



**THE CITY OF CHANDLER CITY COUNCIL REGULAR MEETING AGENDA SEPTEMBER 9, 2014**

**THE CITY OF CHANDLER CITY COUNCIL WILL MEET FOR A REGULAR SCHEDULED MEETING  
TUESDAY, **SEPTEMBER 9, 2014** IN THE CITY HALL OF CHANDLER, TEXAS AT **6PM****

**AGENDA**

- A. CALL TO ORDER**
- B. PLEDGE TO THE FLAG**
- C. INVOCATION**
- D. ROLL CALL AND ANNOUNCE IF A QUORUM IS PRESENT**
- E. AGENDA CHANGES**

**VISITORS/CITIZENS FORUM:** At this time, any person (Limited to the first five to sign up, each will be allowed 3 minutes) with business before the Council not scheduled on the agenda may speak to the Council. **No formal action may be taken on these items.**

**F. REGULAR SESSION:** Subjects to be discussed or upon which any formal action may be taken are as follows:

1. Consider and act on an Ordinance #O-090914-A authorizing the issuance and sale of the City's Utility System Revenue Bond, Series 2014; and enacting other provisions relating to the subject.
2. Consider and act on Resolution #R-090914-A awarding bid for Water Well #7
3. Consider and Act on Resolution #R-090914-B accepting the construction project of Sawmill Road and starting the one year warranty period.
4. Consider and Act on Resolution #R-090914-C accepting the construction project of streets in Griffin Estates Phase 2A and starting the one year warranty period.
5. Consider and act on an Ordinance #O-090914-B adopting the 2014-2015 Budget.
6. Consider and act on an Ordinance #O-090914-C adopting the 2014 tax rate of .535603.
7. Consider and act to ratify the property tax revenue increase reflected in the budget.
8. Consider and Act on Ordinance O-090914-D Amending Appendix A "Fee Schedule" in the Chandler Code of Ordinances adding Article A8.000 "Rental Fees for Park and Recreation Facilities and Community Center".
9. Consider and act on Ordinance #O-090914-E amending Chapter One "General Provisions", Article 1.10 Parks and Recreation.
10. Consider and Act on Resolution #R-090914-D adopting the 2014/2015 Investment Policy.

11. Consent Agenda: All matters listed under "Consent Agenda" are considered to be routine by the City Council and will be enacted by one motion. There will not be separate discussion of these items. If discussion is desired, that item will be removed from the consent agenda and will be considered separately.

- a) Minutes as written for Special Council Meeting of August 7, 2014
- b) Minutes as written for Regular Council Meeting of August 12, 2014
- c) Minutes as written for Special Public Hearing of August 26, 2014
- d) August Financial report
- e) August police report
- f) August Library Statistics
- g) August Museum Statistics
- h) Cooperative Agreement with Henderson County Community Supervision.
- i) Appointment of Board Member(s) to the Chandler Planning & Zoning Board, Park and Recreation Board, Chandler Area Economic Development Board and the Chandler Library Board.

#### **G. Adjournment**

**In compliance with the Americans with Disabilities Act, the City of Chandler will provide for reasonable accommodations for persons attending City Council meetings. To better serve you, requests should be received 24 hours prior to the meetings. Please contact Shirley Parmer, City Secretary at 903 849-6853.**

#### **CERTIFICATION**

I certify that a copy of the September 09, 2014, agenda of items to be considered by the Chandler City Council was posted on the City Hall bulletin board on September 4, 2014.

\_\_\_\_\_  
Shirley Parmer, City Secretary

I certify that the attached notice and agenda of items to be considered by the City Council was removed by me from the City Hall bulletin board on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Title



# CITY OF CHANDLER

## Staff Report

**PROJECT:** Ordinance O-090914-A authorizing issuance of the City's Utility System Revenue Bond, Series 2014

**DATE:** CC: 9-9-14

**REQUEST:** Consider and act upon adoption of an ordinance authorizing the issuance and sale of the City's Utility System Revenue Bond, Series 2014; and enacting other provisions relating to the subject.

**OVERVIEW:** Last year when the City contemplated and began planning for a new water well the water rates were raised in anticipation of paying off a new Utility Revenue Bond. Currently, approximately \$10,400 a month is put into a Water Well account which is dedicated to pay off the proposed Bond.

The following are the proposed project costs which will be paid for by the bond:

Well #7	\$388,756
Well #7 house and plant	\$75,000
Well #1 house and plant (replacement)	\$75,000
Well #3 maintenance	\$10,000
Contingency 10%	\$55,000
Engineering and surveying	\$20,000
2nd Test well*	\$136,220
2 <sup>nd</sup> test well surveying, engineering*	\$10,000
Winchester Park Water Tower rehab	\$50,000
<u>Treatment Plant Bar Screen Project</u>	<u>\$75,000</u>
TOTAL -	\$848,976 (\$850,000)

\* 2<sup>nd</sup> test well may not be required – If not required dedicated money would be spent on the following:

Rehab Well #2 = \$25,000  
New water line and RR bore to connect two sides of the city =  
\$121,220

The Bond requires the city to commit that 5% of the total bond will be spent or under contract within 6 months and 85% of total bond will be spent within 3 years. The above projects support this commitment.

The City's Bond Council has put the Bond out to bid and bids are due by the afternoon of September 9, 2014. At the City Council meeting on September 9<sup>th</sup> the low bid will be announced and the attached ordinance will be amended to reflect that low bid and resulting interest rates.

**RECOMMENDED  
ACTION:**

Consider and act upon adoption of an ordinance authorizing the issuance and sale of the City's Utility System Revenue Bond, Series 2014; and enacting other provisions relating to the subject.

**CITY CONTACT:**

John Taylor, City Administrator

**ATTACHMENTS:**

Ordinance O-090914-A

ORDINANCE NO. O-090914-A

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHANDLER, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF CITY OF CHANDLER, TEXAS, UTILITY SYSTEM REVENUE BOND, SERIES 2014; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

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THE STATE OF TEXAS           §  
COUNTY OF HENDERSON       §  
CITY OF CHANDLER           §

WHEREAS, Chapter 1502, Texas Government Code, as amended ("Chapter 1502"), provides that the governing body of a municipality may issue public securities for the purposes hereinafter provided, and the City Council (the "City Council") of the City of Chandler, Texas (the "Issuer") finds and determines that it is necessary, useful and appropriate for the Issuer's public purposes to authorize and provide for the issuance and sale of a revenue bond of the Issuer for such purposes, as hereinafter provided;

WHEREAS, the bond hereafter authorized is being issued and delivered pursuant to said Chapter 1502; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Ordinance has been 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 Tex. Gov't Code Ann. ch. 551; Now, Therefore

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

Section 1. DEFINITIONS. Unless otherwise expressly provided or unless the context clearly requires otherwise, in this Ordinance the following terms shall have the meanings specified below:

"Additional Bonds" means the additional parity bonds and other obligations permitted to be issued or entered into under the provisions of this Ordinance.

"Average Annual Debt Service" means that average amount which, at the time of computation, will be required to pay the Debt Service of obligations when due and derived by dividing the total of such Debt Service by the number of years then remaining before final maturity. For the purposes of this definition, a fractional period of a Fiscal Year shall be treated as an entire Fiscal Year, and shall include all Debt Service due in such Fiscal Year. Capitalized interest payments provided from bond proceeds shall be excluded in making the aforementioned computation.

"Bond Fund" means the Bond Fund described in Sections 7(b) and 9.

"Construction Fund" means the fund described in Section 11.

"Debt Service" means, as of any particular date of computation, with respect to any obligations and with respect to any period, means the aggregate of the amounts to be paid or set aside by the Issuer as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear, or would have borne, interest at the highest rate reached, or that would have been applied to such obligations (using the index or measure for computing interest applicable to such obligations) during the twenty-four (24) month period next preceding the date of computation, and further assuming in the case

of obligations required to be redeemed or prepaid as to principal prior to maturity, the principal amounts thereof will be redeemed prior to maturity in accordance with the mandatory redemption provisions applicable thereto

"Fiscal Year" means the fiscal year used by the Issuer in connection with the operation of the System, which may be any twelve consecutive month period established by the Issuer.

"Gross Revenues" means, with respect to the System, (i) all income, receipts and revenues of every nature derived or received from the operation and ownership (excluding refundable meter deposits and restricted gifts and grants) of the System, including earnings and income derived from the investment or deposit of moneys in any special funds or accounts created and established by the Issuer for the payment and security of obligations payable solely from and secured only by a lien on and pledge of the Net Revenues, and (ii) any other revenue, income, receipts, or other resources, including without limitation, any grants, donations, subsidies, revenue or income received or to be received from the United States government or any other public or private source whether pursuant to an agreement or otherwise, which hereafter may be pledged to the payment of the Parity Bonds. Except as provided in Section 16, Gross Revenues shall not include revenues received from any project financed by the issuance of Special Project Obligations.

"Maintenance and Operating Expense" means all current expenses of operating and maintaining the System, including all salaries, labor, materials, repairs and extensions necessary to render efficient service; provided, however, that only such repairs and extensions, in the judgment of the City Council, reasonably and fairly exercised, are necessary to maintain the operations and render adequate service to the Issuer, or such as might be necessary to meet some physical accident or condition which would otherwise impair obligations payable from the Net Revenues, shall be deducted in determining "Net Revenues." Maintenance and Operating Expenses shall include payments under contracts for water supply, treatment of sewage or other materials, goods or services for the System to the extent authorized by law and the provisions of such contract. Payments made by the Issuer for water supply or treatment of sewage which (i) under the law and (ii) pursuant to the terms of the contract therefor, are to be operation and maintenance expenses shall be considered herein as expenses incurred in the operation and maintenance of the System. Depreciation shall never be considered as a Maintenance and Operating Expense.

"Net Revenues" means the Gross Revenues of the System, with respect to any period, after deducting the System's Maintenance and Operating Expenses during such period.

"Outstanding" means, as of the date of determination, Parity Bonds theretofore issued and delivered by the Issuer, except:

(1) those Parity Bonds canceled or delivered to the transfer agent or registrar for cancellation in connection with the exchange or transfer of such obligations;

(2) those Parity Bonds paid or deemed to be paid in accordance with the provisions of Section 14 hereof or similar provisions of any ordinance authorizing Additional Bonds.

(3) those Parity Bonds that have been mutilated, destroyed, lost, or stolen and replacement obligations have been registered and delivered in lieu thereof.

"Parity Bonds" means the Bond and any Additional Bonds.

"Rating Agency" means any nationally recognized securities rating agency.

"Required Reserve" means, with respect to each Reserve Fund, the amount so specified for the Outstanding Parity Bonds for which such Reserve Fund is maintained.

"Reserve Fund" means a reserve fund described in Sections 7(c) and 10.

"Reserve Fund Obligation" means, to the extent permitted by law, (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that a Rating Agency, at the time of the delivery of such credit facility, would rate the Parity Bonds fully insured by a standard policy issued by the Issuer of such credit facility in any one of its two highest generic rating categories for such obligations; and (ii) a letter of credit, line of credit or commitment to purchase provided by any financial institution, provided that a Rating Agency, at the time of delivery of such letter of credit, line of credit or commitment to purchase, would rate the Parity Bonds in any one of its two highest generic rating categories for such obligations if the letter of credit, line of credit or commitment to purchase proposed to be provided by such financial institution secured the timely payment of the entire principal amount of the Parity Bonds and the interest thereon.

"Reserve Fund Obligation Payment" means any payment the Issuer is obligated to make from Net Revenues deposited in the Reserve Fund with respect to a Reserve Fund Obligation.

"Special Project" means, to the extent permitted by law, any property, improvement or facility declared by the Issuer not to be part of the System, for which the costs of acquisition, construction and installation are paid from proceeds of Special Project Obligations or other sources other than the proceeds of Parity Bonds.

"Special Project Obligations" means special revenue obligations of the Issuer payable from and secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Parity Bonds including, but not limited to, a subordinate lien on the Net Revenues and special contract revenues or payments received from any other legal entity in connection with a Special Project.

"Subordinate Lien Obligations" means any bonds, notes, warrants, contractual obligations or other obligations issued or incurred by the Issuer that are payable, in whole or in part, from and equally and ratably secured by a lien on and pledge of the Net Revenues, such pledge being subordinate and inferior to the lien on and pledge of the Net Revenues that are or will be pledged to the payment of any Parity Bonds issued by the Issuer.

"System" means the Issuer's existing combined waterworks and sanitary sewer systems, including all properties (real, personal or mixed, tangible or intangible), owned, operated, maintained, and vested in, the Issuer for the supply, treatment and distribution of water for domestic, commercial, industrial and other uses and the collection, treatment and disposal of water-carried wastes, together with all future additions, extensions, replacement and improvements thereto; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term "System" shall not mean to include Special Project facilities.

"System Fund" means the revenue fund described in Sections 7(a) and 8.

Section 2. RECITALS, AMOUNT AND PURPOSE OF THE BOND. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section. The bond of the City of Chandler, Texas is hereby authorized to be issued and delivered in the aggregate principal amount of \$885,000 for the public purposes of constructing, installing, acquiring and equipping

additions, extensions and improvements to the Issuer's waterworks and sewer system, and paying the costs incurred in connection with the issuance of the Bond (the "Project").

Section 3. DESIGNATION, DATE, DENOMINATION, NUMBER, AND MATURITY OF BOND.

(a) Each Bond issued pursuant to this Ordinance shall be designated: "CITY OF CHANDLER, TEXAS, UTILITY SYSTEM REVENUE BOND, SERIES 2014," and there shall be issued, sold, and delivered hereunder one fully registered Bond, without interest coupons, dated September 9, 2014, in the denomination and principal amount of \$885,000, numbered R-1, with any Bond issued in replacement thereof being in the denomination of the full principal amount of the series of which the Bond is issued, and numbered consecutively from R-2 upward, payable in installments to the registered owner thereof, or to the registered assignee of said Bond (in each case, the "Registered Owner"). Principal of said Bond shall mature and be payable in installments on the dates and in the amounts stated in the FORM OF BOND set forth in this Ordinance. The Bond shall bear interest on the unpaid balance of the principal amount thereof from the date of delivery to the scheduled due date, or date of prepayment or redemption prior to the scheduled due date, of the principal installments of the Bond at the rate of interest stated in the FORM OF BOND set forth in this Ordinance. Said interest shall be payable in the manner provided and on the dates stated in the FORM OF BOND set forth in this Ordinance.

(b) The term "Bond" as used in this Ordinance shall mean and include collectively the Bond initially issued and delivered pursuant to this Ordinance and any substitute Bond exchanged therefor, as well as any other substitute or replacement Bond issued pursuant hereto, and the term "Bond" shall mean any such Bond.

Section 4. CHARACTERISTICS OF THE BOND.

