



# The City of Liberty City Council

## Special Called Meeting

~ Agenda ~

1829 Sam Houston  
Liberty, TX 77575  
[www.cityofliberty.org](http://www.cityofliberty.org)

Dianne Tidwell  
City Secretary  
(936) 336-3684

Tuesday, January 28, 2014

6:00 PM

City Council Chambers

THE City Council of Liberty, Texas reserves the right to meet in closed session on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551 of the Texas Government Code.

### I. CALL TO ORDER

Attendee Name	Present	Absent	Late	Arrival
Mayor Carl Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Councilperson Diane Huddleston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Councilperson Dennis Beasley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Councilperson Frank Jordan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Councilperson Louie Potetz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Councilperson Libby Simonson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Councilperson David Arnold	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

### II. ACKNOWLEDGEMENT OF GUESTS AND VISITORS / PUBLIC COMMENT

Public Comment is reserved for members of the public who would like to address the City Council regarding agenda and non-agenda items. Please be aware that, under Texas Law, the Council may not deliberate or take any action during Citizen's comments for items not on the agenda. In some situations, City Staff may be able to respond to the public comment with a factual statement or clarification. The City Council may have the item placed on a future agenda for action or refer the item to Management and Staff for study or conclusion.

### III. PRESENTATIONS / REPORTS

- Information Item (ID # 2915)**  
Project Updates - City Mgr. G. Broz
- Information Item (ID # 2916)**  
Financial Report - Dec. 2013 - Finance Dir., N. Herrington
- Information Item (ID # 2917)**  
Ssm Rayburn Municipal Power Agency - Mayor Pickett
- Information Item (ID # 2918)**  
Recycling Report - Councilperson Huddleston
- Information Item (ID # 2919)**  
Houston-Galveston Area Council - Councilperson Jordan

**IV. REGULAR AGENDA****A. Regular Session****1. Council Action (ID # 2920)**

Consider approval of a lease with Sjolander Aviation, for property at the Liberty Municipal Airport.

**2. Resolution (ID # 2921)**

Consider a Resolution approving a new street project (approximately 4,700 linear feet) in an undeveloped area on the east side of the City off of the Highway 146 Bypass to be financed, in part, with funds provided by the Liberty Community Development Corporation, and approving a project funding agreement related thereto with the Corporation.

**B. Executive Session**

1. Consultation with Attorney. Gov. Code §551.071 - Contemplated Litigation regarding the Humphreys Cultural Center.

2. Deliberation Regarding Economic Development Negotiation. Gov. Code §551.087 - Sjolander Aviation.

**C. Reconvene into Regular Session****1. Council Action (ID # 2922)**

Consider and take action, if any, on the items as discussed in the Executive Session.

**V. ADJOURNMENT**

**Motion To:** Adjourn

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**CERTIFICATION**

*I certify that the attached Notice of Meeting was posted on the bulletin board and in the Message Centers located on the east and west sides of the City Hall Administration Building, located at 1829 Sam Houston on the 24<sup>th</sup> day of January, 2014 at 11:00 a.m. This notice will remain so posted continuously for at least 72 hours preceding the scheduled time of said meeting in accordance with Chapter 551 of the Texas Government Code.*

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*Dianne Tidwell, City Secretary*

**NOTICE**

*In compliance with the Americans with Disabilities Act, the City of Liberty will provide reasonable accommodation for persons attending and/or participating in this Council Meeting. To better serve you, requests must be made at least 24 hours prior to the meeting. Contact the City at (936) 336-3684 or by Fax at (936) 336-9846. The building is wheelchair accessible, with parking available, on the west side of the building.*

*I certify that the attached Notice and Agenda of items to be considered by the City Council was removed by me from the bulletin board at the City Hall on the \_\_\_\_\_ day of \_\_\_\_\_, 2014.*



**The City of Liberty**

City Council  
1829 Sam Houston  
Liberty, TX 77575

Meeting: 01/28/14 06:00 PM

Department: Administration  
Category: Project Updates

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**INFORMATION ITEM (ID # 2915)**

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DOC ID: 2915



**The City of Liberty**

City Council  
1829 Sam Houston  
Liberty, TX 77575

Meeting: 01/28/14 06:00 PM

Department: Administration  
Category: Reports

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**INFORMATION ITEM (ID # 2916)**

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DOC ID: 2916

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**The City of Liberty**

City Council  
1829 Sam Houston  
Liberty, TX 77575

Meeting: 01/28/14 06:00 PM

Department: Administration  
Category: Reports

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**INFORMATION ITEM (ID # 2917)**

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DOC ID: 2917



**The City of Liberty**

City Council  
1829 Sam Houston  
Liberty, TX 77575

Meeting: 01/28/14 06:00 PM

Department: Administration  
Category: Reports

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**INFORMATION ITEM (ID # 2918)**

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DOC ID: 2918



**The City of Liberty**

City Council  
1829 Sam Houston  
Liberty, TX 77575

Meeting: 01/28/14 06:00 PM

Department: Administration  
Category: Reports

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**INFORMATION ITEM (ID # 2919)**

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DOC ID: 2919



**The City of Liberty**

City Council  
1829 Sam Houston  
Liberty, TX 77575

4.A.1

Meeting: 01/28/14 06:00 PM

Department: Administration  
Category: Agreements

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**COUNCIL ACTION (ID # 2920)**

DOC ID: 2920





RESOLUTION (ID # 2921)

DOC ID: 2921 A

RESOLUTION AUTHORIZING THE ISSUANCE OF \$\_\_\_\_\_ IN AGGREGATE PRINCIPAL AMOUNT OF LIBERTY COMMUNITY DEVELOPMENT CORPORATION SALES TAX REVENUE BONDS, SERIES 2014; APPROVING ALL DOCUMENTS RELATED THERETO INCLUDING A PAYING AGENT/REGISTRAR AGREEMENT, A PROJECT FUNDING AGREEMENT, A SALES TAX REMITTANCE AGREEMENT, A PURCHASE CONTRACT AND AN OFFICIAL STATEMENT; AND APPROVING OTHER MATTERS RELATED THERETO

