issuance of the certificates of obligation described in the aforesaid notice, signed by at least 5% of the qualified electors of the

City, has been presented to or filed with the City Secretary or any other City official on or prior to the date of the passage of this Ordinance; and

WHEREAS, this City Council hereby finds and determines that the above specified certificates of obligation described in said notice should be issued at this time;

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

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01. Definitions.

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

“Authorized Officials” means the Mayor and City Administrator.

“Certificate” or “Certificates” means the Certificates authorized to be issued by Section 3.01 of this Ordinance and designated as “City of Garden Ridge, Texas Combination Tax and Revenue Certificates of Obligation, Series 2015,” in the aggregate principal amount of \$6,660,000.

“City” means the City of Garden Ridge, Texas.

“City Council” means the City Council of the City of Garden Ridge, 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, including the regulations and published rulings thereunder.

“Delivery Date” means the date the initial purchasers pay the City for the Certificates.

“Designated Payment/Transfer Office” means the office of the Paying Agent which is designated for the presentment of the Certificates.

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

“DTC Participant” means any broker, dealer, bank, trust company, clearing corporation or certain other organizations with bonds credited to an account maintained on its behalf by DTC.

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

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

“Initial Certificate” means the initial certificate described in Sections 3.04(d) and 6.02(e) of this Ordinance.

“Interest and Sinking Fund” means the interest and sinking fund established by Section 2.04 of this Ordinance.

“Interest Payment Date” means the date or dates upon which interest on each Certificate is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being February 15 and August 15 of each year, commencing February 15, 2016.

“Mayor” means the Mayor of the City of Garden Ridge, Texas.

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

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

“Record Date” means the close of business on the last business day of the month preceding the month in which an Interest Payment Date occurs.

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

“Surplus Revenues” means those revenues of the City's Water System available after deduction of the reasonable expenses of operation and maintenance of said Water System and payment of all debt service, reserve and other requirements with respect to all of the City's revenue bonds and other obligations, now outstanding or hereafter issued, that are payable from and secured by a lien on and pledge of all or part of the net revenues of said Water System.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of the principal of or interest on the Certificates as the same comes due and payable and remaining unclaimed by the Owners of Certificates for 90 days after the applicable payment or redemption date.

“Underwriter” means George K. Baum & Company.

“Water System” means the City’s water utility system.

Section 1.02. Findings.

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

Section 1.03. Table of Contents, Titles and Headings.

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

Section 1.04. Interpretation.

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

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

ARTICLE II

SECURITY FOR THE CERTIFICATES
CREATION OF FUNDS

Section 2.01. Tax Levy for Payment of Certificates.

Pursuant to the authority granted by the Constitution and laws of the State of Texas, there shall be levied and there is hereby levied for the current year and each succeeding year thereafter while the Certificates or any interest thereon is outstanding and unpaid, an ad valorem tax within legal limitations on each \$100 valuation of taxable property in the City, at a rate sufficient within the limits prescribed by law to pay the debt service requirements on the Certificates, being (i) the interest on the Certificates and (ii) a sinking fund for their payment at maturity or a sinking fund of two percent (2%) per annum (whichever amount is the greater), when due and payable, full allowance being made for delinquencies and costs of collection; said tax shall be assessed and collected each year and applied to the payment of the debt service requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be

paid into the Interest and Sinking Fund. This governing body hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the debt service requirements, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding obligations.

The amount of taxes to be provided annually and transferred by the Authorized Officials to the Interest and Sinking Fund for the payment of principal of and interest on the Certificates shall be determined and accomplished in the following manner:

(a) The City's annual budget shall reflect the amount of debt service requirements to become due on the Certificates in the next succeeding Fiscal Year of the City.

(b) The amount required to be provided in the succeeding Fiscal Year of the City from ad valorem taxes shall be the amount of the debt service requirements to be paid on the Certificates in the next succeeding Fiscal Year of the City.

(c) Following the final approval of the annual budget of the City, the governing body of the City shall, by Ordinance, levy an ad valorem tax at a rate sufficient to produce taxes in the amount determined in paragraph (b) above, to be utilized for purposes of paying the principal of and interest on the Certificates in the next succeeding Fiscal Year of the City.

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

Section 2.02. Revenue Pledge.

(a) The Certificates are additionally secured by and shall be payable from a limited pledge, not to exceed \$1,000, of the Surplus Revenues of the City's Water System, such pledge authorized pursuant to Chapter 1502, Texas Government Code. Notwithstanding the requirements of Section 2.01, if Surplus Revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would be required to be levied pursuant to Section 2.01 may be reduced to the extent and by the amount of the Surplus Revenues then on deposit in the Interest and Sinking Fund.

(b) The Surplus Revenues, when and as received by the City, are hereby pledged to the payment of the Certificates and shall be deposited into the Interest and Sinking Fund.

Section 2.03. Effect of Pledge.

Chapter 1208, Government Code, applies to the issuance of the Certificates and the pledge of the combination of taxes and revenues thereof granted by the City under Sections 2.01 and 2.02 of this Ordinance, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Certificates are outstanding and unpaid such that the pledge of the combination of taxes and revenues granted by the City under Sections 2.01 and 2.02 of this Ordinance is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the Registered Owners of the Certificates the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 2.04. Interest and Sinking Fund.