(a) Registration. The Issuer shall keep or cause to be kept at the principal corporate trust office of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, (the "Paying Agent/Registrar"), books or records for the registration of the transfer and exchange of the Bond (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers and exchanges as herein provided within three days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of the Bond to which payments with respect to the Bond shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Bond. Registration of assignments, transfers and exchanges of Bond shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

(b) Authentication; Transfer and Exchange. Except as provided in subsection (f) of this Section, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the

substitute Bond in the manner prescribed herein. Pursuant to Chapter 1201, Government Code, as amended, the duty of transfer of Bond as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Bond, the exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bond that initially was issued and delivered pursuant to this Ordinance, approved by the Attorney General and registered by the Comptroller of Public Accounts.

(c) Paying Agent/Registrar. The Issuer covenants with the Registered Owner of the Bond that at all times while the Bond is outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution or other agency to act as and perform the services of Paying Agent/Registrar for the Bond under this Ordinance, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 20 days written notice to the Paying Agent/Registrar, to be effective not later than 15 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bond, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to the Registered Owner of the Bond, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(d) Payment of Principal and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bond, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bond and shall properly and accurately record all payments on the Bond on the Registration Books, and shall keep proper records of all exchanges of the Bond, and all replacements of the Bond, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the past due interest shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of the Registered Owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(e) In General. The Bond (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bond to be payable only to the Registered Owner thereof, (ii) may be prepaid or redeemed prior to its scheduled maturity (notice of which shall be given to the Paying Agent/Registrar by the Issuer at least 30 days prior to any such redemption date), (iii) may be exchanged for another Bond, (iv) may be transferred and assigned, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bond shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Bond, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Ordinance. The Bond initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in exchange for any Bond issued under this Ordinance the Paying

Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(f) Delivery of Initial Bond. On the closing date, the Initial Bond representing the entire principal amount of the Bond, payable to the Purchaser, executed by manual or facsimile signature of the Mayor and City Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, and with the date of delivery inserted thereon by the Paying Agent/Registrar, will be delivered to the Purchaser.

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

(a) Form of Bond.

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS  CITY OF CHANDLER, TEXAS UTILITY SYSTEM REVENUE BOND SERIES 2014	PRINCIPAL AMOUNT \$885,000
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Interest Rate	Delivery Date
As Shown Below	_____

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL AMOUNT: EIGHT HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

The City of Chandler, in Henderson County, Texas (the "Issuer"), being a political subdivision of the State of Texas, for value received, promises to pay, from the sources described herein, to the registered owner specified above, or registered assigns (the "Registered Owner"), the principal amount specified above, and to pay interest thereon, from the Delivery Date set forth above, on the balance of said principal amount from time to time remaining unpaid, at the rates per annum for each principal installment as set forth in the table below, calculated on the basis of a 360-day year of twelve 30-day months. The unpaid principal of this Bond shall mature and shall be payable in installments on the dates and in the amounts set forth in the table below:

Payment Date	Principal Installments	Interest Rates
October 15, 2015	\$ 85,000	
October 15, 2016	90,000	
October 15, 2017	95,000	
October 15, 2018	95,000	
October 15, 2019	100,000	

October 15, 2020	100,000
October 15, 2021	105,000
October 15, 2022	105,000
October 15, 2023	110,000

THE PRINCIPAL OF AND INTEREST ON THIS Bond are payable in lawful money of the United States of America, without exchange or collection charges. The Issuer shall pay interest on this Bond on April 15, 2015 and on each October 15 and April 15 thereafter to the date of maturity or redemption prior to maturity. The last principal installment of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity, or upon the date fixed for its redemption prior to maturity, at the principal office of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, which is the "Paying Agent/Registrar" for this Bond. The payment of all other principal installments of and interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each principal and interest payment date by check or draft, dated as of such principal and interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Bond Ordinance to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, principal and interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner.

ANY ACCRUED INTEREST due in connection with the final installment of principal of this Bond or upon redemption of this Bond in whole at the option of the Issuer prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the Registered Owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bond, when due.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not such a Saturday, Sunday, legal holiday or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is dated September 9, 2014, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$885,000 for the public purposes of constructing, installing, acquiring and equipping additions, extensions and improvements to the Issuer's waterworks and sewer system, and paying the costs incurred in connection with the issuance of the Bond.

ON ANY INTEREST PAYMENT DATE, the unpaid principal installments of this Bond may be redeemed prior to their scheduled due dates, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, at a redemption price equal to the principal amount to be redeemed, plus a

redemption premium equal to 1% of the principal amount to be redeemed, plus accrued interest to the date fixed for redemption.

AT LEAST 20 DAYS PRIOR to the date fixed for any optional redemption of this Bond or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the Registered Owner of the Bond at its address as it appeared on the Registration Books on the day such notice of redemption is mailed; provided, however, that the failure of the Registered Owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of this Bond. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for this Bond or portions thereof which are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, this Bond or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for redemption, and shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

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

THIS BOND is issuable in the form of one fully-registered Bond without coupons in the denomination of \$885,000. This Bond may be transferred or exchanged as provided in the Bond Ordinance, only upon the registration books kept for that purpose at the above-mentioned office of the Paying Agent/Registrar upon surrender of this Bond together with a written instrument of transfer or authorization for exchange satisfactory to the Paying Agent/Registrar and duly executed by the Registered Owner or his duly authorized attorney, and thereupon a new Bond of the same maturity and in the same aggregate principal amount shall be issued by the Paying Agent/Registrar to the transferee in exchange therefor as provided in the Bond Ordinance, and upon payment of the charges therein prescribed. The Issuer and the Paying Agent/Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Paying Agent/Registrar shall not be required to make any such transfer or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) within 30 days prior to a redemption date.

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

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

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Bond have been performed, existed and been done in accordance with law; that this Bond constitutes a special obligations of the Issuer and is payable as to both principal and interest solely from and equally secured by a first lien on and pledge of the Net Revenues (as defined in the Bond Ordinance) of the Issuer's combined waterworks and sewer system. Reference is hereby made to the Ordinance for a more complete statement of the covenants and provisions securing the payment of this Bond and the series of which it is one.

THE ISSUER EXPRESSLY RESERVES the right to issue further and additional special revenue obligations equally secured by a lien on and pledge of the net revenues of the Issuer's combined waterworks and sewer system on a parity with, or subordinate to, this Bond; provided, however, that any and all such additional parity obligations may be issued only in accordance with and subject to the covenants, conditions, limitations and restrictions relating thereto which are set out and contained in the Ordinance, to which reference is hereby made for more complete and full particulars.

THE HOLDER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

THE ISSUER HAS RESERVED THE RIGHT to amend the Bond Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the Registered Owner of the Bond.

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

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the Mayor of the Issuer (or in the Mayor's absence, by the Mayor Pro Tem) and countersigned with the manual or facsimile signature of the City Secretary of said Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

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

\_\_\_\_\_  
Mayor

(SEAL)

(b) Form of Payment Record.

PREPAYMENT RECORD

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

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(c) Form of Paying Agent/Registrar's Authentication Certificate.

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE  
 (To be executed if this Bond is not accompanied by an executed Registration  
 Certificate of the Comptroller of Public Accounts of the State of Texas)

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

Dated: \_\_\_\_\_, \_\_\_\_\_,  
 \_\_\_\_\_,  
 Paying Agent/Registrar

By: \_\_\_\_\_  
 Authorized Representative

(d) Form of Assignment.

ASSIGNMENT  
 (Please print or type clearly)

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

Transferee's Social Security or Taxpayer Identification Number: \_\_\_\_\_

Transferee's name and address, including zip code: \_\_\_\_\_

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

Dated: \_\_\_\_\_.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

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

(e) Form of Registration Certificate of the Comptroller of Public Accounts.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. \_\_\_\_\_

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

Witness my signature and seal this \_\_\_\_\_.

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

Texas

(COMPTROLLER'S SEAL)

Section 6. PLEDGE.

(a) Pledge. The Issuer hereby covenants and agrees that the Net Revenues, with the exception of those in excess of the amounts required to establish and maintain the special funds created for the payment and security of the Parity Bonds, are hereby irrevocably pledged to the payment and security of the Parity Bonds hereafter issued, including the establishment and maintenance of the special funds created, established and maintained for the payment and security thereof, all as hereinafter provided; and it is hereby ordained that the Parity Bonds, and the interest thereon, shall constitute a first lien on and pledge of the Net Revenues.

(b) Security Interest. Article 1208, Government Code, applies to the issuance of the Bond and the pledge of the Net Revenues granted by the Issuer under this Section, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Bond is outstanding and unpaid, the result of such amendment being that the pledge of the Net Revenues granted by the Issuer under this Section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, in order to preserve to the Registered Owners of the Bond a security interest in said pledge, the Issuer 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 of a security interest in said pledge to occur.

Section 7. FUNDS. The following special funds ("Funds") are hereby created and shall be established and maintained so long as any of the Parity Bonds, or the interest thereon, are outstanding and unpaid:

(a) "City of Chandler Waterworks and Sewer System Revenue Fund", hereinafter called the "System Fund." This fund shall be kept and maintained at a depository bank of the Issuer, and moneys deposited in this fund shall be used as described in Section 8.

(b) "City of Chandler Waterworks and Sewer System Revenue Bond Interest and Sinking Fund", hereinafter called the "Bond Fund"; and

(c) For each series or combination of series of Parity Bonds that are secured by a Reserve Fund, a "City of Chandler Waterworks and Sewer System Revenue Bond Reserve Fund", hereinafter called a "Reserve Fund."

(d) All of such funds may be recorded and held as subaccounts within another fund held by the City's depository, and, as such, not held in separate bank accounts. Such treatment shall not constitute a commingling of the monies in such funds or of such funds and the City shall keep full and complete records of the monies and investments credited to each of such funds.

#### Section 8. SYSTEM FUND.

(a) All Gross Revenues shall be credited to the System Fund immediately upon receipt. All Gross Revenues deposited in the System Fund are hereby pledged and appropriated to the extent required for the following uses and in the order of precedence shown:

(i) FIRST: To the payment of all necessary and reasonable Maintenance and Operating Expenses of the System, as defined herein or required by statute to be a first charge on and claim against the Gross Revenues thereof.

(ii) SECOND: To the payment of the amounts required to be deposited in the Bond Fund for the payment of Debt Service on the Parity Bonds as the same becomes due and payable.

(iii) THIRD: Pro rata, on the basis of the relative amounts to be maintained in each Reserve Fund as its Required Reserve, to each debt service reserve fund created by any ordinance authorizing the issuance of Parity Bonds, which contains less than the amount to be accumulated and/or maintained therein, as provided in such ordinance.

(iv) FOURTH: To any fund or account held at any place or places, or to any payee, required by any other ordinance of the City Council which authorized the issuance of obligations or the creation of debt of the Issuer having a lien on the Net Revenues subordinate to the lien created herein on behalf of the Parity Bonds.

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

#### Section 9. BOND FUND.

(a) The Bond Fund shall be kept and maintained at a depository bank of the Issuer, and moneys deposited into the Bond Fund shall be used to pay principal of and interest on the Parity Bonds when and as the same become due and payable.

(b) The Issuer shall transfer Net Revenues from the System Fund and cause to be deposited to the credit of the Bond Fund the amounts, at the times, as follows:

(1) such amounts, deposited in approximately equal monthly installments on or before the last day of each month hereafter, commencing with the month next following the month during which

the Bond is delivered, as will be sufficient, together with other amounts, if any, then on hand in the Bond Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bond and any Additional Bonds on the next succeeding interest payment date; and

(2) such amounts, deposited in approximately equal monthly installments on or before the last day of each month hereafter, commencing with the month next following the month during which the Bond is delivered, as will be sufficient, together with other amounts, if any, then on hand in the Bond Fund and available for such purpose, to pay the principal scheduled to mature or mandatory redemption amount to come due on the Bond and any Additional Bonds on the next succeeding principal payment date.

#### Section 10. RESERVE FUND.

(a) The Issuer may create and establish a Reserve Fund pursuant to the provisions of any ordinance or other instrument authorizing the issuance of Parity Bonds for the purpose of securing that particular issue or series of Parity Bonds or any specific group of issues or series of Parity Bonds, and the amounts once deposited or credited to said Reserve Fund shall no longer constitute Net Revenues and shall be held solely for the benefit of the owners of the particular Parity Bonds for which such Reserve Fund was established. Each Reserve Fund shall receive a pro rata amount, as described in Section 8, of the Net Revenues after the requirements of the Bond Fund, which secures all Parity Bonds, have first been met. Each such Reserve Fund shall be designated in such manner as is necessary to distinguish such Reserve Fund from the Reserve Funds created for the benefit of other Parity Bonds. Unless otherwise provided in the ordinance establishing such Reserve Fund, the Debt Service requirements of Parity Bonds that are secured by a Reserve Fund established pursuant this provision shall not be considered with respect to calculating the reserve requirements of any other Reserve Fund.

(b) The Issuer hereby covenants and agrees to accumulate and maintain in each Reserve Fund as a reserve for the payment of the Parity Bonds for which such Reserve Fund is maintained an amount, if any, specified in the proceedings establishing such Reserve Fund. The Required Reserve shall be used solely for (i) the payment of the principal of and interest on such Parity Bonds when other funds available therefor are insufficient, (ii) to make Reserve Fund Obligation Payments and (iii) to the extent not required to maintain the Required Reserve, to pay, or provide for the payment of, the final principal amount of a series of such Parity Bonds so that such series of Parity Bonds is no longer deemed to be "Outstanding" as such term is defined herein. The Issuer hereby covenants and agrees that, subject only to the payments to be made to the Bond Fund, the Net Revenues shall be applied and used and are hereby appropriated to establish and maintain the Required Reserve for each Reserve Fund, including by paying Reserve Fund Obligation Payments, if any, when due, and cure any deficiency in such amount as required by the provisions of this Ordinance and any other ordinance pertaining to obligations the payment of which are secured by such Reserve Fund. Reimbursements to the provider, if any, of a Reserve Fund Obligation shall constitute the making up of a deficiency in a Reserve Fund to the extent that such reimbursements result in the reinstatement, in whole or in part, as the case may be, of the amount of the Reserve Fund Obligation.

(c) On the first day of each Fiscal Year, and upon the issuance of Additional Bonds for which such Reserve Fund will be maintained, the refunding or defeasance of Parity Bonds for which such Reserve Fund is maintained or the deposit, supplement, replacement or substitution of a Reserve Fund Obligation in such Reserve Fund, the Issuer shall calculate the Required Reserve. During such time as a Reserve Fund contains at least the total Required Reserve, the Issuer may, at its option, withdraw all surplus in such Reserve Fund in excess of the Required Reserve and transfer such surplus to the System Fund, provided that the face amount of any Reserve Fund Obligation may be reduced at the option of the Issuer in lieu of such transfer; and further provided that any such surplus funds that are withdrawn from the Reserve Fund and that consist

of proceeds of Parity Bonds or interest thereon shall only be used for purposes for which such Parity Bonds were issued or deposited to the Bond Fund.