DATE OF APPROVAL: FEBRUARY 11, 2014
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**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION AUTHORIZING THE ISSUANCE OF \$ \_\_\_\_\_ IN AGGREGATE PRINCIPAL AMOUNT OF *LIBERTY COMMUNITY DEVELOPMENT CORPORATION SALES TAX REVENUE BONDS, SERIES 2014*; APPROVING ALL DOCUMENTS RELATED THERETO INCLUDING A PAYING AGENT/REGISTRAR AGREEMENT, A PROJECT FUNDING AGREEMENT, A SALES TAX REMITTANCE AGREEMENT, A PURCHASE CONTRACT AND AN OFFICIAL STATEMENT; AND APPROVING OTHER MATTERS RELATED THERETO**

**THE STATE OF TEXAS** ,  
**COUNTY OF LIBERTY** ,  
**LIBERTY COMMUNITY DEVELOPMENT CORPORATION** .

**WHEREAS**, the City of Liberty, Texas (the "**City**") is a home rule municipality operating under the Constitution and laws of the State of Texas and the City=s home rule charter; and

**WHEREAS**, pursuant to the provisions of the Development Corporation Act of 1979, as amended ("**Article 5190.6**"), the City Council of the City called an election for May 6, 1995, for the purpose of receiving authority to levy a one-half of one percent (2 of 1%) sales and use tax for the benefit of an industrial development corporation to be created pursuant to Section 4B of Article 5190.6; and

**WHEREAS**, at the election held on May 6, 1995, a majority of the citizens of the City voting at said election authorized the City to levy a sales and use tax on the receipts at retail of taxable items within the City at a rate of one-half of one percent (2 of 1%) (the "**4B Sales Tax**") to "*promot[e] economic development within the City and the State of Texas in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City, and to promote or develop expanded business enterprises, including drainage or related improvements and for maintenance and operating costs of the publicly owned and operated projects by developing, implementing, providing, and financing projects under the Act and as defined in Section 4B of the Act*"; and

**WHEREAS**, pursuant to the provisions of Section 4B of Article 5190.6, in 1995 the City created the **LIBERTY COMMUNITY DEVELOPMENT CORPORATION** (the "**Issuer**") as a nonstock, nonprofit industrial development corporation to act on behalf of the City to satisfy the public purposes set forth in Section 4B of Article 5190.6; and

**WHEREAS**, subsequent to the creation of the Corporation, Article 5190.6 was codified by the Legislature and is now found, as it relates to the Corporation, in Chapters 501, 502 and 505 of the Texas Local Government Code, which chapters are referred to collectively herein as the "**Act**"; and

**WHEREAS**, by ordinance, the City Council of the City levies such one-half of 1% (2 of 1%) sales and use tax for the benefit of the Issuer; and

**WHEREAS**, in accordance with the provisions of Section 505.301 of the Act and that certain *Sales Tax Remittance Agreement*, dated as of February 1, 2014, between the City and the Issuer (defined herein as the "**Transfer Agreement**"), the City is required to transfer to the Issuer the proceeds of the aforesaid sales and use tax; and

**WHEREAS**, Section 505.158(a) of the Act provides that "*[f]or a Type B corporation authorized to be created by a municipality with a population of 20,000 or less, "project" also includes the land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements found by the corporation's board of directors to promote new or expanded business development*"; and

**WHEREAS**, according to the United States Bureau of the Census, the City's 2010 census population was 8,395; therefore, the provisions of Section 505.158(a) of the Act are applicable to the Issuer; and

**WHEREAS**, the board of directors (the "**Board**") of the Issuer has previously expressed its desire, and hereby reaffirms its desire, to provide financing for the construction of a new street (approximately 4,700 linear feet) in an undeveloped area on the east side of the City off of the Highway 146 Bypass (the "**Project**"); and

**WHEREAS**, the Board of Directors of the Issuer hereby finds that the construction of the Project will promote new or expanded business development in the City within the meaning of Section 505.158(a) of the Act; and

**WHEREAS**, Section 505.158(b) of the Act provides that "*[a] Type B corporation may not undertake a project authorized by this section that requires an expenditure of more than \$10,000 until the governing body of the corporation's authorizing municipality adopts a resolution authorizing the project after giving the resolution at least two separate readings*"; and

**WHEREAS**, in satisfaction of Section 505.158(b), the City Council of the City authorized the Project pursuant to resolutions adopted by the City Council on January 28, 2014, and February 11, 2014; and

**WHEREAS**, Section 505.159(a) of the Act provides that "*a Type B corporation shall hold at least one public hearing on a proposed project before spending money to undertake the project*"; and

**WHEREAS**, the Issuer held a public hearing on the Project on February 11, 2014, which satisfied the requirement set forth in Section 505.159(a) of the Act; and

**WHEREAS**, the Issuer caused a notice of its intention to undertake the Project to be published on October \_\_, 2013, in the \_\_\_\_\_, which date is at least 60 days prior to the date of this Resolution , and neither the Issuer nor the City received a petition from more than 10 percent of the registered voters of the City requesting that an election be held before the Project is undertaken by the Issuer, all in compliance with Section 505.160 of the Act; and

**WHEREAS**, to evidence the obligations of the Issuer to finance a portion of the Project on behalf of the City, the Issuer entered into a *Project Agreement*, dated as of February 1, 2014, between the City and the Issuer (the "**Project Agreement**"); and