(a) The City hereby establishes a special fund or account to be designated the "City of Garden Ridge, Texas Combination Tax and Revenue Certificates of Obligation, Series 2015 Interest and Sinking Fund" (the "Interest and Sinking Fund") said fund to be maintained at an official depository bank of the City separate and apart from all other funds and accounts of the City.

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

Section 2.05. Construction Fund.

(a) Establishment of Construction Fund. A special fund or account, to be designated the "City of Garden Ridge, Texas Combination Tax and Revenue Certificates of Obligation, Series 2015 Construction Fund" (the "Construction Fund") is hereby created and shall be established and maintained by the City at the official City depository. The Construction Fund shall be kept separate and apart from all other funds and accounts of the City. The proceeds from the sale of the Certificates shall be deposited in the Construction Fund and payments therefrom shall be made as provided below.

(b) Payments from Construction Fund. Payments from the Construction Fund shall be used solely for the purpose of paying contractual obligations to be incurred for (1) the construction of city street improvements, including the acquisition of right-of-way, (2) the construction of drainage improvements, including the acquisition of right-of-way,

(3) improvements and extensions to the City's water utility system, including the acquisition of right-of-way, (4) renovation of the City's community/civic center, (5) park improvements and (6) the payment of professional services and costs of issuance related thereto (collectively, the "Project).

(c) Surplus Construction Funds. Any moneys remaining in the Construction Fund after completion of the Project shall be deposited into the Interest and Sinking Fund.

Section 2.06. Security of Funds.

All moneys on deposit in the Interest and Sinking Fund and the Construction Fund for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of City funds, and moneys on deposit in such funds shall be used only for the purposes permitted by this Ordinance.

ARTICLE III

AUTHORIZATION: GENERAL TERMS AND PROVISIONS
REGARDING THE CERTIFICATES

Section 3.01. Authorization.

The City's certificates of obligation to be designated "City of Garden Ridge, Texas Combination Tax and Revenue Certificates of Obligation, Series 2015" (the "Certificates") are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas. The Certificates shall be issued in the aggregate principal amount of \$6,660,000 for the purpose of paying contractual obligations to be incurred for (1) the construction of city street improvements, including the acquisition of right-of-way, (2) the construction of drainage improvements, including the acquisition of right-of-way, (3) improvements and extensions to the City's water utility system, including the acquisition of right-of-way, (4) renovation of the City's community/civic center, (5) park improvements and (6) the payment of professional services and costs of issuance related thereto.

Section 3.02. Date, Denomination, Maturities and Interest.

(a) The Certificates shall have the Dated Date of July 1, 2015 and 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 T-1.

(b) The Certificates shall mature on February 15 in the years and in the principal amounts set forth in the following schedule:

<u>Year of Maturity</u>	<u>Principal Installments</u>	<u>Interest Rate</u>
2016	\$ _____	_____%
2017	_____	_____%
2018	_____	_____%
2019	_____	_____%
2020	_____	_____%
2021	_____	_____%
2022	_____	_____%
2023	_____	_____%
2024	_____	_____%
2025	_____	_____%
2026	_____	_____%
2027	_____	_____%
2028	_____	_____%
2029	_____	_____%
2030	_____	_____%
2031	_____	_____%
2032	_____	_____%
2033	_____	_____%
2034	_____	_____%
2035	_____	_____%

(c) Interest shall accrue and be paid on each Certificate respectively until its redemption or prior maturity from the later of the Delivery Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable on February 15 and August 15 of each year, commencing on February 15, 2016, computed on the basis of a 360-day year of twelve 30-day months.

Section 3.03. Medium, Method and Place of Payment.

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

(b) Interest on the Certificates shall be payable to the Owner whose name appears in the Register at the close of business on the last day of the month preceding such Interest Payment Date (the "Record Date"); provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (the "Special Record Date") will be established by the Paying Agent/Registrar (hereinafter defined and designated) if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due

interest (the "Special Payment Date," which shall be at least 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Certificate appearing on the books of the Paying Agent/Registrar at the close of business on the last business day preceding the date of mailing of such notice.

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

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

(e) If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, a legal holiday, or day on which banking institutions are required or authorized to close, 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.

Section 3.04. Control, Execution and Initial Registration.

(a) The Certificates shall be executed on behalf of the City by the Mayor and the City Secretary, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the 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 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 of Texas, or by his duly authorized agent, which certificate shall be evidence that the Certificate has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing Date, one Initial Certificate representing the entire principal amount of all Certificates, payable in stated installment to the Underwriter, or its Representative, manually signed by the Mayor and City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Underwriter or its Representative. Upon payment for the Initial Certificate, the Paying Agent/Registrar shall cancel the Initial Certificate and deliver registered definitive Certificates in accordance with instructions received from the Underwriter or its Representative.

Section 3.05. Ownership.

(a) The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Certificate is registered as the absolute owner of such Certificate for the purpose of making and receiving payment of the principal thereof and redemption premium (subject to the provisions herein that interest is to be paid to the person in whose name the Certificate is registered on the Record Date), if any, thereon, for the further purpose of making and receiving payment of the interest thereon, 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 3.06. 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) Registration of any Certificate may be transferred in the Register only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures

satisfactory to the Paying Agent/Registrar, evidencing assignment of the Certificates, or any portion thereof in any integral multiple of \$5,000, to the assignee or assignees thereof, and the right of such assignee or assignees thereof to have the Certificates or any portion thereof registered in the name of such assignee or assignees. No transfer of any Certificate shall be effective until entered in the Register. Upon assignment and transfer of any Certificate or portion thereof, a new Certificate or Certificates will be issued by the Paying Agent/Registrar in conversion and exchange for such transferred and assigned Certificate. To the extent possible, the Paying Agent/Registrar will issue such new Certificate or Certificates in not more than three (3) business days after receipt of the Certificate to be transferred in proper form and with proper instructions directing such transfer.