(d) The Issuer may at any time deposit, supplement, replace or substitute a Reserve Fund Obligation for cash or investments on deposit in a Reserve Fund or in substitution for or replacement of any existing Reserve Fund Obligation, provided, that the deposit, supplement, replacement or substitution of the Reserve Fund Obligation will not, in and of itself, cause any ratings then assigned to the Parity Bonds by any Rating Agency to be lowered and the ordinance authorizing the substitution of the Reserve Fund Obligation for all or part of the Required Reserve contains a finding that such substitution is cost effective.

(e) In the event there is a draw upon a Reserve Fund Obligation, the Issuer shall reimburse the issuer of such Reserve Fund Obligation for such draw, in accordance with the terms of any agreement pursuant to which the Reserve Fund Obligation is used, from Net Revenues, however, such reimbursement from Net Revenues shall be in accordance with the provisions of this Section and shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the then Outstanding Parity Bonds.

(f) The Issuer is not creating, and does not agree to provide or maintain, a Reserve Fund for the Bond.

(g) So long as the cash, investments and Reserve Fund Obligations in the Initial Reserve Fund total not less than the Required Reserve, no additional deposits need be made to the credit of the Initial Reserve Fund, but when and if the Initial Reserve Fund at any time contains less than the Required Reserve (other than as a result of the issuance of Additional Bonds as provided in Section 14 hereof), the Issuer covenants and agrees to cure the deficiency in the Required Reserve by resuming monthly deposits to such Initial Reserve Fund from the Net Revenues, such monthly deposits to be in amounts equal to not less than 1/60th of the then total Required Reserve to be maintained in said Initial Reserve Fund and to be made on or before the 20th day of each month until the total Required Reserve then to be maintained in said Fund has been fully restored. In addition, in the event that a portion of the Required Reserve is represented by a Reserve Fund Obligation, the Required Reserve shall be restored as soon as possible from monthly deposits of Net Revenues on deposit in the System Fund in accordance with this Section, but subject to making the full and timely deposits and credits to the Bond Fund as required by this Ordinance. Reimbursements to the provider, if any, of a Reserve Fund Obligation shall constitute the making up of a deficiency in the Initial Reserve Fund to the extent that such reimbursements result in the reinstatement, in whole or in part, as the case may be, of the amount of the Reserve Fund Obligation. The Issuer hereby covenants and agrees that, subject only to the payments to be made to the Bond Fund, the Net Revenues shall be applied and used and are hereby appropriated to establish and maintain the Required Reserve, including by paying Reserve Fund Obligation Payments, if any, when due, and cure any deficiency in such amount as required by the provisions of this Ordinance and any other ordinance pertaining to obligations the payment of which are secured by such Reserve Fund.

Section 11. CONSTRUCTION FUND. The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Series 2014 Revenue Bond Construction Fund" for use by the Issuer for payment of all costs associated with the Project and all costs of issuance of the Bond. Upon payment of all such costs, any moneys remaining on deposit in said Fund shall be transferred to the Bond Fund. Amounts so deposited to the Bond Fund shall be used in the manner described in Section 9 of this Ordinance. Such fund may be recorded and held as subaccount within another fund held by the City's depository, and, as such, not held in a separate bank account. Such treatment shall not constitute a commingling of the monies in such fund or of such funds and the City shall keep full and complete records of the monies and investments credited to such fund.

Section 12. INVESTMENTS; SECURITY FOR FUNDS.

(a) Money in any fund established pursuant to this Ordinance may, at the option of the Issuer, be invested in investments authorized by the Public Funds Investment Act, Chapter 2256, Texas government Code, as amended, consistent with the investment policy approved by the City Council; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any fund will be available at the proper time or times. All interest and income derived from such deposits and investments immediately shall be credited to, and any losses debited to, the Fund from which the deposit or investment was made, and surpluses in any Fund shall or may be disposed of as hereinafter provided. Such investments shall be sold promptly when necessary to prevent any default in connection with the Bond or Additional Bonds. It is further provided, however, that any interest earnings on Bond proceeds that are required to be rebated to the United States of America pursuant to Section 22 hereof in order to prevent the Bond from being an arbitrage bond shall be so rebated and not considered as interest earnings for the purposes of this Section.

(b) Money in all funds created by this Ordinance, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Issuer.

Section 13. DEFICIENCIES, EXCESS NET REVENUES.

(a) If on any occasion there shall not be sufficient Net Revenues to make the required deposits into the Bond Fund and any Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Net Revenues, or at the option of the City from any other sources legally available for such purpose.

(b) Subject to making the required deposits to the credit of the Bond Fund and Reserve Funds, when and as required by this Ordinance, or any ordinances authorizing the issuance of Additional Bonds, the excess Net Revenues may be used by the Issuer for any lawful purpose.

Section 14. ADDITIONAL BONDS. In addition to the right to issue bonds notes or other obligations of inferior lien as authorized by the laws of the State of Texas, the Issuer hereby reserves the right to issue or incur additional obligations which, when duly authorized and issued in compliance with the terms and conditions hereinafter appearing, shall be on a parity with the Bond, payable from and equally secured by a first lien on and pledge of the Net Revenues of the System. The additional obligations may be issued in one or more installments provided, however, that none shall be issued unless and until the following conditions have been met:

(a) The Mayor, City Manager or chief financial officer of the Issuer shall have executed a certificate stating (a) that, to the best of his knowledge and belief, (i) the Issuer is not then in default as to any covenant, obligation or agreement contained in any ordinance or other proceeding relating to any obligations of the Issuer payable from and secured by a lien on and pledge of the Net Revenues of the System that would materially affect the security or payment of such obligations, or (ii) that the issuance of the additional obligations will cure such default and (b) either (i) payments into all special funds or accounts created and established for the payment and security of all outstanding obligations payable from and secured by a lien on and pledge of the Net Revenues of the System have been made and that the amounts on deposit in such special funds or accounts are the amounts then required to be on deposit therein or (ii) the application of the proceeds of sale of such obligations then being issued will cure any such deficiency.

(b) The additional obligations are made to mature April 15 or October 15, or both, of each of the years in which they are scheduled to mature.

(c) (i) The Mayor, City Manager or chief financial officer of the Issuer shall have executed a certificate stating that the Net Revenues for either (A) the last completed Fiscal Year, or (B) a consecutive twelve-month calendar period ending not more than 90 days preceding the adoption of the ordinance authorizing the issuance of the Additional Bonds is adopted, are equal to at least 1.25 times the Average Annual Debt Service of all Parity Bonds which will be outstanding after giving effect to the issuance of the Additional Bonds then being issued; or

(ii) The Mayor, City Manager or chief financial officer of the Issuer shall have executed a certificate stating that the Net Revenues for a twelve-month calendar period, based on rates and charges for services and facilities afforded by the System that became effective at least sixty (60) days prior to the date the Additional Bonds are sold, are equal to at least 1.25 times the Average Annual Debt Service of all Parity Bonds which will be outstanding after giving effect to the issuance of the Additional Bonds.

(d) The ordinance authorizing the Additional Bonds makes provision for deposits to be made into:

(i) The Bond Fund established for the payment of Parity Bonds of amounts adequate to pay the principal and interest requirements of the Additional Bonds as the same becomes due; and

(ii) The Reserve Fund for such Additional Obligations (if such Additional Bonds are secured by a Reserve Fund) of an additional amount so that the total amount to be accumulated in such Reserve Fund will be equal to not less than the Required Reserve for all Outstanding Parity Bonds for which such Reserve Fund is maintained after giving effect to the issuance of the proposed Additional Bonds.

(e) Parity Bonds may be refunded (pursuant to any law then available) upon such terms and conditions as the City Council may deem to be in the best interest of the Issuer and its inhabitants, and if less than all such outstanding Parity Bonds are refunded the proposed refunding bonds shall be considered as "Additional Bonds" under the provisions of this Section and the certificate required in subdivision (c) shall give effect to the issuance of the proposed refunding bonds (and shall not give effect to the obligations being refunded following their cancellation or provision being made for their payment).

Section 15. ISSUANCE OF SUBORDINATE LIEN OBLIGATIONS. The Issuer hereby reserves the right to issue or incur, at any time, obligations including, but not limited to, Subordinate Lien Obligations, payable from and secured, in whole or in part, by a lien on and pledge of the Net Revenues, subordinate and inferior in rank and dignity to the lien on and pledge of such Net Revenues securing the payment of the Parity Bonds, as may be authorized by the laws of the State of Texas.

Section 16. ISSUANCE OF SPECIAL PROJECT OBLIGATIONS. The Issuer reserves the right to issue Special Project Obligations. Except as otherwise provided in the proceedings authorizing the issuance of the Special Project Obligations, All revenues received for the Special Project in excess of revenues required to pay principal and interest on the Special Project Obligations and to establish reserves and to secure, maintain and operate the Special Project shall be considered as a part of Gross Revenues.

Section 17. PARTICULAR REPRESENTATIONS AND COVENANTS.

(a) Rates and Charges. The Issuer further covenants and agrees with the Owners that, so long as any of the Parity Bonds remain outstanding and unpaid, it shall fix and maintain rates and collect charges for the facilities and services afforded by the System that are reasonably expected, on the basis of available

information and experience and with due allowance for contingencies, to produce Gross Revenues in each Fiscal Year sufficient at all times:

(i) To pay all Maintenance and Operating Expenses; and

(ii) To produce Net Revenues sufficient to pay the principal of and interest on the Parity Bonds and the amounts required to be deposited into the special funds created and established for the payment and security of the Parity Bonds, and to pay any other legally incurred indebtedness payable only from and secured solely by a lien on and pledge of the Net Revenues of the System.

(b) Maintenance and Operation; Insurance. The Issuer hereby covenants and agrees that the System shall be maintained in good condition and operated in an efficient manner and at reasonable cost. So long as any of the Parity Bonds are outstanding, the Issuer agrees to maintain casualty and other insurance on the System of a kind and in an amount customarily carried by municipal corporations owning and operating similar properties. Nothing in this Ordinance shall be construed as requiring the Issuer to expend any funds which are derived from sources other than the operation of the System but nothing herein shall be construed as preventing the Issuer from doing so.

(c) No Free Service. The Issuer covenants and agrees that no free service of the System shall be allowed except to institutions and buildings owned and operated by the Issuer.

(d) Records and Accounts; Accounting Reports. The Issuer hereby covenants and agrees that so long as the Bond or any interest thereon remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the operation of the System parts separate and apart from all other records and accounts of the Issuer in which complete and correct entries shall be made of all transactions relating to said System, as provided by Tex. Gov't Code Ann. ch. 1502 or other applicable law. The Owner of the Bond or any duly authorized agent of such Owner shall have the right at all reasonable times to inspect all such records, accounts and data relating thereto and to inspect the System and all properties comprising same. The Issuer further agrees that following the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of certified public accountants. Each such audit, in addition to whatever other matters may be thought proper by the accountant, shall particularly include the following:

(i) A statement of the income and expenditures of the components of the System for such fiscal year;

(ii) A balance sheet as of the end of such Fiscal Year; and

(iii) A list of the insurance policies in force at the end of the Fiscal Year on the System properties, setting out as to each policy the amount thereof, the risk covered, the name of the insurer, and the policy's expiration date.

Expenses incurred in making the audits above referred to are to be regarded as Maintenance and Operating Expenses of the System and paid as such. Copies of the aforesaid annual audit shall be promptly furnished, upon written request, to the original purchaser of the Bond and any subsequent Owner.

(e) Sale or Lease of Properties. The Issuer, to the extent and in the manner authorized by law, may sell or exchange for consideration representing the fair value thereof, as determined by the City Council of the Issuer, any property not necessary or required in the efficient operations of the System, or any equipment not necessary or useful in the operations thereof or which is obsolete, damaged or worn out or otherwise

unsuitable for use in the operation of the System. The proceeds of any sale of properties of the System shall be deposited in the System Fund.

(f) Competition. That so far as it legally may and subject to existing agreements and certifications, the Issuer covenants and agrees, for the protection and security of the Parity Bonds and the holders thereof from time to time and until all Parity Bonds shall have been retired and that it will not grant a franchise for the installation or operation of any water and/or wastewater system other than those owned by the Issuer, that it will prohibit the operation of any waterworks or wastewater system other than those operated by the Issuer.

(g) Further Covenants. The Issuer further covenants and agrees by and through this Ordinance as follows:

(i) That it has the lawful power to pledge the revenues supporting this Bond and has lawfully exercised said power under the Constitution and laws of the State of Texas, including power existing under Chapter 1502, Texas Government Code, as amended;

(ii) That other than for the Bond, the Net Revenues of the System have not been pledged in any manner to the payment of any debt or obligation of the Issuer, nor of said System, which is senior to or, except as provided herein, on a parity with the pledge of the Net Revenues to Parity Bonds;

(iii) It will duly and punctually keep, observe and perform each and every undertaking, covenant and condition on its part to be kept, observed and performed, contained in this Ordinance and in the ordinances authorizing any Additional Bonds, and that it will prior to the maturity of each installment of interest and prior to the maturity of each Bond and Additional Parity Bond issued thereunder, make available at the principal office of the Paying Agent/Registrar, but only from the sources herein provided, sufficient funds to promptly pay such principal and interest; and

(iv) The Issuer will comply with all of the terms and conditions of any and all franchises, permits and authorizations applicable to or necessary with respect to the System, and which have been obtained from any governmental agency; and the Issuer has or will obtain and keep in full force and effect all franchises, permits, authorizations and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation and maintenance of the System.

#### Section 18. DEFAULT AND REMEDIES

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

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

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

(b) Remedies for Default. Upon the happening of any Event of Default, then and in every case, the Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the Issuer for the purpose of protecting and enforcing the rights of the

Registered Owner under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owner hereunder or any combination of such remedies.

(c) Remedies Not Exclusive.

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bond 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 Bond shall not be available as a remedy under this Ordinance.

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

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

Section 19. DEFEASANCE OF BOND.

(a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bond shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged or the revenues pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Bond that is made in conjunction with the payment arrangements specified in subsection (a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Bond for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bond immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for

the payment of the Bond and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bond may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bond, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bond.

(d) Until the Defeased Bond shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bond the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Ordinance.

#### Section 20. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BOND.

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

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

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred that is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

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

(e) Authority for Issuing Replacement Bond. In accordance with Sec. 1206.022, Government Code, this Section of this Ordinance shall constitute authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the Issuer or any other body or person, and the

duty of the replacement of such Bond is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bond in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for a Bond issued in exchange for another Bond.