**WHEREAS**, the Board now deems it necessary and appropriate to authorize the issuance of a series of sales tax revenues bonds secured by a lien on a pledge of the "Pledged Revenues" (defined herein), which include the proceeds of such one-half of one percent (2 of 1%) sales and use tax levied for the benefit of the Issuer by the City, for the purpose of providing a portion of the funds necessary to finance the Project; and

**WHEREAS**, it is hereby officially found and determined that the meeting at which this Resolution was passed was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

**THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LIBERTY COMMUNITY DEVELOPMENT CORPORATION THAT:**

**SECTION 1. AMOUNT AND PURPOSE OF THE BONDS.** The bonds of the Issuer are hereby authorized to be issued and delivered in the aggregate principal amount of \$\_\_\_\_\_ **FOR THE PURPOSE OF PAYING A PORTION OF THE COSTS TO CONSTRUCT CERTAIN ROADWAYS IN THE CITY FOR THE PURPOSE OF PROMOTING NEW OR EXPANDED BUSINESS DEVELOPMENT IN THE CITY, FUNDING A DEBT SERVICE RESERVE FUND, AND PAYING COSTS OF ISSUANCE.**

**SECTION 2. DESIGNATION OF THE BONDS.** Each bond issued pursuant to this Resolution shall be designated **LIBERTY COMMUNITY DEVELOPMENT CORPORATION SALES TAX REVENUE BOND, SERIES 2014**, and initially there shall be issued, sold, and delivered hereunder one fully registered bond, without interest coupons, dated February 1, 2014, in the principal amount stated in Section 1 above, numbered T-1 (the "**Initial Bond**"), with Bonds issued in replacement thereof being in denominations of \$5,000 or any integral multiple thereof and numbered consecutively from R-1 upward, payable to the respective initial registered owners thereof (with the Initial Bond being payable to the initial purchaser designated in Section 26 hereof), or to the registered assignee or assignees of said Bonds or any portion or portions thereof (in each case, the "**Registered Owner**"), and the Bonds shall mature and be payable serially on **March 1** in each of the years and in the principal amounts, respectively, as set forth in the following schedule:

[The remainder of this page intentionally left blank]

MATURITY DATE	PRINCIPAL AMOUNT (\$)	MATURITY DATE	PRINCIPAL AMOUNT (\$)
2015		2025	
2016		2026	
2017		2027	
2018		2028	
2019		2029	
2020		2030	
2021		2031	
2022		2032	
2023		2033	
2024		2034	

The term "**Bonds**" as used in this Resolution shall mean and include collectively the Bonds initially issued and delivered pursuant to this Resolution and all substitute Bonds exchanged therefor, as well as all other substitute Bonds and replacement Bonds issued pursuant hereto, and the term "**Bond**" shall mean any of the Bonds.

**SECTION 3. INTEREST.** The Bonds shall bear interest from their date to their date of maturity or redemption prior to maturity at the following rate per annum:

MATURITY DATE INTEREST RATE (%)		MATURITY DATE INTEREST RATE (%)	
2015		2025	
2016		2026	
2017		2027	
2018		2028	
2019		2029	
2020		2030	
2021		2031	
2022		2032	
2023		2033	
2024		2034	

Said interest shall be payable in the manner provided and on the dates stated in the FORM OF BOND set forth in this Resolution.

**SECTION 4. CHARACTERISTICS OF THE BONDS.** (a) *Registration and Transfer.* The Issuer shall keep or cause to be kept at the designated corporate trust or commercial banking office (initially located in Dallas, Texas) of **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.** (the "**Paying Agent/Registrar**") books or records for the registration of the transfer and exchange of the Bonds (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. Attached hereto as Exhibit A is a copy of the Paying Agent/Registrar Agreement between the Issuer and the Paying Agent/Registrar which is hereby approved in substantially final form, and the President, Vice President, and Secretary of the Board of Directors of the Issuer are hereby authorized to execute the Paying Agent/Registrar Agreement and approve any changes in the final form thereof.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds 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. To the extent possible and under reasonable circumstances, all transfers of Bonds shall be made within three business days after request and presentation thereof. 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 Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Bond or Bonds shall be paid as provided in the FORM OF BOND set forth in this Resolution. Registration of assignments, transfers and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Resolution. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in (c) below, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for transfer and exchange. 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 transfer and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Chapter 1201, Texas Government Code, and particularly Subchapter D and Section 1201.067 thereof, the duty of transfer and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the transferred and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) 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 Bonds, all as provided in this Resolution. The Paying Agent/ Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds.

(c) *In General.* The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturity (notice of which shall be given to the Paying Agent/Registrar by the Issuer at least 45 days prior to any such redemption date), (iii) may be transferred and assigned, (iv) may be exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bonds 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 Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Resolution. The Initial Bond is not required to be, and shall not be, authenticated by the Paying Agent/ Registrar, but on each substitute Bond issued in exchange for the Initial Bond issued under this Resolution the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND. In lieu of the executed Paying Agent/Registrar's Authentication Certificate described above, the Initial Bond delivered on the closing date (as further described in subparagraph (i) below) shall have attached thereto the Comptroller's Registration Certificate substantially in the form set forth in the FORM OF BOND below, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the Issuer, and has been registered by the Comptroller.

(d) *Substitute Paying Agent/Registrar.* The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity and shall be an entity registered with the Securities and Exchange Commission. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 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 Resolution. 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 Bonds, 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 each registered owner of the Bonds, 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 Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.



(e) Book-Entry Only System for Bonds. The Bonds issued in exchange for the Bonds initially issued to the purchaser specified in Section 13 herein shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("**DTC**"), and except as provided in subsection (i) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("**DTC Participant**") to hold securities to facilitate the clearance and settlement of securities transaction among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the direction of the registered owners, as shown in the Registration Books as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal and interest pursuant to this Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks being mailed to the registered owner at the close of business on the Record Date, the words "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfers Outside Book-Entry Only Systems. In the event that the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants

of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee for DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the Issuer to DTC.