(c) Any Certificate may be converted and exchanged only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the Owner or assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantees of signatures satisfactory to the Paying Agent/Registrar, for a Certificate or Certificates of the same maturity and interest rate and in any authorized denomination and in an aggregate principal or maturity amount equal to the unpaid principal or maturity amount of the Certificate presented for exchange. If a portion of any Certificate is redeemed prior to its scheduled maturity as provided herein, a substitute Certificate or Certificates having the same maturity date, bearing interest at the same rate, in the denomination or denominations of any integral multiple of \$5,000 at the request of the Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Owner upon surrender thereof for cancellation. To the extent possible, a new Certificate or Certificates will be required to be delivered by the Paying Agent/Registrar to the Owner of the Certificate or Certificates in not more than three (3) business days after receipt of the Certificate to be exchanged in proper form and with proper instructions directing such exchange.

(d) Each Certificate issued in exchange for any Certificate or portion thereof assigned, transferred or converted shall have the same principal maturity date and bear interest at the same rate as the Certificate for which it is being exchanged. Each substitute Certificate shall bear a letter and/or number to distinguish it from each other Certificate. The Paying Agent/Registrar shall convert and exchange the Certificates as provided herein, and each substitute 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 substitute Certificate is delivered.

(e) The City will pay the Paying Agent/Registrar's reasonable and customary charge for the initial registration or any subsequent transfer, exchange or conversion of Certificates, but the Paying Agent/Registrar will 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, exchange or conversion of a Certificate. In addition, the City hereby covenants with the Owners of the Certificates that it will (i) pay the reasonable and standard or customary fees and charges of the

Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Certificates, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer, registration, conversion and exchange of Certificates as provided herein.

(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 forty-five (45) days of 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 3.07. Cancellation.

(a) 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 canceled and destroyed upon the making of proper records regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall periodically furnish the City with certificates of destruction of such Certificates.

(b) Each substitute Certificate issued in conversion of and exchange for or replacement of (pursuant to the provisions of Sections 3.06, 3.08 and 3.09 hereof) any Certificate or Certificates issued under this Ordinance shall have printed thereon a Certificate of Paying Agent/Registrar, in the form hereinafter set forth. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate, manually sign and date such Certificate of Paying Agent/Registrar, and no such Certificate shall be deemed to be issued or outstanding unless such Certificate of Paying Agent/Registrar is so executed. No additional ordinances, orders, or resolutions need be passed or adopted by the City Council or any other body or person so as to accomplish the foregoing conversion and exchange or replacement of any Certificate or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Certificates in the manner prescribed herein, and said Certificates shall be of customary type and composition and be printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Subchapter D of Chapter 1201, Texas Government Code, the duty of conversion and exchange or replacement of Certificates as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the above Certificate of Paying Agent/Registrar, the converted and exchanged or replaced Certificates shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Certificate which was originally delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(c) Certificates issued in conversion and exchange or replacement of any other Certificate or portion thereof (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificates to be payable only to the Owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii)

may be transferred and assigned, (iv) may be converted and exchanged for other Certificates, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Certificates shall be payable, all as provided, and in the manner required or indicated, in the Form of Certificates set forth in this Ordinance.

Section 3.08. Temporary Certificates.

(a) Following the delivery and registration of the Initial Certificate and pending the preparation of definitive Certificates, the City may execute and, upon the City's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Certificates that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Certificates in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Certificates may determine, as evidenced by their signing of such temporary Certificates.

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

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

Section 3.09. 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 herewith.

(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 of Texas 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, and acceptable to the City, to save the Paying Agent/Registrar 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 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.

(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 3.10. Book-Entry-Only System.

(a) The definitive Certificates shall be initially issued in the form of a separate single fully registered Certificate for each of the maturities thereof. 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 3.11 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, 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.

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

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

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

Section 3.12. Payments to Cede & Co.

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

Section 3.13. Additional Obligations.

The City reserves the right to issue any additional obligations authorized by law and such obligations may be payable from ad valorem taxes within the limits prescribed by law, which may or may not be additionally secured by the Surplus Revenues of the Water System. The City further reserves the right to issue any additional obligations secured by the net revenues on the City's Water System, which are senior to the lien and pledge of the Surplus Revenues securing payment of the Certificates.

ARTICLE IV

REDEMPTION OF CERTIFICATES BEFORE MATURITY

Section 4.01. Limitation on Redemption.

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

Section 4.02. Optional Redemption.

The City reserves the option to redeem Certificates maturing on and after February 15, 2026, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, before their respective scheduled maturity dates, on February 15, 2025, or on any date thereafter (such redemption dates to be fixed by the City), at a price equal to the principal amount of the Certificates to be called for redemption plus accrued interest to the date fixed for redemption.

Section 4.03. Partial Redemption.

(a) If less than all of the Certificates are to be redeemed and if less than all of a maturity is to be redeemed, the Paying Agent/Registrar shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed.

(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 3.06 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, notwithstanding any provision of Section 3.06 to the contrary.