Section 21. CUSTODY, APPROVAL, AND REGISTRATION OF BOND; BOND COUNSEL'S OPINION; CUSIP NUMBERS; ENGAGEMENT OF BOND COUNSEL.

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

(b) The obligation of the initial purchaser to accept delivery of the Bond is subject to the initial purchaser being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the Issuer, which opinion shall be dated as of and delivered on the date of initial delivery of the Bond to the initial purchaser. The engagement of such firm as bond counsel to the Issuer in connection with issuance, sale and delivery of the Bond is hereby approved and confirmed. The execution and delivery of an engagement letter between the Issuer and such firm, with respect to such services as bond counsel, is hereby authorized in such form as may be approved by the Mayor, and the Mayor is hereby authorized to execute such engagement letter.

Section 22. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BOND.

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

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bond (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the Project are so used, such amounts, whether or not received by the Issuer, 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 Bond, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bond or the Project (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that 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 that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bond (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 that would otherwise result in the Bond being treated as a "private activity bond" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bond 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 Bond, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Bond, other than investment property acquired with –

(A) proceeds of the Bond 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 Bond is issued,

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

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

(7) to otherwise restrict the use of the proceeds of the Bond or amounts treated as proceeds of the Bond, as may be necessary, so that the Bond does 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 Bond) 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 Bond has 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 assure that the proceeds of the Bond will be used solely for new money projects.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (a)(8), a "Rebate Fund" is hereby established by the Issuer 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 Registered Owners. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Use of Proceeds. The Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations (hereinafter defined) and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bond. It is the understanding of the Issuer 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 (the "Treasury Regulations"). In the event that regulations or rulings are hereafter promulgated that modify

or expand provisions of the Code, as applicable to the Bond, the Issuer 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 Bond under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bond, the Issuer 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 Bond under section 103 of the Code. This Ordinance is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations. In furtherance hereof, the Issuer hereby authorizes and directs the Mayor or City Manager to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bond.

(d) Allocation of, and Limitation on, Expenditures for the Project. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the construction and acquisition of the Project on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the Issuer shall not expend proceeds of the sale of the Bond or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bond, or (2) the date the Bond is retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the status, for federal income tax purposes, of the Bond or the interest thereon. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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

(f) Designation as a Qualified Tax-Exempt Obligation. The Issuer hereby designates the Bond as a "qualified tax-exempt obligation" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the Issuer represents, covenants and warrants the following: (a) that during the calendar year in which the Bond is issued, the Issuer (including any subordinate entities) has not designated nor will designate obligations that when aggregated with the Bond, will result in more than \$10,000,000 (\$30,000,000 for taxable years beginning after December 31, 2008 and ending prior to January 1, 2011) of "qualified tax-exempt obligations" being issued; (b) that the Issuer reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Bond is issued, by the Issuer (or any subordinate entities) will not exceed \$10,000,000 (\$30,000,000 for taxable years beginning after December 31, 2008 and ending prior to January 1, 2011); and, (c) that the Issuer will take such action or refrain from such action as necessary, and as more particularly set forth in this Section, hereof, in order that the Bond will not be considered a "private activity bond" within the meaning of section 141 of the Code.

(b) Adoption of Written Procedures Relating to Continuing Compliance with Federal Tax Covenants. The Issuer hereby adopts the Written Procedures Relating to Continuing Compliance with Federal Tax

Covenants set forth in Exhibit A to this Ordinance with respect to the Bond and any other tax-exempt obligations hereafter issued by the Issuer.

Section 23. SALE OF BOND.

(a) The Bond is hereby initially sold and shall be delivered to \_\_\_\_\_, \_\_\_\_\_ (the "Purchaser"), for cash for the par value thereof, pursuant to the private placement letter dated the date of the final passage of this Ordinance which the Mayor is hereby authorized to execute and deliver. The Bond shall initially be registered in the name of the Purchaser. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable.

(b) The Mayor and Mayor Pro Tem, and all other officers, employees and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Bond and the sale of the Bond. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 24. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of the Registered Owner, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the holders, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be inconsistent with the provisions of this Ordinance and that shall not in the opinion of the Issuer's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the Registered Owner shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of the Registered Owner, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in the Bond so as to:

- (1) Reduce the rate of interest borne by the Bond;
- (2) Reduce the amount of the principal of, or redemption premium, if any, payable on the Bond;
- (3) Modify the terms of payment of principal or of interest on the Bond or impose any condition with respect to such payment; or
- (4) Change the requirement with respect to Registered Owner consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Ordinance under this Section, the Issuer shall send by U.S. mail to the Registered Owner a copy of the proposed amendment.

(d) Whenever at any time within one year from the date of publication of such notice the Issuer shall receive an instrument or instruments executed by the Registered Owner, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

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

(f) Any consent given by the Registered Owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of such consent, and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six months from the date of consent by the Registered Owner who gave such consent, or by a successor in title, by filing notice with the Issuer.

(g) For the purposes of establishing ownership of the Bond, the Issuer shall rely solely upon the registration of the ownership of such Bond on the registration books kept by the Paying Agent/Registrar.

Section 25. NO RULE 15c2-12 UNDERTAKING. The Issuer has not made an undertaking in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). The Issuer is not, therefore, obligated pursuant to the Rule to provide any on-going disclosure relating to the Issuer or the Bond.

Section 26. EFFECTIVE DATE. In accordance with the provisions of Texas Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council.

Section 27. SEVERABILITY. If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance, or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portion of this Ordinance, despite such invalidity, which remaining portions shall remain in full force and effect.

(Execution Page Follows)

PASSED, APPROVED AND EFFECTIVE this September 9, 2014.

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Mayor  
City of Chandler, Texas

ATTEST:

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City Secretary  
City of Chandler, Texas

[CITY SEAL]

## EXHIBIT A

### WRITTEN PROCEDURES FOR FEDERAL TAX COMPLIANCE

These procedures, together with any federal tax certifications, provisions included in the order, ordinance or resolution (the "Authorizing Document") authorizing the issuance and sale of any tax-exempt debt such as the Bond (the "Obligations"), letters of instructions and/or memoranda from bond counsel and any attachments thereto (the "Closing Documents"), are intended to assist the Issuer in complying with federal guidelines related to the issuance of such Obligations.

A. Arbitrage Compliance. Federal income tax laws generally restrict the ability to earn arbitrage in connection with the Obligations. The Issuer's chief financial officer (such officer, together with other employees of the Issuer who report to or such officer, is collectively, the "Responsible Person") will review the Closing Documents periodically (at least once a year) to ascertain if an exception to arbitrage compliance applies.

Procedures applicable to Obligations issued for construction and acquisition purposes. With respect to the investment and expenditure of the proceeds of the Obligations that are issued to finance public improvements or to acquire land or personal property, the Responsible Person will:

1. Instruct the appropriate person who is primarily responsible for the construction, renovation or acquisition of the facilities financed with the Obligations (the "Project") that (i) binding contracts for the expenditure of at least 5% of the proceeds of the Obligations must be entered into within 6 months of the date of closing of the Obligations (the "Issue Date") and that (ii) the Project must proceed with due diligence to completion;
2. Monitor that at least 85% of the proceeds of the Obligations to be used for the construction, renovation or acquisition of the Project are expended within 3 years of the Issue Date;
3. Monitor the yield on the investments purchased with proceeds of the Obligations and restrict the yield of such investments to the yield on the Obligations after 3 years from the Issue Date; and
4. To the extent that there are any unspent proceeds of the Obligations at the time the Obligations are refunded, or if there are unspent proceeds of the Obligations that are being refunded by a new issuance of Obligations, the Responsible Person shall continue monitoring the expenditure of such unspent proceeds to ensure compliance with federal tax law with respect to both the refunded Obligations and any Obligations being issued for refunding purposes.

Procedures applicable to Obligations with a debt service reserve fund. In addition to the foregoing, if the Issuer issues Obligations that are secured by a debt service reserve fund, the Responsible Person will assure that the maximum amount of any reserve fund for the Obligations invested at a yield higher than the yield on the Obligations will not exceed the lesser of (1) 10% of the principal amount of the Obligations, (2) 125% of the average annual debt service on the Obligations measured as of the Issue Date, or (3) 100% of the maximum annual debt service on the Obligations as of the Issue Date.

Procedures applicable to Escrow Accounts for Refunding Obligations. In addition to the foregoing, if the Issuer issues Obligations and proceeds are deposited to an escrow fund to be administered pursuant to the terms of an escrow agreement, the Responsible Person will:

1. Monitor the actions of the escrow agent to ensure compliance with the applicable provisions of the escrow agreement, including with respect to reinvestment of cash balances;
2. Contact the escrow agent on the date of redemption of obligations being refunded to ensure that they were redeemed; and
3. Monitor any unspent proceeds of the refunded obligations to ensure that the yield on any investments applicable to such proceeds are invested at the yield on the applicable obligations or otherwise applied (see Closing Documents).

Procedures applicable to all Tax-Exempt Obligation Issues. For all issuances of Obligations, the Responsible Person will:

1. Maintain any official action of the Issuer (such as a reimbursement resolution) stating the Issuer's intent to reimburse with the proceeds of the Obligations any amount expended prior to the Issue Date for the acquisition, renovation or construction of the Project;
2. Ensure that the applicable information return (e.g., U.S. Internal Revenue Service ("IRS") Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS;
3. Assure that, unless excepted from rebate and yield restriction under section 148(f) of the Internal Revenue Code of 1986, as amended, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Obligations are retired;
4. Monitor all amounts deposited into a sinking fund or funds pledged (directly or indirectly) to the payment of the Obligations, such as the Interest and Sinking Fund, to assure that the maximum amount invested within such applicable fund at a yield higher than the yield on the Obligations does not exceed an amount equal to the debt service on the Obligations in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Obligations for the immediately preceding 12-month period; and
5. Ensure that no more than 50% of the proceeds of the Obligations are invested in an investment with a guaranteed yield for 4 years or more.

B. Private Business Use. Generally, to be tax-exempt, only an insignificant amount of the proceeds of each issue of Obligations can benefit (directly or indirectly) private businesses. The Responsible Person will review the Closing Documents periodically (at least once a year) for the purpose of determining that the use of the Project financed or refinanced with the proceeds of the Obligations does not violate provisions of federal tax law that pertain to private business use. In addition, the Responsible Person will:

1. Develop procedures or a "tracking system" to identify all property financed with Obligations;
2. Monitor and record the date on which the Project is substantially complete and available to be used for the purpose intended;
3. Monitor and record whether, at any time the Obligations are outstanding, any person, other than the Issuer, the employees of the Issuer, the agents of the Issuer or members of the general public:

(i) has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the Project;

(ii) has a right to use the output of the Project (e.g., water, gas, electricity); or

(iii) has a right to use the Project to conduct or to direct the conduct of research;

4. Monitor and record whether, at any time the Obligations are outstanding, any person, other than the Issuer, has a naming right for the Project or any other contractual right granting an intangible benefit;
5. Monitor and record whether, at any time the Obligations are outstanding, the Project, or any portion thereof, is sold or otherwise disposed of; and
6. Take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Authorizing Document related to the public use of the Project.

C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Obligations and the use of the Project financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Obligations. If any portion of the Obligations is refunded with the proceeds of another series of Obligations, such records shall be maintained until the three (3) years after the refunding Obligations mature or are otherwise paid off. Such records can be maintained in paper or electronic format.

D. Responsible Person. A Responsible Person shall receive appropriate training regarding the Issuer's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the Project financed or refinanced with the proceeds of the Obligations. The foregoing notwithstanding, each Responsible Person shall report to the governing body of the Issuer whenever experienced advisors and agents may be necessary to carry out the purposes of these instructions for the purpose of seeking approval of the governing body to engage or utilize existing advisors and agents for such purposes.

**Resolution #R-090914-B**

**A RESOLUTION ACCEPTING THE CONSTRUCTION PROJECT OF APPROXIMATELY 300 FEET OF SAWMILL ROAD NORTH OF HWY 31 AS A CITY STREET**

**WHEREAS**, The City Engineer has completed a final inspection for the construction of this section of Sawmill Road and found it to meet all city requirements; and

**WHEREAS**, the City Council of the City of Chandler deems it appropriate to accept this section of Sawmill Road into the City's street system; and

**WHEREAS**, the one year warranty period will begin on June 16, 2014

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

**Section 1:** That this section of Sawmill Road shall be accepted into the City of Chandler street system.

**Section 2:** That this Resolution shall be in force and effect after its passage and approval.

**PASSED AND APPROVED THIS 9<sup>TH</sup> DAY OF SEPTEMBER 2014.**

**CITY OF CHANDLER, TEXAS**

**BY:** \_\_\_\_\_  
Mayor, Ann Hall

**ATTEST:**

\_\_\_\_\_  
City Secretary, Shirley Parmer



**Everett Griffith, Jr. & Associates Inc.**  
ENGINEERS • SURVEYORS

June 16, 2014

Mr. John Taylor, City Administrator  
City of Chandler  
P.O. Box 425  
Chandler, Texas 75758-0425

RE: City of Chandler  
Sawmill Road Improvements - Construction Completion

Dear John:

A final inspection was recently performed on June 5, 2014 for the above referenced project. All work has been completed to the satisfaction of the City and Engineer. It is my recommendation to accept this job as complete. The one year warranty period will begin on the date of this letter.

Attached is Change Order No. 2, pay request No. 4 and final.

Please execute these documents and return a copy to me.

If you have any questions, please let me know.

Sincerely,

Bob Staehs, P.E.  
Project Manager

CHANGE ORDER

No. 2

PROJECT City of Chandler - Sawmill Road Improvements

DATE OF ISSUANCE 06/16/14 EFFECTIVE DATE 06/16/14

OWNER City of Chandler, Texas

OWNER's Contract No. Sawmill Road Improvements

CONTRACTOR: Reynolds & Kay, LTD ENGINEER: Everett Griffith, Jr. & Associates, Inc.

You are directed to make the following changes in the Contract Documents.

Description:

1. Discount for use of Iron Ore gravel in lieu of Flex Base - (-\$3,000.00)
2. Additional 377 cy unclassified excavation @ \$22/cy = (+\$8,294.00)
3. Additional 2.32 tons of 2" HMAc with Tack Coat @ \$122/ton = (+\$283.04)
3. Deduct 30 lf of 18" RCP Storm Pipe @ \$53/lf = (-\$1,590.00)
4. Add 30 lf of 24" RCP Storm Pipe @ \$62/lf = (+\$1,860.00)
5. Deduct one Handicap Ramp @ \$1,500/ea = (-\$1,500.00)

Reason for Change Order:

1. Iron Ore gravel was more readily available and was less costly than flex base.
2. Additional dirt work not anticipated.
3. Additional paving needed for decel lane
3. Difference in pipe length
4. Difference in pipe length
5. Ramp not required.