(h) DTC Letter of Representation. The officers of the Issuer are herein authorized for and on behalf of the Issuer and as officers of the Issuer to enter into one or more Letters of Representation, if necessary, with DTC establishing the book-entry only system with respect to the Bonds.

(i) Delivery of Initial Bond. On the closing date, one Initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the initial registered owner named in Section 26 of this Resolution or its designee, executed by manual or facsimile signature of the President or Vice President and the Secretary of the Board of Directors of the Issuer, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the initial purchaser or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to the initial registered owner or its designee one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all of the Bonds for such maturity.

**SECTION 5. FORM OF BONDS.** The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas (to appear only on the Initial Bond) shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution:

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

**FORM OF BOND**

R- \_\_\_\_\_

PRINCIPAL  
AMOUNT  
\$ \_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF TEXAS  
LIBERTY COMMUNITY DEVELOPMENT CORPORATION  
SALES TAX REVENUE BOND, SERIES 2014**

INTEREST RATE	MATURITY DATE	DATE OF ISSUE	CUSIP NO.
_____ %	March 1, 20__	February 1, 2014	_____

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

**DOLLARS**

***ON THE MATURITY DATE SPECIFIED ABOVE, THE LIBERTY COMMUNITY DEVELOPMENT CORPORATION*** (the "*Issuer*"), being a nonstock, nonprofit industrial development corporation organized and existing under the laws of the State of Texas, including particularly the Development Corporation Act of 1979, as amended (which was originally enacted as Article 5190.6, V.A.T.C.S., and was subsequently codified and now appears - as it relates to the Issuer - in Chapters 501, 502, and 505 of the Texas Local Government Code) (collectively, the "*Act*"), particularly Chapter 505, Texas Local Government Code, as amended, and acting on behalf of the *City of Liberty, Texas* (the "*City*"), hereby promises to pay to the registered owner set forth above or to the assignee or assignees thereof (either being hereinafter called the "*registered owner*") the Principal Amount set forth above, and to pay interest thereon (calculated on the basis of a 360-day year composed of twelve 30-day months) from February 1, 2014, to the Maturity Date specified above, or the date of redemption prior to maturity, at the Interest Rate per annum specified above, with interest being payable on September 1, 2014, and semiannually on each March 1 and September 1 thereafter; except that if the date of authentication of this Bond is later than any Record Date but on or before the next following interest payment date, such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date (hereinafter defined) but on or before the next following interest payment date, in which case such Principal Amount shall bear interest from such next following interest payment date.

***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 principal 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 designated corporate trust or commercial banking office (initially located in Dallas, Texas) of **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, which is the "*Paying Agent/Registrar*" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on the interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of the Bonds (the "*Resolution*") 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 the address of the registered owner, as it appeared on the 15<sup>th</sup> day of the month next preceding such date (the "**Record Date**") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner at the principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar (unless the redemption date is a regularly scheduled interest payment date, in which case accrued interest on such redeemed Bond shall be payable in the regular manner described above). The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond, it will make available to the Paying Agent/Registrar, from the "Debt Service Fund" created by the Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "**Special Record Date**") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the special record date by the United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

**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 Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

**THIS BOND IS ONE OF A SERIES OF BONDS** dated as of February 1, 2014, authorized in accordance with the Constitution and laws of the State of Texas, including particularly the Act, in the original principal amount of \$\_\_\_\_\_ **FOR THE PURPOSE OF PAYING A PORTION OF THE COSTS TO CONSTRUCT CERTAIN ROADWAYS IN THE CITY FOR THE PURPOSE OF PROMOTING NEW OR EXPANDED BUSINESS DEVELOPMENT IN THE CITY, FUNDING A DEBT SERVICE RESERVE FUND, AND PAYING COSTS OF ISSUANCE.**

**ON MARCH 1, 2023, AND ON ANY DATE THEREAFTER**, the Bonds of this Series maturing on and after March 1, 2024, may be redeemed prior to their scheduled maturity, at the option of the Issuer, with funds derived from any available and lawful source, as a whole or in part (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at the redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the Issuer shall determine the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot Bonds, or portions thereof, in such principal amounts for redemption.

**THE BONDS MATURING** on March 1 in the years 20\_\_ and 20\_\_ (collectively, the "**Term Bonds**") are subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

TERM BONDS MATURING MARCH 1, 20__		TERM BONDS MATURING MARCH 1, 20__	
Mandatory Redemption Date	Redemption Amount	Mandatory Redemption Date	Redemption Amount
March 1, 20__		March 1, 20__	
March 1, 20__		March 1, 20__	
March 1, 20__ (maturity)		March 1, 20__ (maturity)	

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption requirements may be reduced, at the option of the Issuer, by the principal amount of any such Term Bonds which, prior to the date of the mailing of notice of such mandatory redemption, (i) shall have been acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, (ii) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer, or (iii) shall have been redeemed pursuant to the optional redemption provisions described in the preceding paragraph and not theretofore credited against a mandatory redemption requirement.

**AT LEAST 30 DAYS PRIOR** to the date fixed for redemption, 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 each Bond to be redeemed at its address as it appeared on the day such notice is mailed. The failure to send, mail, or receive such notice in writing, 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 Bonds, and the publication of notice as described above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds. The notice with respect to an optional redemption of Bonds may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar no later than the redemption date, or (2) that the Issuer retains the right to rescind such notice at any time prior to the scheduled redemption date if the Issuer delivers a certificate of an authorized representative to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is so rescinded. 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 the Bonds or

portions thereof which are to be so redeemed. If such written notice of redemption is mailed (and not rescinded), and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturity, and they shall not bear interest after the date fixed for redemption, and they 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.