(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 4.04. Notice of Redemption to Owners.

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

(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 the 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 optionally redeem Certificates 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 of 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

(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 4.05. 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 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 Certificates to the date of redemption from the money set aside for such purpose.

Section 4.06. Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 4.04 of this Ordinance, the Certificates or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the City defaults in its obligation to make provision for the payment of the principal thereof, redemption premium, if any, or accrued interest thereon, such Certificates or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Certificates are presented and surrendered for payment on such date.

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

Section 4.07. Lapse of Payment.

(a) Money set aside for the redemption of Certificates and remaining unclaimed by the Owners of such Certificates after the redemption date shall be segregated in a special escrow account and held in trust, uninvested, without interest, for the account of such Owners.

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

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar.

(a) The City hereby appoints The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as its registrar and transfer agent to 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 transfers 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 Registration Books confidential and, unless otherwise required by law, shall not permit their 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 the Ordinance.

Section 5.02. Qualifications.

Each Paying Agent/Registrar shall be (i) a banking corporation, a banking association or a financial institution organized and doing business under the laws of the United States or of any state thereof, (ii) authorized under such laws to exercise trust powers and (iii) subject to supervision or examination by a federal or state governmental authority.

Section 5.03. 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 5.02 of this Ordinance. The Mayor is hereby authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the City and the Paying Agent/Registrar. The signature of the Mayor shall be attested by the City Secretary.

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

Section 5.04. Termination.

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

Section 5.05. Notice of Change to Owners.

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

Section 5.06. Agreement to Perform Duties and Functions.

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

Section 5.07. Delivery of Records to Successor.

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

ARTICLE VI

FORM OF THE CERTIFICATES

Section 6.01. Form Generally.

(a) The Certificates, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the 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) Any portion of the text of any Certificates may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Certificates.

(c) The Certificates shall be typed, 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.

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

Section 6.02. 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 of Texas, 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

REGISTERED

No. R-_____

\$_____

United States of America
State of Texas
CITY OF GARDEN RIDGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2015

Dated Date:

Interest Rate:

Stated Maturity:

CUSIP No.:

July 1, 2015

Delivery Date:

Registered Owner:

Principal Amount:

DOLLARS

The City of Garden Ridge, Texas (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above the Principal Amount hereinabove stated (or so much thereof as shall not have been paid upon prior redemption), and to pay interest on the unpaid principal amount hereof from the Delivery Date at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing

February 15, 2016. Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

THIS CERTIFICATE IS ONE OF A SERIES of fully registered Certificates specified in the title hereof issued in the aggregate principal amount of \$6,660,000 (herein referred to as the "Certificates"), issued pursuant to a certain ordinance of the City (the "Ordinance") for the purpose of paying contractual obligations to be incurred for (1) the construction of city street improvements, including the acquisition of right-of-way, (2) the construction of drainage improvements, including the acquisition of right-of-way, (3) improvements and extensions to the City's water utility system, including the acquisition of right-of-way, (4) renovation of the City's community/civic center, (5) park improvements and (6) the payment of professional services and costs of issuance related thereto.

The Certificates maturing on and after February 15, 2026 may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected by lot by the Paying Agent/Registrar), on February 15, 2025, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption and upon 30 days prior written notice being sent by United States mail, first class postage prepaid, to the Registered Owners of the Certificates to be redeemed, and subject to the terms and provisions relating thereto contained in the Ordinance.

If this Certificate (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Certificate (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

In the event of a partial redemption of the principal amount of this Certificate, payment of the redemption price of such principal amount shall be made to the Registered Owner only upon presentation and surrender of this Certificate to the Paying Agent/Registrar at its Designated Payment/Transfer Office, and there shall be issued to

the Registered Owner hereof, without charge, a new Certificate or Certificates of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum hereof. If this Certificate is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer this Certificate to an assignee of the Registered Owner within 45 days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the Registered Owner of the unredeemed balance hereof in the event of its redemption in part.

The Certificates are payable from the levy of a direct and continuing ad valorem tax, within the limits prescribed by law, against all taxable property in the City, and from a limited pledge, not to exceed \$1,000, of Surplus Revenues (as defined in the Ordinance) from the City's Water System. Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Registered Owner or Holder of this Certificate by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied and the revenue pledged for the payment of the Certificates; the terms and conditions relating to the transfer or exchange of this Certificate; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Certificate may be discharged at or prior to its maturity, and deemed to be no longer outstanding thereunder; and for other terms and provisions contained therein. Capitalized terms used herein have the meanings assigned in the Ordinance.

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

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

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

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Certificate and the series of which it is a part is duly authorized by law; that all Acts, conditions and things to be done precedent to and in the issuance of this Certificate and the series of which it is a part, have been properly done, have happened and have been performed in regular and due time, form and manner as required by law; that proper provisions have been made for the levy and collection annually of taxes upon all taxable property in said City sufficient within the limits prescribed by law, and from a pledge of Surplus Revenues (as defined in the Ordinance) from the City's Water System, to pay the interest on this Certificate and the series of which it is a part as due and to provide for the payment of the principal as the same matures; and that the total indebtedness of the City, including the Certificates, does not exceed any constitutional or statutory limitation.

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

Mayor
City of Garden Ridge, Texas

City Secretary
City of Garden Ridge, Texas

[SEAL]

(b) Form of Comptroller's Registration Certificate.