CHANGE IN CONTRACT PRICE:	CHANGE IN CONTRACT TIMES:
Original Contract Price \$ 127,867.00	Original Contract Times Substantial Completion: <u>-0-</u> days Ready for final payment: <u>-0-</u> days days or dates
Net changes from previous Change Orders No. <u>1</u> to No. <u>1</u> \$ 5,900.00	Net change from previous Change Orders No. <u>   </u> to No. <u>   </u> <u>-0-</u> days
Contract Price prior to this Change Order \$ 133,767.00	Contract Times prior to this Change Order Substantial Completion: <u>120</u> days Ready for final payment: <u>120</u> days days or dates
Net <u>increase</u> (decrease) of this Change Order \$ 4,347.04	Net Increase of this Change Order <u>-0-</u> days
Contract Price with all approved Change Orders \$ 138,114.04	Contract Times with all approved Change Orders Substantial Completion: <u>0</u> days Ready for final payment: <u>0</u> days days or dates

RECOMMENDED:  
By: [Signature]  
Engineer (Authorized Signature)

Date: 6/16/14

APPROVED:  
By: \_\_\_\_\_  
Owner (Authorized Signature)

Date: \_\_\_\_\_

ACCEPTED:  
By: [Signature]  
VICE PRESIDENT OF REYNOLDS & KAY MANAGEMENT, LLC,  
GENERAL PARTNER  
Date: 6-16-14

REYNOLDS & KAY, LTD.

CONTRACTORS  
HIGHWAY - HEAVY - UTILITIES



MAILING ADDRESS  
P.O. Box 88  
Tyler, Texas 75710

June 10, 2014

2700 S.S.W. Loop 323  
Tyler, Texas 75701  
TELE: 903-592-0835  
FAX 903-597-2547

Bob Staehs, P.E.  
Everett Griffith, Jr. & Associates, Inc.  
408 North Third Street  
Lufkin, Texas 75901

Re: **City of Chandler**  
**Sawmill Road Improvements**

Dear Bob:

Enclosed please find Estimate No. 4 (& final) for the above referenced project, along with Contractor's Affidavit of Bills Paid. All work has been completed according to plans and specifications prepared by Everett Griffith, Jr. & Associates, Inc. dated January 15, 2014.

If you have any questions, please call.

Sincerely,

REYNOLDS & KAY, LTD

Kelvin L. DeShazo

KLD/ah

Enclosures

INVOICE # F-101

REYNOLDS & KAY, LTD.  
 P. O. BOX 88  
 TYLER, TX. 75710

TO: CITY OF CHANDLER  
 C/O MR. BOB STAEHS, P.E.  
 EVERETT GRIFFITH, JR. & ASSOCIATES, INC.  
 408 NORTH THIRD STREET  
 LUFKIN, TX. 75901

ESTIMATE #: 4 & FINAL  
 PROJECT #: 3404  
 DATE: JUNE 10, 2014

SAWMILL ROAD IMPROVEMENTS

ITEM #	DESCRIPTION	UNIT	PROJECT ESTIMATE	COMPLETED TO DATE	UNIT PRICE	EXTENSIONS
1	UNCLASSIFIED EXCAVATION	CY	319.00	696.00	22.00	\$15,312.00
2	SUBGRADE PREP	SY	1427.00	1427.00	13.00	\$18,551.00
3	6" FLEXIBLE BASE	CY	238.00	238.00	85.00	\$20,230.00
4	2" HMAC WITH TACK COAT	TON	148.00	150.32	122.00	\$18,339.04
5	18" CURB & GUTTER	LF	555.00	555.00	20.00	\$11,100.00
6	10' TYPE B INLET	EA	2.00	2.00	4,600.00	\$9,200.00
7	5' TYPE B INLET	EA	1.00	1.00	4,000.00	\$4,000.00
8	18" RCP STORM PIPE	LF	40.00	10.00	53.00	\$530.00
9	24" RCP STORM PIPE	LF	135.00	165.00	62.00	\$10,230.00
10	CONNECTION TO TxDOT DRAINAGE	LS	1.00	1.00	1,600.00	\$1,600.00
11	4' CONCRETE SIDEWALK	SF	525.00	525.00	8.00	\$4,200.00
12	HANDICAP RAMP	EA	4.00	3.00	1,500.00	\$4,500.00
13	CONCRETE DRIVEWAY APROACH	SY	281.00	281.00	62.00	\$17,422.00
SPL	DISCOUNT FOR IRON ORE GRAVEL	LS	1.00	1.00	(3,000.00)	(\$3,000.00)
C.O. #1	4' X 4" JUNCTION BOX	EA	1.00	1.00	5,900.00	\$5,900.00

TOTAL COMPLETED & STORED TO DATE	\$138,114.04
LESS 0% RETAINAGE	\$0.00
TOTAL EARNED	\$138,114.04
LESS PREVIOUS PAID APPLICATIONS	\$65,006.10
LESS PREVIOUS UNPAID APPLICATIONS	\$42,791.40
CURRENT PAYMENT DUE	\$30,316.54

CONTRACTOR'S AFFIDAVIT OF BILLS PAID

STATE OF TEXAS  
COUNTY OF SMITH

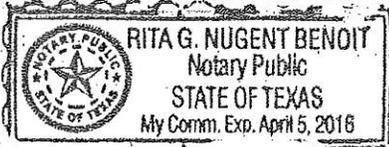
Personally, before me the undersigned authority, on this day appeared  
MCHENRY GIFFIN, who, being duly sworn, on oath, says that he  
is a duly authorized representative of REYNOLDS & KAY LTD.  
(Full name of contractor as in contract)  
and that the contract for the construction of projects CITY OF CHANDLER  
SAWMILL ROAD  
(List separately each project of contract; if this is not ample space, list all projects on reverse side)

has been satisfactorily completed and that all sums of money due for labor, materials, and equip-  
ment furnished for the purpose of such improvements provided for in this contract, to the best of  
my knowledge and belief, have been paid,

*[Handwritten Signature]*  
.....  
(Signature)

VICE PRESIDENT of L.F. KAY MANAGEMENT, LLC,  
GENERAL PARTNER  
.....  
(Title)

Sworn to and subscribed before me this 9 day of JUNE, 2014



*[Handwritten Signature]*  
.....  
Notary Public in and for

(Seal)

SMITH County, Texas

Instructions:

If the contractor is an individual, he shall sign the affidavit. If the contractor is a partnership, any partner may sign the affidavit. If the contractor is a corporation, a person authorized by the by-laws or by the Board of Directors shall sign the affidavit. If the contractor is a joint-venture of individuals and partnerships, the affidavit may be signed by the individual or any partner of any partnership. If the contractor is a joint-venture in which a corporation is a party, separate affidavits must be executed in the name of the joint-venture, one by each corporation and one by each individual or partnership. Signatures for corporations should be by a duly authorized officer. If signature is by another, a showing of authority to sign must accompany the affidavit.

**Resolution #R-090914-C**

**A RESOLUTION ACCEPTING THE CONSTRUCTION PROJECT OF GRIFFIN ESTATES  
PHASE 2A AS CITY STREETS**

**WHEREAS**, The City Engineer has completed a final inspection of the construction of Griffin Estates Phase 2A streets and found them to meet all city requirements; and

**WHEREAS**, the City Council of the City of Chandler deems it appropriate to accept Griffin Estates Phase 2A streets into the City's street system; and

**WHEREAS**, the one year warranty period will begin on June 17, 2014

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

**Section 1:** That Griffin Estates Phase 2A Streets shall be accepted into the City of Chandler street system.

**Section 2:** That this Resolution shall be in force and effect after its passage and approval.

**PASSED AND APPROVED THIS 9<sup>TH</sup> DAY OF SEPTEMBER 2014.**

**CITY OF CHANDLER, TEXAS**

**BY:** \_\_\_\_\_  
Mayor, Ann Hall

**ATTEST:**

\_\_\_\_\_  
City Secretary, Shirley Parmer



**Everett Griffith, Jr. & Associates Inc.**  
ENGINEERS • SURVEYORS

July 8, 2014

Mr. John Taylor, City Administrator  
City of Chandler  
P.O. Box 425  
Chandler, Texas 75758-0425

RE: City of Chandler  
Griffin Estates Phase 2A - Construction Completion

Dear John:

A final inspection was recently performed on June 17, 2014 for the above referenced project. All work has been completed to the satisfaction of the City and Engineer. It is my recommendation to accept this job as complete. The one year warranty period began on June 17, 2014.

If you have any questions, please let me know.

Sincerely,

Jerod L. Morris, P.E.  
for

Bob Staehs, P.E.  
Project Manager

**ORDINANCE NO. O-090914-B**

**AN ORDINANCE MAKING APPROPRIATIONS FOR THE SUPPORT OF THE CITY OF CHANDLER FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2014 AND ENDING SEPTEMBER 30, 2015; ADOPTING THE ANNUAL BUDGET OF THE CITY OF CHANDLER FOR THE 2014-2015 FISCAL YEAR.**

Whereas, the budget, appended here as Exhibit A, for the fiscal year beginning October 1, 2014 and ending September 30, 2015 was duly presented to the City Council by Mayor Ann Hall and public hearings were ordered by the City Council and public notices of said hearings were caused to be given by the City Council and said notices were published in The Chandler & Brownsboro Statesman and said public hearings were held according to said notices; now therefore,

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHANDLER:**

**SECTION 1.** That the appropriations for the fiscal year beginning October 1, 2014 and ending September 30, 2015, for the support of the general government of the City of Chandler, Texas be fixed and determined for said terms in accordance with the expenditures shown in the City's Fiscal Year 2014-2015 Budget, a copy of which is appended hereto as Exhibit A;

**SECTION 2.** That the Budget, as shown in words and figures in Exhibit A, is hereby approved in all respects and adopted as the City's Budget for the fiscal year beginning October 1, 2014 and ending September 30, 2015.

**SECTION 3.** That there is hereby appropriated the amount shown in said budget necessary to provide for a sinking fund for the payment of the principal and interest and the retirement of the bonded debt requirements of Fiscal 2014-2015 of the City of Chandler.

**PASSED AND APPROVED** this, 9<sup>th</sup> day of September 2014.

**APPROVED:**

**ATTEST:**

\_\_\_\_\_  
Ann Hall, Mayor

\_\_\_\_\_  
Shirley Parmer, City Secretary

*City of Chandler  
2014-2015  
Budget*

*“This budget will raise more total property taxes than last year’s budget by \$73,602.29 or 11.18%, and of that amount \$29,679.85 is tax revenue to be raised from new property added to the tax roll this year”*

**CITY OF CHANDLER  
2014-2015 PROPOSED  
GENERAL FUND BUDGET**

**General Fund Revenue**

<b>00-4100</b>	Admin Expense from Utilities		\$206,681.07
<b>00-4140</b>	Interest-City Operating Fund	\$	215.00
<b>00-4230</b>	Building Permits	\$	32,000.00
<b>00-4231</b>	Zoning & Platting Fees	\$	4,000.00
<b>00-4235</b>	Citations	\$	385,000.00
<b>00-4237</b>	Little League Fees	\$	4,500.00
<b>00-4410</b>	City Sales Tax	\$	617,540.00
<b>00-4420</b>	Ad Valorem Tax	\$	731,622.00
<b>00-4510</b>	Oncor Electric Franchise	\$	75,000.00
<b>00-4520</b>	Atmos Energy Franchise	\$	14,500.00
<b>00-4530</b>	Centurylink Franchise	\$	10,000.00
<b>00-4540</b>	Suddenlink Cable Franchise	\$	10,000.00
<b>00-4910</b>	NSF Bank Fees	\$	60.00
<b>00-4911</b>	Notary fees	\$	300.00
<b>00-4912</b>	Copies	\$	63.93
<b>00-4914</b>	Police Reports	\$	400.00
<b>00-4927</b>	Sprint Tower Lease Agreement	\$	9,000.00
<b>00-4930</b>	Miscellaneous	\$	600.00
<b>00-4945</b>	Gods Open Hands	\$	3,600.00
<b>00-4950</b>	EDC/Admin. Fee	\$	4,300.00
<b>00-4957</b>	Sanitation Solutions Scholarship	\$	500.00
<b>00-4959</b>	Trash & Tax Collection	\$	366,900.00
<b>00-4975</b>	Meals on Wheels/Income	\$	1,620.00
<b>00-4970</b>	Library Income/Henderson County	\$	18,000.00
<b>00-4031</b>	Community Center Rental	\$	5,800.00
<b>00-0000</b>	Pavilion Rental	\$	2,500.00
<b>00-0000</b>	Concession Revenue	\$	23,640.00
<b>00-4977</b>	Mixed Beverage Tax	\$	550.00
<b>Total Revenue</b>			<b>\$ 2,528,892.00</b>

**Administrative Expense**

<b>01-5012</b>	Salaries	\$	223,744.98
<b>01-5013</b>	Supplies & Repairs	\$	14,139.78
<b>01-5017</b>	Telephone	\$	11,000.00
<b>01-5018</b>	Engineering-Consultant	\$	8,000.00
<b>01-5023</b>	Postage	\$	3,800.00
<b>01-5029</b>	Audit & Accounting	\$	12,000.00
<b>01-5030</b>	Health	\$	31,200.00
<b>01-5030</b>	Property, WC, Liability	\$	30,977.00
<b>01-5035</b>	Legal	\$	15,000.00
<b>01-5036</b>	Election Expense	\$	8,330.00
<b>01-5038</b>	Contract Labor	\$	500.00
<b>01-5045</b>	Public Notices	\$	1,200.00
<b>01-5046</b>	Dues & Subscriptions	\$	5,000.00
<b>01-5047</b>	Bond Fees	\$	550.00
<b>01-5050</b>	Tx. Unem/FICA/Medicare	\$	18,151.49

**CITY OF CHANDLER  
2014-2015 PROPOSED  
GENERAL FUND BUDGET**

01-5053	Building Inspections	\$	16,000.00
01-5055	Training/Travel	\$	6,000.00
01-5068	HCAD Appraisal Fee	\$	9,000.00
01-5069	Ad Valorem Collection	\$	1,500.00
01-5072	Miscellaneous Expense	\$	500.00
01-5073	Utilities Expense	\$	27,000.00
01-5086	Rental Expense	\$	7,800.00
01-5089	Employee Incentive	\$	1,500.00
01-5090	Chandler VFD	\$	36,000.00
01-5091	Building Repair	\$	18,000.00
01-5094	Management Expense	\$	3,850.00
01-5107	Retirement Expense	\$	12,143.75
01-5154	Payment Sanitation Solutions	\$	222,900.00
01-5156	Sales Tax Payment	\$	25,400.00
01-5155	Credit Card Fee's	\$	8,000.00
01-5157	Code Red System	\$	6,000.00
01-6563	Ordinance Update & Web Maintaince	\$	2,000.00
01-5160	Demo of dangerous buildings	\$	7,500.00
01-6562	Scholarship Award	\$	500.00
01-5166	Technology Expense	\$	12,000.00
01-0000	Community Outreach	\$	1,000.00
01-0000	Sales Tax to EDC	\$	154,385.00
01-6571	Real Estate/McCurley	\$	52,800.00
<b>Total</b>		<b>\$</b>	<b>1,015,372.00</b>