***ALL BONDS OF THIS SERIES*** are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative to evidence the assignment hereof. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of this Bond or any portion hereof (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) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

***WHENEVER THE BENEFICIAL OWNERSHIP*** of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

***IN THE EVENT ANY PAYING AGENT/REGISTRAR*** for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Bonds.

**BY BECOMING THE REGISTERED OWNER OF THIS BOND**, the registered owner thereby acknowledges all of the terms and provisions of the Resolution, agrees to be bound by such terms and provisions, acknowledges that the Resolution 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 Resolution constitute a contract between each registered owner hereof and the Issuer.

**THE ISSUER HAS RESERVED THE RIGHT**, subject to the restrictions stated, and adopted by reference, in the Resolution, to issue additional parity revenue bonds which also may be made payable from, and secured by a first lien on and pledge of, the "Pledged Revenues" (as defined in the Resolution).

**IT IS HEREBY CERTIFIED, RECITED, AND COVENANTED** that this Bond has been duly and validly authorized, issued, sold, 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 is a special obligation of the Issuer; that neither the State of Texas, the City, nor any other political corporation, subdivision, or agency of the State of Texas, nor any member of the Board of Directors of the Issuer, either individually or collectively, shall be obligated to pay the principal of or the interest on this Bond and neither the faith and credit nor the taxing power (except as described below) of the State of Texas, the City, or any other political corporation, subdivision, or agency of the State of Texas is pledged to the payment of the principal of or the interest on this Bond; that the principal of and interest on this Bond, together with other outstanding "Parity Obligations" (as defined in the Resolution) are secured by and payable from a first lien on and pledge of the revenues defined in the Resolution as the "Pledged Revenues", which include the proceeds of a one-half of one percent (2 of 1%) sales and use tax levied for the benefit of the Issuer by the City pursuant to the Act; and that the registered owner hereof shall not have the right to demand payment of the principal of or interest on this Bond from any tax proceeds in excess of the aforesaid sales and use tax proceeds levied for the benefit of the Issuer by the City pursuant to the Act, or from any other source other than the Pledged Revenues.

**IN WITNESS WHEREOF**, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the President or Vice President of the Board of Directors of the Issuer and countersigned with the manual or facsimile signature of the Secretary of the Board of Directors of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

\_\_\_\_\_  
(signature)  
Secretary, Board of Directors

\_\_\_\_\_  
(signature)  
(Vice) President, Board of Directors

(SEAL)

**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'S SEAL)

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

**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 Resolution described in the text of this Bond; and that this Bond has been issued in exchange for a Bond which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

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

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

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



**FORM OF ASSIGNMENT**

**ASSIGNMENT**

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

\_\_\_\_\_  
\_\_\_\_\_  
/ \_\_\_\_\_ / \_\_\_\_\_

\_\_\_\_\_  
(Assignee's Social Security or Taxpayer Identification Number) (Please print or typewrite name and address, including zip code of Transferee)

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 a member firm of the New York Stock Exchange or a commercial bank or trust company.

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

**INITIAL BOND INSERTIONS**

The Initial Bond shall be in the form set forth above except that:

- (A) The Initial Bond shall be numbered "T-1".
- (B) Immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall be completed with the words "As shown below."
- (C) The first paragraph shall be deleted and the following shall be inserted:

***"ON THE MATURITY DATE*** specified below, the ***LIBERTY COMMUNITY DEVELOPMENT CORPORATION*** (the "***Issuer***"), being a nonstock, nonprofit industrial development corporation organized and existing under the laws of the State of Texas, including particularly the Development Corporation Act of 1979, Article 5190.6, V.A.T.C.S., as amended (which was originally enacted as Article 5190.6, V.A.T.C.S., and was subsequently codified and now appears - as it relates to the Issuer - in Chapters 501, 502, and 505 of the Texas Local

Government Code) (collectively, the "*Act*"), particularly Chapter 505, Texas Local Government Code, as amended, and acting on behalf of the *City of Liberty, Texas* (the "*City*"), hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "*Registered Owner*"), the respective Principal Installments specified below, and to pay interest thereon (calculated on the basis of a 360-day year composed of twelve 30-day months) from February 1, 2014 at the respective Interest Rates per annum specified below, payable on September 1, 2014, and semiannually on each March 1 and September 1 thereafter to the Maturity Date specified below, or the date of redemption prior to maturity. The Maturity Date, Principal Installment and Interest Rate for this Bond are set forth in the following schedule:

MATURITY DATE (MARCH 1)	PRINCIPAL INSTALLMENT (\$)	INTEREST RATE (%)
_____	_____	_____
_____	_____	_____
_____	_____	_____

*[Insert principal and interest information from Sections 2 and 3 above]*

**SECTION 6. DEFINITIONS.** As used in this Resolution, the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"*Act*" shall mean the Development Corporation Act of 1979, as amended (which was originally enacted as Article 5190.6, V.A.T.C.S., and was subsequently codified and now appears - as it relates to the Issuer - in Chapters 501, 502, and 505 of the Texas Local Government Code), particularly Chapter 505, Texas Local Government Code, as amended.

"*Additional Obligations*" shall mean those obligations hereafter issued by the Issuer pursuant to Section 19 of this Resolution.

"*Board*" shall mean the Board of Directors of the Issuer.

"*Bonds*" shall mean the *Liberty Community Development Corporation Sales Tax Revenue Bonds, Series 2014*, in the aggregate principal amount of \$\_\_\_\_\_, authorized to be issued by this Resolution.

"*City*" shall mean the City of Liberty, Texas.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended.