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

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

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

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

[SEAL]

Comptroller of Public Accounts
of the State of Texas

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

The following Certificate of Paying Agent/Registrar may be deleted from the Initial 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 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.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.
Dallas, Texas
As Paying Agent/Registrar

Dated: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

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

_____ the within Certificate and all rights thereunder,

(Please insert Social Security or Taxpayer Identification Number)

and hereby irrevocably constitutes and appoints _____ attorney, to register the transfer of the within Certificate on the books kept for registration thereof, 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 by an officer of a federal or state bank or a member of the National Association of Securities Dealers

(e) Form of Initial Certificate.

Heading and paragraph one shall be amended to read as follows:

REGISTERED
No. T-1

\$6,660,000

United States of America
State of Texas
CITY OF GARDEN RIDGE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2015

Dated Date:

CUSIP No.:

Delivery Date:

July 1, 2015

Registered Owner:

Principal Amount: SIX MILLION SIX HUNDRED SIXTY THOUSAND DOLLARS

The City of Garden Ridge, Texas (hereinafter referred to as the "City"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount hereinabove stated on February 15 in the years and in principal installments in accordance with the following schedule:

YEAR OF
MATURITY

PRINCIPAL
INSTALLMENTS

INTEREST
RATE

(Information to be inserted from
schedule in Section 3.02(b) hereof.)

(or so much principal thereof as shall not have been prepaid prior to maturity) and to pay interest on the unpaid principal installments hereof from the Delivery Date at the per

annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2016. Principal installments of this Certificate are payable in the year of maturity or on a prepayment date to the Registered Owner hereof by The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar"), upon presentation and surrender, at its principal offices in Dallas, Texas (the "Designated Payment/Transfer Office"). Interest is payable to the Registered Owner of this Certificate whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of, premium, if any, and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(f) Form of Statement of Insurance. A statement relating to a municipal bond insurance policy, if any, to be issued for the Certificates may be printed on each Certificate.

Section 6.03. CUSIP Registration.

The City may secure identification numbers ("CUSIP Numbers") and may authorize the printing of such numbers on the face of the Certificates. It is expressly provided, however, that the presence or absence of CUSIP Numbers on the Certificates shall be of no significance or effect as regards the legality thereof and neither the City nor the attorneys approving said Certificates as to legality are to be held responsible for CUSIP Numbers incorrectly printed on the Certificates.

Section 6.04. Legal Opinion.

The approving legal opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, may be printed on the reverse side of each Certificate, or may be attached to each Certificate.

ARTICLE VII

SALE AND DELIVERY OF CERTIFICATES,
DEPOSIT OF PROCEEDS

Section 7.01. Approval of Documents.

The form and content of the Purchase Contract relating to the Certificates is hereby approved.

Section 7.02. Sale of the Certificates.

(a) The Certificates are hereby sold and shall be delivered to the Underwriter at a price of \$_____ (representing the par amount of the Certificates of \$6,660,000.00, plus a net original issue premium of \$_____ and less an Underwriter's discount of \$_____), pursuant to the terms and provisions of the Purchase Contract of even date herewith, presented to and hereby approved by the City Council, which price and terms are hereby found and determined to be the most advantageous reasonably obtainable by the City. The Mayor and other appropriate officials of the City are hereby authorized and directed to execute such Purchase Contract on behalf of the City, and the Mayor and all other officers, agents and representatives of the City are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Certificates. The Initial Certificate shall be registered in the name of George K. Baum & Company.

(b) Proceeds from the sale of the Certificates shall be applied as follows:

(i) Accrued interest (in the amount of \$_____) shall be deposited into the Interest and Sinking Fund.

(ii) The premium received by the City in the amount of \$_____ will be applied in the following manner: (1) \$_____ to the Construction Fund, (2) \$_____ to the Underwriter's discount, (3) \$_____ to pay the costs of issuance, (4) \$_____ to the Interest and Sinking Fund as the rounding amount.

(iii) The balance of the proceeds in the amount of \$_____ shall be applied, together with the \$_____ of premium identified above, to the Construction Fund for the purposes set out in Section 3.01 (other than costs of issuance).

Section 7.03. Approval of Official Statement.

The form and substance of the Official Statement for the Certificates and any addenda, supplement or amendment thereto (the "Official Statement") presented to and considered at this meeting is hereby in all respects approved and adopted. The Mayor and the City Secretary are hereby authorized and directed to execute the same and deliver appropriate numbers of executed copies thereof and of any closing certificates to the Underwriter. The use and distribution of the Preliminary Official Statement by the Underwriter is hereby ratified, approved and confirmed and is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, by the City Council. The Underwriter is hereby authorized to use and distribute the Official Statement in re-offering, sale, and delivery of the Certificates to the public. The City Secretary is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting.

Section 7.04. Control and Delivery of Certificates.

(a) The Mayor 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 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, against receipt by the City of all amounts due to the City under the terms of sale.

Section 7.05. Bond Insurance. The purchase of and payment of the premium for municipal bond insurance by the City, if any, in accordance with the terms of a commitment for such insurance presented to and hereby approved by the City Council is hereby authorized. All officials and representatives of the City are authorized and directed to execute such documents and to do any and all things necessary or desirable to obtain such insurance, and the printing on the Certificates of an appropriate legend regarding such insurance is hereby approved.

ARTICLE VIII

INVESTMENTS

Section 8.01. Investments.