**Police Expense**

04-5012	Salaries	\$	338,731.28
04-5013	Supplies & Repair	\$	17,500.00
04-5021	Vehicle Repair & Maint.	\$	15,000.00
04-5030	Health, Property, Comp.	\$	43,680.00
04-5046	Dues & Subscriptions	\$	750.00
04-5047	Bond Fee's	\$	400.00
04-5055	Training/Travel	\$	6,000.00
04-5050	Tx. Unem/FICA/Medicare	\$	27,568.93
04-5056	Fuel	\$	34,000.00
04-5058	Uniforms	\$	4,500.00
04-5061	Jail	\$	1,500.00
04-5072	Miscellaneous Expense	\$	500.00
04-5093	Mobile Phone	\$	8,000.00
04-5107	Retirement Expense	\$	18,384.77
04-5125	Vehicle Purchase	\$	28,967.70
04-5171	Blood Test	\$	550.00
04-5165	Drug, Phsycological & Medical Exam	\$	1,000.00
<b>Total</b>		<b>\$</b>	<b>547,032.68</b>

**Public Works Expense**

03-5012	Salaries	\$	137,348.45
03-5012	Salaries	\$	181,862.94
03-5013	Supplies & Maintenance	\$	18,000.00

**CITY OF CHANDLER  
2014-2015 PROPOSED  
GENERAL FUND BUDGET**

<b>03-5024</b>	Inmate Expense	\$	200.00
<b>03-5030</b>	Health, Property, Comp.	\$	24,960.00
<b>03-5034</b>	Park Projects	\$	26,200.00
<b>03-5047</b>	Bond Fee's	\$	200.00
<b>03-5050</b>	Tx Unem/FICA/Medicare	\$	26,443.38
<b>03-5055</b>	Training/Travel	\$	800.00
<b>03-5056</b>	Fuel	\$	12,500.00
<b>03-5058</b>	Uniforms	\$	1,000.00
<b>03-5064</b>	Street Lights	\$	45,000.00
<b>03-5066</b>	Material Street Repair	\$	130,000.00
<b>03-5072</b>	Miscellaneous Expense	\$	500.00
<b>03-5073</b>	Utilities Expense	\$	24,000.00
<b>03-5085</b>	Street Signs	\$	8,000.00
<b>03-5086</b>	Rental Expense	\$	1,500.00
<b>03-5093</b>	Mobile Phone	\$	2,000.00
<b>03-5107</b>	Retirement Expense	\$	17,439.23
<b>03-5110</b>	Equipment Purchase	\$	20,000.00
<b>03-5113</b>	Animal Control/Building & Equipment	\$	1,000.00
<b>03-0000</b>	Animal Control Services	\$	864.00
<b>03-5134</b>	Hardware/Chemicals	\$	750.00
<b>03-0000</b>	Recreational Programming	\$	2,358.92
<b>03-5118</b>	Pest Control	\$	2,000.00
<b>Total</b>		<b>\$</b>	<b>684,926.92</b>

**Community Center Expense**

<b>07-5096</b>	Building Repair & Maintenance	\$	10,000.00
<b>07-5097</b>	Building Utilities	\$	2,100.00
<b>07-5098</b>	Supplies & Equipment	\$	2,000.00
<b>Total</b>		<b>\$</b>	<b>14,100.00</b>

**Municipal Court Expense**

<b>05-5012</b>	Salaries	\$	11,837.91
<b>05-5013</b>	Supplies & Repairs	\$	4,500.00
<b>05-5035</b>	Legal	\$	10,000.00
<b>05-5046</b>	Dues & Subscriptions	\$	150.00
<b>05-5047</b>	Bond Fee's	\$	50.00
<b>05-5050</b>	Tx Unem/FICA/Medicare	\$	1,112.60
<b>05-5055</b>	Travel/Training	\$	3,000.00
<b>05-5060</b>	State Tax on Citations	\$	150,000.00
<b>05-5092</b>	Professional Fee's	\$	4,000.00
<b>05-5130</b>	Juror Expense	\$	350.00
<b>05-6569</b>	MVBA Collection Fee	\$	14,999.62
<b>Total</b>		<b>\$</b>	<b>200,000.13</b>

**CITY OF CHANDLER  
2014-2015 PROPOSED  
GENERAL FUND BUDGET**

**Library-Museum Expense**

<b>L-5012</b>	Salaries	\$	20,247.00
<b>L-5013</b>	Supplies & Equipment	\$	4,738.47
<b>L-5046</b>	Dues & Subscriptions	\$	4,500.00
<b>L-5047</b>	Bond Fee	\$	50.00
<b>L-5050</b>	Tx Unem/FICA/Medicare	\$	1,755.90
<b>L-5170</b>	Library books	\$	12,500.00
<b>L-5073</b>	Utilities	\$	6,000.00
<b>L-5017</b>	Telephone & Internet	\$	3,000.00
<b>L-5107</b>	Retirement Expense	\$	1,098.90
<b>L-4930</b>	Misc. Library Expense	\$	250.00
<b>L-0000</b>	Museum Utility Expense	\$	3,600.00
<b>L-0000</b>	Museum Building Repair & Maintenance	\$	5,000.00
<b>L-0000</b>	Museum Internet & Telephone	\$	720.00
<b>L-5091</b>	Library Building Repair & Maintenance	\$	4,000.00
<b>Total</b>		<b>\$</b>	<b>67,460.27</b>

**Total General Fund Budget**

**\$2,528,892.00**

\_\_\_\_\_  
**Ann Hall, Mayor**

\_\_\_\_\_  
**Shirley Parmer, City Secretary**

**CITY OF CHANDLER  
2014/2015 PROPOSED  
UTILITY FUND BUDGET**

**Utility Fund Revenue**

<b>00-4115</b>	Checking Account Interest	\$	310.00
<b>00-4146</b>	2006 Bond Series Acct. Interest	\$	225.00
<b>00-0000</b>	2014 Bond Series Acct. Interest	\$	75.00
<b>00-0000</b>	2014 Utility Bond Interest	\$	75.00
<b>00-4210</b>	Water Tap Fees	\$	36,000.00
<b>00-4215</b>	Sewer Tap Fees	\$	28,000.00
<b>00-4220</b>	Connect Fee	\$	8,000.00
<b>00-4225</b>	Reconnection Fees	\$	1,500.00
<b>00-4310</b>	Water & Sewer Service	\$	966,000.00
<b>00-4311</b>	City Trash Collection	\$	320,000.00
<b>00-4312</b>	Tax Collection	\$	25,000.00
<b>00-4313</b>	County Trash Collection	\$	2,200.00
<b>00-4314</b>	County Tax Collection	\$	140.00
<b>00-4315</b>	Bulk Water Sales	\$	200.00
<b>00-4930</b>	Miscellaneous	\$	500.00
<b>00-5202</b>	Customer Service Inspections	\$	2,000.00
<b>TOTAL</b>		<b>\$</b>	<b>1,390,225.00</b>

**Utility Fund Expense**

<b>01-5012</b>	Admin. To General Fund	\$	181,862.94
<b>01-5014</b>	Analysis-Water	\$	17,000.00
<b>01-0000</b>	Building Repair & Maintenance	\$	27,000.00
<b>01-0000</b>	Fuel	\$	6,000.00
<b>01-0000</b>	Inflow & Infiltration Repairs	\$	5,000.00
<b>01-0000</b>	Technology	\$	3,000.00
<b>01-0000</b>	Vehicle & Equipment Repair & Maint	\$	4,000.00
<b>01-5013</b>	Office Supplies	\$	2,602.33
<b>01-5017</b>	Telephone	\$	3,000.00
<b>01-5018</b>	Engineering-Consultant	\$	10,000.00
<b>01-5020</b>	2006 Bond Interest	\$	70,707.00
<b>01-5023</b>	Postage	\$	4,000.00
<b>01-5029</b>	Audit & Accounting	\$	12,000.00
<b>01-5030</b>	Health	\$	31,200.00
<b>01-5030</b>	Property, WC, Liability	\$	17,533.60
<b>01-5037</b>	Service Agreements	\$	2,100.00
<b>01-5045</b>	Public Notices	\$	1,000.00
<b>01-5047</b>	Bond Fees	\$	250.00
<b>01-5050</b>	Tx. Unem/FICA/Medicare	\$	14,947.51
<b>01-5058</b>	Uniforms	\$	1,500.00
<b>01-5049</b>	2006 Bond Principle	\$	135,161.00
<b>01-5055</b>	Training/Travel	\$	2,000.00
<b>01-5072</b>	Miscellaneous	\$	500.00
<b>01-5073</b>	Utilities	\$	100,000.00
<b>01-5075</b>	Sludge	\$	20,000.00
<b>01-5093</b>	Mobile Phones	\$	2,120.00
<b>01-5101</b>	Printed Forms	\$	1,900.00
<b>01-5107</b>	Retirement	\$	9,870.62

**CITY OF CHANDLER  
2014/2015 PROPOSED  
UTILITY FUND BUDGET**

<b>01-5167</b>	ETCOG GPS.GSI	\$	2,000.00
<b>01-5132</b>	Mail Outs	\$	750.00
<b>01-5021</b>	Software Purchases	\$	1,000.00
<b>01-5166</b>	Customer Service Inspections	\$	600.00
<b>01-5134</b>	Inventory (Material & Supplies)	\$	40,000.00
<b>01-5135</b>	Chemicals	\$	20,000.00
<b>01-5137</b>	Street Repair	\$	1,000.00
<b>01-5139</b>	Lift Station Repair	\$	5,000.00
<b>01-5142</b>	Permit Fees Etc	\$	6,000.00
<b>01-5145</b>	Sportsman's Paradise Maint. Fee	\$	60.00
<b>01-5146</b>	Neches & Trinity Valley	\$	4,000.00
<b>01-5148</b>	Coffee Supplies	\$	800.00
<b>01-5152</b>	Equipment Purchase	\$	8,320.00
<b>01-5153</b>	Sewer Plant Repair & Expense	\$	18,000.00
<b>01-5154</b>	Water Well Repair	\$	10,000.00
<b>01-5163</b>	2014 Bond Interest	\$	25,440.00
<b>01-5165</b>	2014 Bond Principle	\$	65,000.00
<b>01-5155</b>	Water & Sewer Projects	\$	35,000.00
<b>01-1136</b>	Trash & Tax Collection	\$	336,000.00
<b>01-0000</b>	Water Well Fund	\$	125,000.00
<b>TOTAL</b>		<b>\$</b>	<b>1,390,225.00</b>

**Total Utility Fund Budget**

**\$1,390,225.00**

**TOTAL 2014/2015 PROPOSED BUDGET \$3,919,117.00**

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**Ann Hall, Mayor**

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**Shirley Parmer, City Secretary**

**ORDINANCE NO. O-090914-C**

**AN ORDINANCE LEVYING AD VALOREM TAXES FOR USE AND SUPPORT OF THE MUNICIPAL GOVERNMENT OF THE CITY OF CHANDLER, TEXAS FOR THE 2014-2015 FISCAL YEAR; PROVIDING FOR APPORTIONING EACH LEVY FOR SPECIFIC PURPOSES; AND PROVIDING WHEN TAXES SHALL BECOME DUE AND WHEN SAME SHALL BECOME DELINQUENT IF NOT PAID.**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHANDLER:**

**SECTION 1.** That there is hereby levied and there shall be collected for the use and support of the municipal government of the City of Chandler, and to provide an Interest and Sinking fund for the 2014-2015 Fiscal Year, upon all property, real, personal, and mixed, within the corporate limits of said City subject to taxation, a tax of .535603 on each \$100 valuation of property, said tax being levied and apportioned to the specific purposes here set forth:

1. This tax rate will raise more taxes for maintenance and operations than last year's and;
2. The tax rate will effectively be raised by 11.18 percent and will raise taxes for maintenance and operations on a \$100,000 home by approximately \$60.60.

**SECTION 2.** That taxes levied under this ordinance shall be due October 1, 2014 and if not paid on or before January 31, 2015 shall immediately become delinquent.

**SECTION 3.** All taxes shall become a lien upon the property against which assessed, and the city tax collector of the City of Chandler is hereby authorized and empowered to enforce the collection of such taxes according to the Constitution and laws of the State of Texas and ordinances of the City of Chandler and shall, by virtue of the tax rolls, fix and establish a lien by levying upon such property, whether real or personal, for the payment of said taxes, penalty and interest, and the interest and penalty collected from such delinquent taxes shall be apportioned to the general fund of the City of Chandler. All delinquent taxes shall bear interest from date of delinquency at the rate as prescribed by state law.

**SECTION 4.** This ordinance shall take effect and be in force from the date after its passage.

**PASSED** this 9<sup>th</sup> day of September 2014, at a regular meeting of the City Council of the City of Chandler, there being quorum present, by 5 yeas and approved by the Mayor on the date above set out.

**APPROVED:**

**ATTEST:**

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Ann Hall, Mayor

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Shirley Parmer, City Secretary



# CITY OF CHANDLER

## Staff Report

**PROJECT:** Ordinance O-090914-D, Amending Appendix A Fee Schedule to include Rental Fees for Park and Recreation Facilities and Community Center

**DATE:** Parks Board: 9-3-14                      CC: 9-9-14

**REQUEST:** Consider and Act on Ordinance O-090914-D Amending Appendix A "Fee Schedule" in the Chandler Code of Ordinances adding Article A8.000 "Rental Fees for Park and Recreation Facilities and Community Center"

**PROPERTY DESCRIPTION:** The Grand Pavilion is a new 7,500 square foot steel pavilion with a 1,700 sq. ft. concrete block building and 5,800 sq. ft. of open pavilion.

**OVERVIEW:** The Chandler Economic Development Corporation and the City of Chandler have completed the above referenced pavilion project for a total cost of \$250,000 for the building and \$25,000 in incidentals plus \$25,000 in concession equipment.

There will be ongoing costs for utilities and maintenance. The city intends to keep an inventory of chairs and tables at the pavilion for various functions.





The City intends to rent out the use of the pavilion for a fee. However, it is not the intent to rent out the concession. It is possible the City may want to provide concessions depending on the event or to work with a caterer for a separate fee.

Fees also need to be established for the older Winchester Park Pocket Pavilion and the McCain Park Gazebo. These small facilities are currently reserved for no fee. The small fee proposed covers the administrative costs and placement of a reserved sign on the facility.