"*Comptroller*" shall mean the Comptroller of Public Accounts of the State of Texas, and any successor official or officer thereto.

"*Cost*" shall mean with respect to the Project, the cost of acquisition, construction, reconstruction, improvement, and expansion of the Project as provided in the Act, including, without limitation, the cost of the acquisition of all land, rights-of-way, property rights, easements, and interests, the cost of all machinery and equipment, financing charges, interest prior to and during construction, and for one year after completion of construction whether or not

capitalized, necessary reserve funds, cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving, and expanding any such Project, administrative expense, and such other expense as may be necessary or incident to the acquisition, construction, reconstruction, improvement, and expansion thereof, the placing of the same in operation, and the financing or refinancing of the Project.

**"Credit Facility"** shall mean a policy of municipal bond insurance, a surety bond or a bank letter or line of credit issued by a Credit Facility Provider to cause the amount on deposit in the Reserve Fund to satisfy the Required Reserve Amount.

**"Credit Facility Provider"** means (i) with respect to any Credit Facility consisting of a policy of municipal bond insurance or a surety bond, any issuer of policies of insurance insuring the timely payment of debt service on governmental obligations such as the Parity Obligations and provided that a nationally recognized rating agency having an outstanding rating on the Parity Obligations would rate such Parity Obligations fully insured by a standard policy issued by that issuer in one of its three highest rating categories for such obligations; and (ii) with respect to any Credit Facility consisting of a letter or line of credit, any bank, provided that a nationally recognized rating agency having an outstanding rating on the Parity Obligations would rate the Parity Obligations in one of its three highest rating categories for such obligations if the letter or line of credit proposed to be issued by such bank secured the timely payment of the entire principal amount of the Parity Obligations and the interest thereon.

**"Depository Bank"** shall mean the official depository bank of the City.

**"Fiscal Year"** shall mean the fiscal year of the Issuer, being the twelve month period beginning October 1 of each year.

**"Investment Act"** shall mean the Public Funds Investment Act, Chapter 2256, Texas Government Code.

**"Issuer"** shall mean the *Liberty Community Development Corporation*.

**"Parity Obligations"** shall mean, collectively, the Bonds and any Additional Obligations.

**"Paying Agent/Registrar"** shall mean the financial institution so designated in accordance with the provisions of Section 4 of this Resolution.

**"Pledged Revenues"** shall mean the Sales Tax plus any interest earnings thereon, less any amounts due or owing to the Comptroller as charges for collection or retention by the Comptroller for refunds and to redeem dishonored checks and drafts, to the extent such charges and retention are authorized or required by law.

**"Project"** shall mean the construction of a new street (approximately 2,300 linear feet) in an undeveloped area on the east side of the City of Liberty off of the Highway 146 Bypass for the purpose of promoting new or expanded business development in the City.

"**Project Agreement**" shall mean the *Project Agreement*, dated as of February 1, 2014, between the City and the Issuer.

"**Required Reserve Amount**" shall mean the average annual principal and interest requirements on the Parity Obligations.

"**Sales Tax**" shall mean the one-half of one percent (2 of 1%) sales and use tax levied by the City within the boundaries of the City as they now or hereafter exist, together with any increases in the aforesaid rate if provided and authorized by the laws of the State of Texas, including specifically the Act, and collected for the benefit of the Issuer, all in accordance with the Act.

"**Transfer Agreement**" shall mean the *Sales Tax Remittance Agreement*, dated as of February 1, 2014, between the City and the Issuer.

#### **SECTION 7. PLEDGE; SECURITY INTEREST.**

(a) *Pledge of Pledged Revenues.* The Parity Obligations, and any interest payable thereon, are and shall be secured by and payable from a first lien on and pledge of the Pledged Revenues; and the Pledged Revenues are further pledged to the establishment and maintenance of the Debt Service Fund and the Reserve Fund as hereinafter provided. The Parity Obligations are and will be secured by and payable only from the Pledged Revenues, and are not secured by or payable from a mortgage or deed of trust on any real, personal or mixed properties constituting the Project.

(b) *Security Interest.* Chapter 1208, Texas Government Code, applies to the issuance of the Parity Obligations and the pledge of the Pledged Revenues granted by the Issuer under Section 7(a) of this Resolution, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Parity Obligations are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the Issuer under Section 7(a) of this Resolution is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Parity Obligations the perfection of the 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, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

**SECTION 8. REVENUE FUND.** There is created and established, and shall be maintained, on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund entitled the "*Liberty Community Development Corporation Sales Tax Revenue Fund*" (hereinafter called the "**Revenue Fund**"). All Pledged Revenues shall be credited to the Revenue Fund immediately upon receipt. Monies in said Fund shall be maintained at an official depository bank of the City.

**SECTION 9. DEBT SERVICE FUND.** For the sole purpose of paying the principal of and interest on the Parity Obligations, as the same come due, there is hereby created and established, and shall be maintained, on the books of the Issuer a separate fund entitled the "*Liberty Community Development Corporation Sales Tax Revenue Bonds Debt Service Fund*"

(hereinafter called the "*Debt Service Fund*"). Monies in said Fund shall be maintained at an official depository bank of the City.

**SECTION 10. RESERVE FUND.** There is hereby created and established, and shall be maintained, on the books of the Issuer a separate fund entitled the "*Liberty Community Development Corporation Sales Tax Revenue Bonds Reserve Fund*" (hereinafter called the "*Reserve Fund*"). Monies in said Fund shall be used solely for the purpose of retiring the last of any Parity Obligations as they become due or paying principal of and interest on any Parity Obligations when and to the extent the amounts in the Debt Service Fund are insufficient for such purpose. Monies in said Fund shall be maintained at an official depository bank of the City.