(a) Money in the Interest and Sinking Fund, at the option of the City, may be invested in such securities or obligations as permitted under applicable law.

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

Section 8.02. Investment Income.

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

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Payment of the Certificates.

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

Section 9.02. Federal Tax Covenants.

The City covenants to take any action necessary to secure, or refrain from any action which would adversely affect, the treatment of the Certificates as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

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

indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Certificates, in contravention of section 141(b)(2) of the Code;

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

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

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

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

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

(i) proceeds of the Certificates invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the Certificates are issued,

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

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

(7) to otherwise restrict the use of the proceeds of the Certificates or amounts treated as proceeds of the Certificates, as may be necessary, so that the Certificates do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings);

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Certificates) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code, and to pay to the United States of America, not later than 60 days after the Certificates have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(9) to maintain such records as will enable the City to fulfill its responsibilities under this section and section 148 of the Code and to retain such records for at least six years following the final payment of principal and interest on the Certificates.

In order to facilitate compliance with the above covenants (8) and (9), a "Rebate Fund" is hereby authorized to be established by the City for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the certificateholders. The Rebate Fund is authorized to be established for the additional purpose of compliance with section 148 of the Code.

It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code as applicable to the Certificates, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Certificates, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor, the City Secretary and the City Administrator to execute any documents, certificates or reports required by the Code and to make such elections on behalf of the City which may be permitted by the Code as are consistent with the purpose for the issuance of the Certificates.

Section 9.03. Designation as Qualified Tax-Exempt Obligations.

The City hereby designates the Certificates as a "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code. In connection therewith, the City represents (a) that the aggregate amount of tax-exempt obligations issued by the City during calendar year 2015, including the Certificates, which have been designated as a "qualified tax-exempt obligations" under section 265(b)(3) of the Code do not exceed \$10,000,000, and (b) that the reasonably anticipated amount of its tax-exempt obligations which will be issued by the City during calendar year 2015, including the

Certificates, will not exceed \$10,000,000. For purposes of this Section 9.03, the term "tax-exempt obligations" does not include "private activity bonds" within the meaning of section 141 of the Code, other than "qualified 501(c)(3) bonds" within the meaning of section 145 of the Code. In addition, for purposes of this Section 9.03, the City includes all governmental units which are aggregate with the City under section 265(b) of the Code.

Section 9.04. 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 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.

ARTICLE X

DEFAULT AND REMEDIES

Section 10.01. Events of Default.

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

(i) the failure to make payment of the principal of, redemption premium, if any, or interest on any of the Certificates when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the Owners, including but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of 30 days after notice of such default is given by any Owner to the City; or

(iii) the City declares bankruptcy.

Section 10.02. Remedies for Default.

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

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

Section 10.03. Remedies Not Exclusive.

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

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

ARTICLE XI

DISCHARGE

Section 11.01. Discharge by Payment.

When all Certificates have been paid in full as to principal and as to interest and redemption premium, if any, or when all Certificates have become due and payable, whether at maturity or by prior redemption or otherwise, and the City shall have provided for the payment of the whole amount due or to become due on all Certificates then outstanding, including all interest that has accrued thereon or that may accrue to the date of maturity or prior redemption, and any premium due or that may become due at maturity or prior redemption, by depositing with the Paying Agent/Registrar, for payment to the principal of such outstanding Certificates and the interest accrued thereon and any redemption premium due thereon, the entire amount due or to become due thereon, and the City shall also have paid or caused to be paid all sums payable under this Ordinance by the City, including the compensation due or to become due the Paying Agent/Registrar, then the Paying Agent/Registrar, upon receipt of a letter of instructions from the City requesting the same, shall discharge and release the lien of this Ordinance and execute and deliver to the City such releases or other instruments as shall be requisite to release the lien hereof.

Section 11.02. Discharge by Deposit.

(a) The City may discharge its obligation to pay the principal of, redemption premium, if any, and interest on all or any portion of the Certificates and its obligation to pay other sums payable or to become payable under this Ordinance by the City, including the compensation due or to become due the Paying Agent/Registrar, in any manner permitted by applicable law, including in accordance with the following provisions:

(i) depositing or causing to be deposited with the Paying Agent/Registrar an amount of money that, together with the interest earned on or capital gains or profits to be realized from the investment of such money, will be sufficient to pay the principal of, redemption premium, if any, and accrued interest on such Certificates to maturity or to the date fixed for prior redemption of such Certificates, and to pay such other amounts as may be reasonably estimated by the Paying Agent/Registrar to become payable under this Ordinance with respect to the Certificates being provided for, including the compensation due or to become due the Paying Agent/Registrar; and

(ii) providing the Paying Agent/Registrar with an opinion of nationally recognized bond counsel acceptable to the Paying Agent/Registrar to the effect that the deposit specified in subdivision (i) of this subsection (a) will not cause the interest on any of the Certificates to become subject to federal income taxation.

(b) Subject to subsection (c) of this Section, upon compliance with subsection (a) of this Section, the Certificates for the payment of which provision is thus made shall no longer be regarded as outstanding and unpaid, and the Paying Agent/Registrar, upon receipt of a letter of instructions from the City requesting the same, shall discharge and release the lien of this Ordinance as to such Certificates and shall execute and deliver to the City such releases or other instruments as shall be requisite to release the lien hereof.