The following are the proposed rental rates:

	Resident	Non-resident
Winchester Pocket Pavilion	\$20	\$40
Winchester Grand Pavilion (5,800 sq. ft.) with tables, chairs, lights, fans, & horseshoes	\$100	\$200
Deposit	\$100	\$100
McCain Park Gazebo	\$20	\$40
Community Center (3,532 sq ft)	\$150	\$250
Deposit	\$150	\$150

Any of the pavilions or Gazebo may be used without a rental fee but it must be rented to reserve the unit and to ensure sole occupancy. Also the Grand Pavilion must be rented to use any of the lights, fans,

tables and chairs.

**RECOMMENDED  
ACTION:**

The Parks and Recreation Board met on 9/3/14 and voted to recommend the rental rates established above and as indicated in the attached Ordinance O-090914-D (except Gazebo which was added after the meeting)

**CITY CONTACT:**

John Taylor, City Administrator

**ATTACHMENTS:**

Ordinance O-090914-D

**ORDINANCE NO. O-090914-D**

**AN ORDINANCE OF THE CITY COUNCIL OF CHANDLER, TEXAS, AMENDING APPENDIX A “FEE SCHEDULE” IN THE CHANDLER CODE OF ORDINANCES ADDING ARTICLE A8.000 “RENTAL FEES FOR PARK AND RECREATION FACILITIES”; PROVIDING FOR A SEVERABILITY CLAUSE; PROVIDING A REPEALER CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the City Council for the City of Chandler, Texas (“City”), in an effort to promote the health, safety, and general welfare of its citizens, finds it necessary to provide quality rental facilities to residents and non-residents; and

**WHEREAS**, fees are required for the ongoing costs for utilities, maintenance and upkeep of these facilities.

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of the City of Chandler, Texas as follows:

**1. Article A8.000 Parks and Recreation Rental Fees**

The following shall be changed for the rental of the listed facilities:

	Resident	Non-resident
Winchester Pocket Pavilion	\$20	\$40
Winchester Grand Pavilion (5,800 sq. ft.)	\$100	\$200
Refundable Deposit	\$100	\$100
McCain Park Gazebo	\$20	\$40
Community Center (3,532 sq. ft.)	\$150	\$250
Refundable Deposit	\$150	\$150

**2. SEVERABILITY**

It is hereby declared to be the intention of the City of Chandler, Texas, that all sections, paragraphs, sentences, clauses, and phrases of this Ordinance are severable and if any phrase, sentence, paragraph, or section of this Ordinance should be declared unconstitutional by a valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not effect any remaining phrases, clauses, sentences, paragraphs, or sections of this Ordinance and the remainder of this Ordinance shall be enforced as written.

**3. REPEALER**

All ordinances, or parts of ordinances, enforced when the provisions of this Ordinance become effective that are inconsistent, or in conflict with the terms and provisions contained in this Ordinance are hereby repealed to the extent of any such conflict.

**4. EFFECTIVE DATE**

This Ordinance shall become effective upon adoption.

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Duly PASSED and APPROVED by the City Council of the City of Chandler, Texas on this 9th day of September, 2014.

APPROVED BY:

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Ann Hall, Mayor

ATTEST:

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Shirley Parmer, City Secretary



# CITY OF CHANDLER

## Staff Report

**PROJECT:** Ordinance #O-090914-E. Updating the Rules and Regulations affecting the Parks and Recreation facilities

**DATE:** Parks Board: 9-3-14 CC: 9-9-14

**REQUEST:** Consider and act on Ordinance #O-090914-E amending Chapter One "General Provisions", Article 1.10 Parks and Recreation.

**OVERVIEW:** Article 1.10 of the Code of Ordinances are rules governing Parks and Recreation in Chandler. These rules were written in 2001. In the past 13 years Chandler's system of Parks has drastically changed which creates the need to update our rules and ordinances that pertain to them.

The attached draft proposes numerous changes. The red text indicates changes and the black text indicates original language in the Article. The following are an outline of the major changes being proposed:

Sec. 1.10.001 Addition of definitions used in the chapter.

Sec. 1.10.002 Proposing opening (5am.) and closing (11:00 pm.) times for Winchester and McCain Parks.

Sec. 1.10.034 Expand the role of the Parks Board to include: "Recommend policies and procedures for the proper administration of the parks and recreation program of the city subject to the approval of the city council." and "Manage the operation of the concessions at Winchester Park."

Sec 1.10.061 Adds a list of acts that are presumed to cause potential for injury and are prohibited on park property.

Sec. 1.10.062 Adds to the list of offenses related to injuring vegetation, structures and other property.

Sec. 1.10.063 Adds to the list of offences related to abusive or indecent language; indecent acts; or creating nuisances.

Sec.1.10.065 Adds to the list of offences related to driving and parking of vehicles.

Sec. 1.10.069 Allows for activities for profit if part of a sanctioned special event such as the Pow Wow.

Sec. 1.10.070 Adds a section on fishing rules for both the Winchester Park Pond and River Park.

Sec. 1.10.071 Adds a section on littering rules.

Sec. 1.10.072 Adds a section on restroom rules.

Sec. 1.10.073 Adds a section on eviction and penalty for violation of rules.

**RECOMMENDED ACTION:**

The parks and Recreation Board met on 9/3/14 and recommended the draft rules as attached.

**CITY CONTACT:**

John Taylor, City Administrator

**ATTACHMENTS:**

Ordinance #O-090914-E  
Proposed amendments to Chapter One General Provisions, Article 1.10 Parks and Recreation

**ORDINANCE NO. O-090914-E**

**AN ORDINANCE OF THE CITY COUNCIL OF CHANDLER, TEXAS, AMENDING CHAPTER ONE OF THE CODE OF ORDINANCES "GENERAL PROVISIONS", ARTICLE 1.10 "PARKS AND RECREATION" PROVIDING A PENALTY CLAUSE; PROVIDING FOR A SEVERABILITY CLAUSE; PROVIDING A REPEALER CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the City Council for the City of Chandler, Texas ("City"), in an effort to promote the health, safety, and general welfare of its citizens, finds it necessary to regulate the rules associated with the administration of the parks and recreation system and its associated facilities;

**WHEREAS**, the existing language in the above mentioned chapter was adopted in 2001; and

**WHEREAS**, the City of Chandler's park system has had many additions and improvements since 2001, thus requiring amendments to the governing ordinances.

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of the City of Chandler, Texas as follows:

1. Article 1.10 "Parks and Recreation" of the Code of Ordinances is repealed in its entirety.
2. A new Article 1.10 "Parks and Recreation" as shown in attachment A is hereby adopted

**3. PENALTY**

It is hereby declared to be the intention of the City of Chandler, Texas, that all sections, paragraphs, sentences, clauses, and phrases of this Ordinance are subject to the penalties as established in Chapter One, Section 1.01.009 "General penalty for violation of code; continuing violations".

**4. SEVERABILITY**

It is hereby declared to be the intention of the City of Chandler, Texas, that all sections, paragraphs, sentences, clauses, and phrases of this Ordinance are severable and if any phrase, sentence, paragraph, or section of this Ordinance should be declared unconstitutional by a valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not effect any remaining phrases, clauses, sentences, paragraphs, or sections of this Ordinance and the remainder of this Ordinance shall be enforced as written.

**5. REPEALER**

All ordinances, or parts of ordinances, enforced when the provisions of this Ordinance become effective that are inconsistent, or in conflict with the terms and provisions contained in this Ordinance are hereby repealed to the extent of any such conflict.

**6. EFFECTIVE DATE**

This Ordinance shall become effective subsequent to the publication of this Ordinance as required by law.

\*\*\*

Duly PASSED and APPROVED by the City Council of the City of Chandler, Texas on this 9th day of September, 2014.

APPROVED BY:

\_\_\_\_\_  
Ann Hall, Mayor

ATTEST:

\_\_\_\_\_  
Shirley Parmer, City Secretary

# ARTICLE 1.10 PARKS AND RECREATION\*

## Division 1. Generally

### Sec 1.10.001. Definitions.

As used in this chapter:

"Alcoholic beverage" means alcohol, spirits, liquor, wine, beer and every liquid or solid containing one-half of one percent or more of alcohol by volume and which is fit for beverage purposes either alone or combined with other substances.

"Amplified sound" means sound projected and transmitted by electronic equipment, including amplifiers.

"City" means the city of Chandler.

"City Administrator" means the city administrator of the city of Chandler, or a designated representative to act in his/her place.

"Designated Representative" means a person appointed by the city administrator or the city council to act as a representative.

"Director". The director of the city Public Works department or a designated representative to act in his/her place.

"Facilities" or "area" means city-owned or leased property, improved or unimproved city park and park amenities.

"League play". An athletic event which is authorized, organized or scheduled with the assistance of the city by a nonprofit organization which is a member of the Brownsboro, Murchison, and Chandler Athletic Association (BMC).

"Park". Means a specific piece of ground, either within the City or that is under the control of the City, that is operated and maintained by the City and set apart for the use of the general public, whether developed or undeveloped, including natural parks, and that is usually, or may be, planted with trees, lawns and other shrubbery. A park may include within its boundary facilities for sport, entertainment, recreation, fishing, or a park may be planned for any beneficial use by the citizenry.

"Person". Any person, firm, partnership, corporation, association, company or organization of any kind.

### Sec. 1.10.002. Opening and Closing Times for City Recreational Facilities.

- (a) Except for unusual or unforeseen events, Winchester Park and McCain Park shall be open to the public every day of the year during designated hours. Unless otherwise noticed by sign or other communication, Winchester and McCain Parks shall open each day at 5:00 a.m. and close at 11:00 p.m. Park hours shall be posted in each associated park for public information. With the exception of police, fire, and parks and recreation personnel, no one may enter Winchester and McCain Park during the hours it is closed. River Park does not have set hours of operation.
  
- (a) Individuals or groups may receive express written permission from the City Administrator to be in a park during the hours it is closed. The written permission shall designate specific hours within which the exemption is granted. The exemption from closing hours shall be in effect only for those hours exempted. Such written permission must be presented to any police officer or City official or employee upon demand. Written exemption from closing hour prohibitions shall not void any other penalties or violations of this chapter or other city ordinances.

Secs 1.10.003 – 1.10.030 Reserved

## **Division 2. Parks and Recreation Board**

Sec. 1.10.031 Creation; membership

- (a) A parks and recreation board is created and shall consist of five (5) members. Members shall be appointed by the mayor. Two (2) of the original five (5) members shall be appointed for one-year terms and three (3) shall be appointed for two-year terms. Subsequent members shall serve for two-year terms and until their successors are duly appointed and qualified. Members of the board shall serve without pay. (2001 Code, sec. 96.20)

Sec. 1.10.032 Officers; rules of procedure

- (a) The board shall select from among its members a chairman and vice-chairman and may adopt, subject to the approval of the city council, such rules and regulations for the government of its proceedings as it may deem proper. (2001 Code, sec. 96.21)

Sec. 1.10.033 Reserved

Editor's note—Former section 1.10.033 pertaining to the prohibition of members holding other city offices and deriving from section 96.22 of the 2001 Code was repealed in its entirety by Ordinance O-031213, adopted March 12, 2013.

Sec. 1.10.034 Duties

- (a) It shall be the duty of the parks and recreation board to:

1. Recommend policies and procedures for the proper administration of the parks and recreation program of the city subject to the approval of the city council
2. Encourage and facilitate the establishment and maintenance of parks, playgrounds, playfields, centers, and other park and recreational facilities on the properties owned and controlled by the city or on private or public properties with the consent of the owners and managers thereof;
3. Encourage the establishment of a supervised recreation program for all ages on properties owned and controlled by the city or on private or public properties with the consent of the owners and managers thereof;
4. Recommend acquisition by the city of such land and buildings as are deemed necessary for a parks and recreation program, subject to location approval by the planning and zoning commission;
5. Study and submit recommendations for improvement and expansion of the parks and recreation facilities and programs of the city;
6. Cooperate with all agencies, groups, and clubs concerned with recreation in the city; and
7. Make such studies concerning parks and recreation as may be requested by the city council.
8. Manage the operation of the concessions at Winchester Park.

(b) The parks and recreation board shall have such additional duties as may be conferred on such board by ordinance.

(2001 Code, sec. 96.23)

Secs. 1.10.035–1.10.060 Reserved

### **Division 3. Use Regulations**

Sec. 1.10.061 Park use generally

(a) It shall be unlawful for any individual or group of individuals to:

1. Participate in any activity on any public park area when such activity will create a danger to the public or may be considered a public nuisance. The city council may designate particular locations within park areas for specific activities and, when deemed necessary, it may limit the conduct of such activities by the issuance of special permits upon application, which permits will set out the particular conditions under which such activity is permitted.  
(2001 Code, sec. 96.01)

(b) The following enumerated acts are presumed to cause potential for injury and are deemed unsafe and are prohibited on park property:

1. Carrying or discharging any firearm or explosive of any kind, including fireworks, excepting law enforcement officers, those with a valid Concealed

Handgun License and those who have received written consent to do so from the City Administrator;

2. Batting outside of a baseball field, batting cage or an area with proper netting;
3. Shooting any projectile, paint ball or golfing;
4. Skateboards, roller skates, scooters, bicycles, etc. in the baseball complex or in pavilions;
5. Glass of any type;
6. Use of any tobacco product, or to smoke or possess any burning tobacco weed, plant or other tobacco product, including vapor smoking devices; or
7. Making or continuing to burn an open fire except in barbecue or grill areas provided by the City or County.

Sec. 1.10.062 Injuring vegetation, structures or other property

(a) A person commits an offense if in any park or recreational area he knowingly:

1. Cuts, breaks, defaces or in any way injures the trees, shrubs, plants, grass, turf, fountains, seats, fences, structures, improvements, ornaments, monuments, or property within or upon any of the public parks; (2001 Code, sec. 96.02)
2. Adjusts or tampers with sprinklers, sprinkling valves, or sprinkling or irrigation systems;
3. Creates or constructs any path without the express written consent of the Director or City Administrator; or

Hits or throws balls or other hard objects against fences, or against baseball or other backstops.

Sec. 1.10.063 Abusive or indecent language; indecent acts; creating nuisance

1. A person commits an offense if in any park or recreational area he knowingly:
  1. Uses or speaks any threatening, abusive, insulting, or indecent language in any of the public parks, and no person shall commit in any such parks any obscene, lewd, or indecent act or create any nuisance; (2001 Code, sec. 96.03)
  2. Interferes or disrupts any game, league play, tournament or practice of any organized sports association, or any city sponsored or approved organized athletic activity or special event;
  3. Uses any abusive or profane language or gestures toward any coach, assistant coach, trainer, manager, umpire, referee, player, or other official during a practice, game or league play of any organized sports association or any city sponsored or approved organized athletic activity;
  4. Fails to leave the game, field or facility, or to otherwise fail to comply with the ejection order for any person ejected from a game, field or facility by the umpire, referee, or other league play official.