**SECTION 11. CONSTRUCTION FUND.** (a) There is hereby created and established on the books of the Issuer a separate fund entitled the "*Liberty Community Development Corporation Series 2014 Construction Fund*" (hereinafter called the "*Construction Fund*"). The Construction Fund shall be held by an official depository bank of the City and shall be subject to and charged with a lien in favor of the registered owners of the Bonds until said monies on deposit therein are paid out as herein provided. The proceeds from the sale of the Bonds, other than any accrued interest and capitalized interest, if any (which shall be deposited to the credit of the Debt Service Fund), and any proceeds identified in Section 27 hereof to be deposited to the credit of the Reserve Fund, if any, shall be credited to the Construction Fund. All interest and profits from investments made with moneys in the Construction Fund shall remain on deposit in the Construction Fund and as a part thereof unless the President, Vice President or General Manager of the Issuer directs that all or a portion of such interest earnings are to be deposited to the Debt Service Fund. All funds on deposit in the Construction Fund shall be deposited into the Debt Service Fund upon completion of the Project (i.e. until the Project is finally completed).

(b) Money in the Construction Fund shall be subject to disbursement by the Issuer for payment of any Costs of the Project and in accordance with the provisions of the Project Agreement; however, no proceeds shall be used to pay any maintenance or operating costs of the Project. Disbursements from the Construction Fund shall be made in accordance with the financial policies and procedures established between the Issuer and the City and in accordance with the provisions of the Project Agreement. Such disbursements shall be made only for valid Costs of the Project.

**SECTION 12. TRANSFER OF SALES TAX REVENUES.** (a) Pursuant to the provisions of the Transfer Agreement, the City has agreed to do any and all things necessary to accomplish the transfer of the Sales Tax collected for the benefit of the Issuer to the Revenue Fund on a monthly basis. The Transfer Agreement shall govern matters with respect to the collection of sales taxes from the Comptroller, credits and refunds due and owing to the Comptroller, and other matters with respect to the collection and transfer of the Sales Tax. The City shall maintain the proceeds from the collection of the Sales Tax in an account to be maintained at an official depository bank of the City. The Transfer Agreement has been duly authorized, executed and delivered by the Issuer and remains in full force and effect.

(b) The President, Vice President, and General Manager of the Issuer are hereby ordered to do any and all things necessary including mandamus, and any action at law or in equity to accomplish the transfer of monies to the Debt Service Fund in ample time to pay the principal of and interest on the Parity Obligations.

**SECTION 13. DEPOSITS OF PLEDGED REVENUES; INVESTMENTS.** (a) The Pledged Revenues shall be deposited in the Debt Service Fund and the Reserve Fund, or shall be used to reimburse a Credit Facility Provider in the event a Credit Facility has been drawn upon to pay debt service requirements on any Parity Obligations, when and as required by this Resolution.

(b) Money in any Fund established by this Resolution may, at the option of the Board, be invested in eligible investment securities as described in the Investment Act; provided that all such deposits and investments shall have a par value (or market value when less than par) exclusive of accrued interest at all times at least equal to the amount of money credited to such Funds, and 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. Money in the Reserve Fund shall not be invested in securities maturing later than five years from the date such investment is made. Such investments shall be valued in terms of current market value as of the last day of each year, except that direct obligations of the United States (State and Local Government Series) in book-entry form shall be continuously valued at their par or face principal amount. Such investments shall be sold promptly when necessary to prevent any default in connection with the Parity Obligations.

**SECTION 14. FUNDS SECURED.** Money in all Funds created by this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the City.

**SECTION 15. DEBT SERVICE REQUIREMENTS.** (a) Promptly after the delivery of the Bonds the Issuer shall cause to be deposited to the credit of the Debt Service Fund any accrued interest and any capitalized interest received from the sale and delivery of the Bonds, and any such deposit shall be used to pay the interest next coming due on the Bonds.

(b) The Issuer shall transfer or cause to be transferred Pledged Revenues on deposit in the Revenue Fund, and deposit to the credit of the Debt Service Fund the amounts, at the times, as follows:

(1) Such amounts, in substantially equal monthly installments, deposited on or before the 25th day of each month hereafter, as will be sufficient, together with other amounts, if any, then on hand in the Debt Service Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bonds on the next succeeding interest payment date.

(2) Such amounts, in substantially equal monthly installments deposited on or before the 25th day of each month hereafter, as will be sufficient, together with other amounts, if any, then on hand in the Debt Service Fund and available for such purpose, to pay the principal scheduled to mature and come due on the Bonds on the next succeeding principal payment date.

**SECTION 16. RESERVE REQUIREMENTS.** (a) Upon delivery of the Bonds, the Required Reserve Amount shall be \$\_\_\_\_\_. Immediately upon delivery of the Bonds, the Issuer shall cause proceeds of the Bonds to be deposited into the Reserve Fund equal to the

Required Reserve Amount. When and if the Reserve Fund at any time contains less than the Required Reserve Amount due to any cause or condition other than the issuance of any Additional Obligations, then, subject and subordinate to making the required deposits to the credit of the Debt Service Fund, the Issuer shall transfer or cause to be transferred Pledged Revenues on deposit in the Revenue Fund, and deposit to the credit of the Reserve Fund an amount equal to 1/12th of such deficiency, or from any other sources available for such purpose. The Issuer may withdraw and use, for any purpose not inconsistent with the provisions of the Act, all surplus in the Reserve Fund over the Required Reserve Amount which are not considered as proceeds of the Bonds; provided however that to the extent such replenishment or restoration is required to occur by virtue of a draw upon the Credit Facility such replenishment or restoration shall take place to the full extent of Pledged Revenue after deposits to the Debt Service Fund.