(c) Before discharge and release of any portion of the lien of this Ordinance pursuant to this Section in accordance with subsection (a), the City shall make the following provisions with the Paying Agent/Registrar (or other eligible commercial bank or trust company):

(i) the establishment of a separate escrow account fund with the Paying Agent/Registrar (or other eligible commercial bank or trust company) for the deposit pursuant to subsection (a)(i) of this Section;

(ii) the payment to the Owners at the date of maturity or at the date fixed for prior redemption, as applicable, of the full amount to which the Owners of the appropriate Certificates would be entitled by way of principal, redemption premium, if any, and interest to the date of such maturity or prior redemption;

(iii) the investment of such moneys by the Paying Agent/Registrar in securities or obligations maturing in sufficient time, in the judgment of the Paying Agent/Registrar, to make available the moneys required for such purposes;

(iv) the sending of written notice by registered or certified United States mail to the Owner of each appropriate Certificate then outstanding within thirty (30) days following the date of such deposit that such moneys are so available for such payment; and

(v) the payment to the City, periodically or following final payment of the principal of, redemption premium, if any, and interest on the appropriate Certificates, of any moneys, interest earnings, profits or capital gains over and above the amounts necessary for such purposes.

(d) Notwithstanding anything in this Ordinance to the contrary, any money deposited in the escrow account for the discharge and release of the lien of this Ordinance shall be invested in (i) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality; or (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded.

ARTICLE XII

CONTINUING DISCLOSURE UNDERTAKING

Section 12.01. Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

“EMMA” means the Electronic Municipal Market Access System established by the MSRB.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means SEC Rule 15c2-12, as amended from time to time or officially interpreted by the SEC.

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

Section 12.02. Updated Information and Data. The City shall provide annually to the MSRB through EMMA, within six months after the end of each fiscal year ending in or after 2015, financial information and operating data with respect to the City that is of the general type included in the Official Statement authorized by Section 7.03, being the information described in Appendix A of the Official Statement under Tables 1 and 3 through 12 and Appendix C thereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles the City may be required to employ from time to time in accordance with State law, and (2) 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 such period, then the City shall provide (1) unaudited financial statements for such fiscal year within such six month period, and (2) audited financial statements for the applicable fiscal year to the MSRB through EMMA when and if the audit report on such statements becomes available.

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

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

Section 12.03. Event Notices. The City shall notify the MSRB through EMMA, in a timely manner not in excess of ten business days after the occurrence 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 the Certificates or other material events affecting the tax status of the Certificates;
7. Modifications to rights of holders of the Certificates, if material;
8. Bond 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;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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 a successor or additional trustee or the change of name of a trustee, if material.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 12.02 by the time required by this Section.

Section 12.04. Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section with respect to the City and the Certificates while, but only while, the City remains an “obligated person” with respect to the Certificates within the meaning of the Rule, except that the City in any event will give notice required by Section 12.03 of any bond calls and defeasance that cause the City to no longer be such an “obligated person.”

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

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

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

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

The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (b) a Person that is unaffiliated with the City (such as nationally recognized bond counsel)

determines that such amendment will not materially impair the interests of the Holders and Beneficial Owners of the Certificates. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with Section 12.02 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

ARTICLE XIII

Section 13.01. Further Procedures.

The Mayor, City Secretary and all other officers, employees, and agents of the City, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things to execute, acknowledge and deliver in the name and under the official seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable to carry out the terms and provisions of this Ordinance, the Certificates and the Official Statement pertaining thereto. In case any officer whose facsimile signature shall appear on any Certificates shall cease to be such officer before the delivery of the Certificates, such facsimile signature shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until such delivery.

Section 13.02. Ordinance a Contract; Amendments. The Ordinance shall constitute a contract with the Owners, from time to time, of the Certificates, binding on the City and its successors and assigns, and shall not be amended or repealed by the City as long as any Certificate remains outstanding except as permitted in this Section. The City may amend the Ordinance without the consent of or notice to any Owners in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the Owners of all the Certificates affected, no such amendment, addition, or rescission may (1) make any change in the maturity of any of the outstanding Certificates; (2) reduce the rate of interest borne by any of the outstanding Certificates; (3) reduce the amount of the principal or maturity value of, or redemption premium, if any, payable on any outstanding Certificates; (4) modify the terms of payment or of interest or redemption premium on outstanding Certificates or any of them or impose any condition with respect to such payment; or (5) change the minimum percentage amount of the Certificates necessary to be held by Registered Owners for consent to such amendment.

Section 13.03. Public Meeting.

It is officially found, determined, and declared that the meeting at which this Ordinance has been read, passed and finally adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Ordinance, was given, all as required by the applicable provisions of the Open Meetings Act, Chapter 551, Texas Government Code.

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PASSED AND APPROVED this 9th day of July, 2015.

Mayor
City of Garden Ridge, Texas

ATTEST:

City Secretary
City of Garden Ridge, Texas

[CITY SEAL]



Robert V. Henderson
 Managing Director,
 Phone: (210) 805-1118
 Facsimile: (210) 805-1119
 robert.henderson@RBCDain.com

CITY OF GARDEN RIDGE, TEXAS
CAPITAL IMPROVEMENT PLAN – 2015
PRELIMINARY PLAN OF FINANCE

DATED: MAY 29, 2015

INTRODUCTION:

The City of Garden Ridge is considering a variety of capital improvement projects collectively known as the CIP 2015. This Preliminary Plan of Finance is intended to provide the Council with a comprehensive overview of the options and impact of this potential project to assist in the decision making process.