Sec. 1.10.064 Restraint of animals

- (a) It shall be unlawful for any owner, keeper, or person having the custody or control of any animal to cause or permit such animal to go into or upon the grounds of any park within the city, unless such dog is led by some person and retained in custody by having such animal securely fastened by means of a chain, rope, or strap. (2001 Code, sec. 96.04)
- (b) It is the responsibility of any person having custody of any animal to clean up any waste left by that animal.

Sec. 1.10.065 Driving and parking of vehicles

- (a) A person commits an offense if in any park or recreational area he knowingly:
  - 1. Parks a commercial vehicle overnight;
  - 2. Parks a vehicle for the primary use of displaying advertising;
  - 3. Drives or operates a motor vehicle except in areas designed for such use;
  - 4. Stops, stands, or parks a motor vehicle in any area not designated as a parking space;
  - 5. Parks a motor vehicle so as to obstruct entrance to or exit from a roadway, parking area, or trail established for public motor vehicle use; or
  - 6. Fails to park the entire motor vehicle within the limit lines of a designated parking stall, where such lines have been provided.
- (b) It is an exception to subsection (a) above if the driving, stopping, standing, or parking:
  - 1. Was along a roadway, or parking area established for public motor vehicle use;
  - 2. Was due to temporary mechanical failure of the vehicle;
  - 3. Was ordered by a police or park officer or a person charged with supervision of a park or recreation area within the city;
  - 4. Was performed by an employee of the city while in the course of his official duties; or
  - 5. Was due to the temporary loading and unloading of the vehicle.

(2001 Code, sec. 96.05)

Sec. 1.10.066 Sale of merchandise or services

- (a) A person commits an offense if in any park or recreational area he knowingly:
  - 1. Sell or offer for sale any food, drinks, confections, merchandise, or services in public park or recreation areas unless such person has a written agreement with the city or a permit issued from the city administrator permitting the sale of such items. Application for such agreement or permit shall be made to the office of the city secretary. (2001 Code, sec. 96.06)

2. Distribute any handbills or circulars, or posting, placing or erecting any bills, notices, papers or advertising of any kind without the express written consent of the City Administrator;

Sec. 1.10.067 Alcoholic beverages

- (a) A person commits an offense if he consumes or possesses an alcoholic beverage while in a public park or while on a public street, sidewalk, or parking area adjacent to a public park. (2001 Code, sec. 96.07)

Sec. 1.10.068 Loud and raucous noise

- (a) A person commits an offense if he knowingly makes or causes to be made any loud and raucous noise in any public park and recreation area in the city.

- (b) It is a defense to prosecution under subsection (a) that the person:

1. Is a city employee acting within the scope of his official duties;
2. First obtained the written permission of the city authorizing a special event; or
3. Is part of the announcement of league play or an authorized sporting event.

- (c) The following enumerated acts are presumed to create loud and raucous noises for purposes of this section:

1. The sounding of any horn or signal device on any automobile, motorcycle, bus, or other vehicle, except as a danger signal, as required by state law.
2. The use of any mechanical loudspeaker or sound amplifier for the purpose of attracting the attention of other persons by the creation of noise.
3. The playing of any radio, television, amplified music musical instrument, or other machine or device for the production or reproduction of sound at such a volume that the sound produced is audible at a distance in excess of one hundred fifty (150) feet.
4. The operation of any automobile, motorcycle, bus, or other vehicle or mechanical device in such a manner so as to produce a sound that is audible at a distance in excess of one hundred fifty (150) feet.

(2001 Code, sec. 96.08)

Sec. 1.10.069 Activities for profit

- (a) No agent, servant, or employee of the city having supervision or jurisdiction over any of the various city-owned parks may rent or allow the use of any of said parks to any person for the purpose of engaging in an enterprise for a profit unless as a part of a city sanctioned special event.

(b) This section shall not apply to local civic, religious, and charitable organizations. Said organizations shall make application to the city secretary for the use of any such park, setting forth in said application the name of the organization and its officers, the purpose for which said park is desired to be used, the length of time and a detailed statement showing the use of the revenue derived from the use of said park.

(2001 Code, sec. 96.09)

Sec. 1.10.070 Fishing

- (a) A person commits an offense if in any park or recreational area he knowingly:
1. Swims in Winchester Park Pond or off the banks of the Neches River in River Park;
  2. Boats on Winchester Park Pond;
  3. Fails to follow the Texas Parks and Wildlife State rules;
  4. Fails to follow fishing limits as set forth by Texas Parks and Wildlife;
  5. While fishing on Winchester Park Pond, fishes by any other means than by pole and line or exceeding the limit of two poles;
  6. Fails to possess a State fishing license, if 17 or over; or
  7. Cleans fish on property controlled by the city as a park.

Sec. 1.10.071 Littering

- (a) A person commits an offense if in any park or recreational area he knowingly:
1. Throws or deposits any bottle, metal objects, glass, paper, wood, clippings, rubbish or garbage except in receptacles set out for that purpose; or
  2. Carries onto any park property any garbage, trash or other refuse.

Sec. 1.10.072 Restrooms

- (a) A person commits an offense if in any park or recreational area he knowingly:
1. Loiters in or around park restrooms;
  2. Puts any object which is not normally used in those receptacles in sinks, toilets or drinking fountains which is reasonably likely to clog or plug the plumbing;
  3. Expectoates, urinates, or defecates except into a toilet for that purpose; or
  4. Use the restrooms and washrooms designated for the opposite sex if over the age of six (6) years.

**Division 4. Violation of Ordinance or Rules**

Sec. 1.10.073 Eviction and Penalty

- (a) Eviction. Any person violating any of the ordinances, rules or instructions established by the City may be evicted immediately from the park by any City employee or Designated Representative who has been granted that authority by the City Administrator. Any person who, having been given direction to leave by such an employee or Designated Representative and who does not leave, is guilty of violating this chapter.
  
- (b) Penalty. Any person who violates any ordinance, rule, instruction or sign within this chapter is guilty of an infraction unless the violation is a greater offense under State, County or City criminal codes, in which case the violation shall be punishable as the greater offense.

**Resolution #R-090914-D**

**A RESOLUTION ADOPTING A CITY OF CHANDLER  
INVESTMENT POLICY**

**WHEREAS**, Chapter 2256 of the Government Code, commonly known as the “Public Funds Investment Act”, requires the city to adopt an investment policy by rule, ordinance, or resolution; and

**WHEREAS**, the Public Funds Investment Act requires the treasurer; the chief financial officer, if not the treasurer; and the investment officer of the city to attend investment training; and

**WHEREAS**, the City of Chandler approves of the investment training course sponsored by the Texas Municipal League; and

**WHEREAS**, the treasurer; the chief financial officer, if not the treasurer; and the investment officer of the city have attended an investment training course sponsored by the Texas Municipal League as required by the Public Funds Investment Act; and

**WHEREAS**, the attached investment policy and incorporated strategy comply with the Public Funds Investment Act, as amended, and authorize the investment of city funds in safe and prudent investments.

**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of Chandler:

That the City of Chandler has complied with the requirements of the Public Funds Investment Act, and the Investment Policy, as amended attached hereto as “Exhibit A”, is hereby adopted as the investment policy of the City effective the 9<sup>th</sup> day of September, 2014.

APPROVED:

Attest:

\_\_\_\_\_  
Ann Hall, Mayor

\_\_\_\_\_  
Shirley Parmer, City Secretary



# **Investment policy**

**Adopted  
September 9, 2014**

**Prepared by Shirley Parmer – City Secretary/Investment Officer**

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**I. Purpose**

The purpose of this document is to establish the investment policies for the management of public funds of the City of Chandler, Texas. This policy will be reviewed on an annual basis by City Council. At such time, the Council will adopt an ordinance that (1) states that the investment policy has been reviewed and (2) enumerates the changes to be made to the policy.

These policies are designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with those of comparable funds and financial market indexes.

#### **I. Statutory Authority**

This policy was adopted in accordance with the Public Funds Investment Act (V.T.C.A., Government Code §2256).

#### **II. Policy Scope**

This investment policy applies to all the financial assets (i.e., cash, bank deposits and securities) of the City.

#### **III. Investment Strategy Statement**

It is the City's policy to invest public funds in a manner that meets the following objectives:

- Ensure the suitability of the investment to the financial requirements of the City;
- Ensure preservation and safety of capital;
- Provide sufficient liquidity to meet cash flow needs;
- Ensure the marketability of the investments;
- Provide sufficient diversification; and
- Provide a competitive return on investment.

#### **IV. Investment Objectives**

The following is a detailed discussion of the City's investment objectives, in priority order:

##### **A. Preservation and Safety of Capital**

Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To achieve this objective it is necessary to minimize credit risk and interest rate risk.

Credit risk is the risk of loss due to failure of the security issuer to pay interest and/or principal in a timely manner. It may be reduced by:

- Limiting investments to the safest types of securities;
- Pre-qualifying the business organizations with which the City will do business; and
- Requiring that investments not insured or guaranteed by the United States government to fully collateralize.

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. The longer the term, the more tendencies there are for rates to fluctuate. Interest rate risk may be reduced by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and
- Investing primarily in shorter-term securities.

Both types of risk may also be controlled through diversification.

#### B. Liquidity

It is the City's objective that the investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

Liquidity is the relative ease with which a security may be converted to cash, typically through sale on the open market. The goals of liquidity and preservation of capital may conflict at times. While a security may be easily converted to cash, the amount of cash received may be less than the amount initially paid due to fluctuations in market value. For that reason, it is important for the portfolio to be structured so that securities mature concurrent with anticipated cash needs, hereby avoiding the need to liquidate investments under adverse market conditions.

#### C. Marketability of Investments

Marketability is the ability to quickly purchase and sell a security at competitive prices in secondary markets. Some investments, such as Treasury bills, can be sold at any time. Other more exotic instruments may not be much in demand by other investors and, consequently, may be much harder to sell.

Since all possible cash demands cannot be anticipated, the portfolio should consist of securities with active secondary or resale markets. This will ensure that in the event the City must sell a security, a buyer can be readily found.

At times, selling a security before maturity may produce a loss. With the exception of the following situations, securities shall not be sold at a loss:

- A security with declining market value could be sold early to minimize loss;
- A security swap would improve the quality, yield, or target duration in the portfolio; or
- Liquidity needs of the portfolio require that a security be sold and all other sales would result in a larger loss.

#### D. Diversification

The constraints established by this investment policy minimize the City's risk exposure. Through diversification, the City can further limit risk exposure. The City will address diversification in its portfolio by limiting its exposure to any one type of investment, staggering investment maturities, and using several investment providers.

E. Yield

A fundamental rule of investments is that risk equals return. The City has deliberately established a low risk threshold in order to protect its financial resources and ensure that cash is available when needed. Return on investment is the least important objective of the City's investment program. It is anticipated, however, that the City will still earn a competitive rate of return given the level of risk assumed.

V. **Standard of Care**

A. Prudence

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio, not each investment decision. Investment officers acting in accordance with this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that the investment decision was consistent with this written policy.

The "prudent person" standard requires that investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived.

B. Ethics and Conflicts of Interest

Employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the City.

C. Delegation of Authority

The City Secretary is hereby designated the Investment Officer of the City. Authority to manage the investment program is granted to the City Secretary.

No person may engage in investment transactions except as provided under the terms of this policy and the procedures established by the City Secretary. The City Secretary shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

#### D. Training

The City Secretary shall attend at least one training session related to their respective duties within 12 months of assuming office or duties. This training must include education in investment controls, security risks, strategy risks, market risks and compliance with the Public Funds Investment Act.

The City Secretary shall receive a minimum of 10 hours of training as required by state law, which is designed to ensure the continued proper performance of their duties under this policy and the Public Funds Investment Act. The training provider must be an independent provider and approved by the City Council. A list of independent training providers is approved by the City Council concurrent with the approval of the city's investment policy each year.

### VI. Execution of Security Transactions

#### A. Selection of Investments

The City Secretary shall establish a competitive process for the selection of investments.

#### B. Delivery vs. Payment

With the exception of mutual funds, all investment transactions will be executed by delivery vs. payment (DVP). This requires that the release of funds and the receipt of the investment occur simultaneously.

### VII. Internal Controls and Compliance Audit

#### A. Internal Controls

The City Secretary is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The internal control structure should address the following points:

- Control of collusion. Collusion is a situation where two or more employees work in conjunction to defraud their employer.
- Avoidance of physical delivery securities. Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increase with physically delivered securities.
- Clear delegation of authority to subordinate staff members. Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.

- Written confirmation of telephone transactions for investments and wire transfers. Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead.

#### B. Annual Audit

The City Secretary shall establish a process for annual independent review by an external auditor to:

- assure compliance with policies and procedures, and
- Review monthly investment reports.

This review is to be done in conjunction with the annual audit of the City's financial statements.

### **VIII. Suitable and Authorized Investments**

#### A. Investment Types

The following investments are permitted under this policy:

- Obligations of the United States government (i.e., treasury bills, treasury notes and treasury bonds) and obligations of a United States government agency.
- Mutual funds offered by the City's depository bank as part of its cash management program;
- Certificates of deposit issued by a state or national bank or a savings bank domiciled in the State of Texas.

#### B. Collateralization

Certificates of deposit and all other deposits with banks and savings banks shall be 1) guaranteed or insured by the Federal Deposit Insurance Corporation or 2) fully collateralized as required by the Public Funds Investment Act. In order to provide an appropriate level of protection, the market value of the pledged security will be a minimum of 105% of the amount on deposits plus accrued interest.

Substitution of collateral must be approved in writing by the City prior to the substitution taking place.

#### C. Prohibited Investments

Any investment not specifically authorized by this policy is prohibited. Any investment that is a derivative in nature, even though the underlying asset may meet the guidelines established in this policy, is also prohibited.

**IX. Reporting**

Not less than quarterly, the City Secretary shall prepare investment reports for City Council that describe in detail the investment position of the City as of the date of the report. These reports will be prepared in a manner that will allow the City Council to ascertain whether investments activities have conformed to the City's investment policy.

Investment reports should be presented by the City Secretary to the City Council at the first council meeting after the end of the month. They must be signed and dated by the City Secretary and contain the following statement: "This report is in full compliance with the investment strategies as established by the City of Chandler Investment Policy and the Public funds Investment Act (Chapter 2256)".

At a minimum, reports presented to City Council will include the following:

- A transaction detail report of all transactions during the period.

Passed and adopted, this 9<sup>th</sup> day of September, 2014.

City of Chandler, Texas

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Mayor

ATTEST:

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City Secretary