CURRENT PROJECTS ESTIMATES:

The current preliminary cost estimate of these projects total \$9,313,960.28 before costs of issuance or other potentially financed items such as capitalized interest, if advisable.

Trinity Well 2 & 3 Design and Construction	\$2,308,000
Other Water Utility System Improvements	2,116,391
Street Improvements	3,867,936
Drainage Improvements	921,634
Park and Community Center Improvements	<u>100,000</u>
	\$9,313,960

CASH RESOURCES AVAILABLE:

Surplus Debt Proceeds from 2012 CO issue: Due to projects coming in significantly under budget, the City has approximately \$1,475,000 in left over debt proceeds that can be spent on the projects. This use of funds has been reviewed and approved by bond counsel.

Water System: The City currently has approximately \$181,000 in Water Impact Fees available to contribute to the cost of the Water System improvements provided that the improvements are properly identified in the Master Plan. Additionally, as of April 30, 2015, the City has approximately \$3.6 million in Water Fund balances. It is recommended the City maintain two years of operating expenses as reserves. Based on FYE 2014 expenditures, this would be approximately \$2.6 million leaving an additional \$1.0 million that could be dedicated to project costs.

Street, Drainage and Park Projects: Street, Drainage and Park improvements are handled by the General Fund (GF). Following a number of street and drainage projects funded with cash during the FYE 2014, the GF balance was \$1,346,936 at September 30, 2014 and is expected to be approximately \$1,417,040 at September 30, 2015. With a 2015 General Fund Expenditure Budget of approximately \$2,359,586, this projection represents an approximate 60% fund balance. This is a contributing factor to the City’s AA- rating. Therefore, it is not recommended that the City draw down the GF balances.

The total cash resources available then total \$2,656,000. With total project costs at \$9,313,960 (plus costs of issuance), it is anticipated that the City would need approximately \$6,785,000 in additional funding through Certificates of Obligation. With that preface, the following discusses debt.

CURRENTLY OUTSTANDING DEBT BACKGROUND:

The City has four authorized debt issues outstanding. These include the Series 2009 and 2012 Certificates of Obligation (COs) and the Series 2009 and 2012 General Obligation Refunding Bonds. The interest rates on the Series 2009 and 2012 Certificates of Obligation, given the call date (the earliest date prepayments are allowed) do not afford the opportunity to refinance any portions of those issues for savings. This may or may not change as we approach those call dates depending on market conditions at that time. The average annual debt service on these issues is approximately \$940,000 per year until FYE 2022, \$880,000 per year from 2023-2025, \$732,500 per year from 2026-2030, and then \$435,000 per year until final maturity of these debt issues in FYE 2032. This structure would allow some deferral of principal to minimize the rate impact of any new debt issues. However, to reduce total interest payments over the life of the issue and to preserve future debt capacity for anticipated projects in the intermediate future, this is not recommended.

THE PLAN OF FINANCE:

Given the above, the plan of finance is recommended as follows: Issue Certificates of Obligation in an amount not to exceed \$6,750,000 to cover the estimated net total project funding requirements and the anticipated costs of issuance (see attached). The debt would be structured on a 20-year final amortization basis with level average annual debt service payments.

It is anticipated that the COs would be paid from a combination of utility system revenues and property taxes. The City of Garden Ridge currently has 1,527 utility customers. Additionally, the City's 2015 preliminary Tax Roll came in at an estimated taxable value of \$653,517,017. The City Council will need to consider and decide how much of the debt service should be paid from utility rates and how much from property taxes. Given the assumptions outlined in the May 20th presentation of 53% allocation to the Utility System and 47% allocation to the General Fund, the utility rate impact is currently estimated to be approximately \$7.25 per month, per customer and the I & S tax rate impact is estimated to be about 3.2 cents. The Council does not need to make a final decision as to how to allocate debt service until it adopts its 2015-2016 budget and sets its 2015 tax rate.

Procedurally, it is anticipated that the COs would be rated by Standard and Poor's Rating Services which currently has the City rated at AA-. As this is the same rating as the highest rated municipal bond insurance companies still active, we would not expect to make an application for municipal bond insurance as it would not provide any incremental benefit to the City.

SELLING THE DEBT:

There are three generally prescribed methods for selling public debt including selling by competitive bid, selling on a negotiated sale basis and conducting a private placement. The first two methods involve sales to the general public and would require obtaining bond ratings, preparing public offering documents and involve the use of underwriters either through City selection or the bid process. The private placement method entails presenting the debt to a number of commercial banks (both locally and on a regional basis)

and asking them to bid based on a prescribed term sheet and bid form. If the bids fairly represent current market conditions, we would present the City with a bond purchase agreement between the winning bidder and the City reflecting those terms. Due to the size of the transaction and credit rating of the City, we would not recommend the private placement method of sale. In our opinion, either a competitive or negotiated sale method could achieve acceptable results for the City. Given the current market conditions, we would recommend a negotiated method of sale and, given the size of this issue, we would recommend the use of a single underwriter to handle distribution. The selection of that firm is entirely up to the City. We would be happy to assist the City in underwriter selection if requested.

TIMING AND PROCEDURAL ISSUES:

Certificates of Obligation require the publication of a Notice of Intent to issue not less than 30 days in advance of the date the Council expects to authorize the issuance of the debt. Attached to this POF is a proposed timetable of events to complete the transaction.