(b) The Issuer may, in lieu of depositing cash or investments in the Reserve Fund, obtain a Credit Facility in order to cause the amount on deposit therein to equal the Required Reserve Amount attributable to the Bonds or any series of Additional Obligations hereafter issued. The amount insured or secured by a Credit Facility is deemed, for purposes of this Section, to be an amount on deposit in the Reserve Fund attributable to the series for which such Credit Facility is issued. The Credit Facility must (i) be issued for the benefit of all owners of the Parity Obligations, (ii) provide coverage, together with other cash and investments on deposit in the Reserve Fund, for the full amount of the Required Reserve Amount applicable to the Bonds or Additional Obligations, (iii) upon the demand of the owners or the Paying Agent/Registrar on behalf of the owners, provide for the withdrawal or disbursement of such amounts at the same times as would otherwise be permitted to be withdrawn for the Debt Service Fund, and (iv) be in form and substance approved by nationally recognized bond counsel. If the amount on deposit in the Reserve Fund consists of cash and investments and one or more Credit Facilities, as provided in this subsection (b), all cash and investments shall be liquidated and withdrawn prior to drawing on any Credit Facility, and all Credit Facility Providers shall be fully reimbursed in accordance with the provisions of the respective Credit Facility (including draws, expenses and accrued interest) prior to restoring any cash balance to the Reserve Fund. If more than one Credit Facility is on deposit in the Reserve Fund, any withdrawals on such Credit Facilities shall be made on a pro rata basis. Should the Issuer be obligated to repay or reimburse a Credit Facility Provider to replenish or restore the full amount of the coverage provided by a Credit Facility, on or before the 25<sup>th</sup> day of each month following a withdrawal on a Credit Facility, the Issuer shall cause approximately equal monthly deposits to be made from Pledged Revenues to the Credit Facility Provider in order to restore the full coverage under such Credit Facility within a period of not greater than 12 months following the month during which a withdrawal was first made on such Credit Facility.

**SECTION 17. DEFICIENCIES; EXCESS PLEDGED REVENUES.** (a) If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Debt Service Fund and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose.

(b) Subject to making the required deposits to the credit of the Debt Service Fund and the Reserve Fund when and as required by this Resolution, or any resolution authorizing the

issuance of Additional Obligations, the excess Pledged Revenues may be used by the Issuer for any lawful purpose not inconsistent with the Act.

**SECTION 18. PAYMENT.** On or before September 1, 2014, and semiannually on or before each March 1 and September 1 thereafter while any of the Parity Obligations are outstanding and unpaid, the Issuer shall make available to the paying agents therefor (including the Paying Agent/Registrar), out of the Debt Service Fund, and the Reserve Fund (if necessary), money sufficient to pay such interest on and such principal of the Parity Obligations as shall become due on such dates, respectively, at maturity or by redemption prior to maturity. The aforesaid paying agents (including the Paying Agent/Registrar) shall destroy all paid Parity Obligations, and furnish the Issuer with an appropriate certificate of cancellation or destruction.

**SECTION 19. ADDITIONAL BONDS.** (a) The Issuer shall have the right and power at any time and from time to time and in one or more series or issues, to authorize, issue and deliver additional parity revenue bonds (herein called "*Additional Obligations*"), in accordance with law, in any amounts, for purposes of financing of projects (including the project) under the provisions of the Act, or for the purpose of refunding of any Parity Obligations or other obligations of the Issuer incurred in connection with the financing of projects under the provisions of the Act. Such Additional Obligations, if and when authorized, issued and delivered in accordance with this Resolution, shall be secured by and made payable equally and ratably on a parity with the Parity Obligations then outstanding from a first lien on and pledge of the Pledged Revenues.

(b) The Debt Service Fund and the Reserve Fund established by this Resolution shall secure and be used to pay all Parity Obligations. However, each resolution under which Additional Obligations are issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any other resolution or resolutions authorizing Additional Obligations to be deposited to the credit of the Debt Service Fund, the Issuer shall deposit to the credit of the Debt Service Fund at least such amounts as are required for the payment of all principal and interest on said Additional Obligations then being issued, as the same come due; and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased (if and to the extent necessary) to an amount not less than the average annual principal and interest requirements of all Parity Obligations which will be outstanding after the issuance and delivery of the then proposed Additional Obligations; and that the required additional amount shall be so accumulated by the deposit in the Reserve Fund of all or any part of said required additional amount in cash immediately after the delivery of the then proposed Additional Obligations, or, at the option of the Issuer, by the deposit of said required additional amount (or any balance of said required additional amount not deposited in cash as permitted above) in monthly installments, made on or before the 25th day of each month following the delivery of the then proposed Additional Obligations, of not less than 1/60th of said required additional amount (or 1/60th of the balance of said required additional amount not deposited in cash as permitted above).

(c) All calculations of average annual principal and interest requirement made pursuant to this Section shall be made as of and from the date of the Additional Obligations then proposed to be issued.



(d) No installment, series or issue of Additional Obligations shall be issued or delivered unless:

(i) The President or Vice President and the Secretary of the Board of the Issuer sign a written certificate to the effect that the Issuer is not in default as to any covenant, condition or obligation in connection with all outstanding Parity Obligations, and the resolutions authorizing same, and that the Debt Service Fund and the Reserve Fund each contains the amount then required to be therein;

(ii) The chief financial officer of the Issuer or the City signs a written certificate to the effect that, during either the next preceding year, or any twelve consecutive calendar month period ending not more than ninety days prior to the date of the then proposed Additional Obligations, the Pledged Revenues were, in his or her opinion, at least equal to 1.40 times the average annual principal and interest requirements (computed on a fiscal year basis) of all Parity Obligations to be outstanding after the issuance of then proposed Additional Obligations;

(iii) The governing body of the City by official action approves the issuance of the Bonds, as required by the Act; and

(iii) The Issuer receives the written consent of a Credit Facility Provider in the event a Credit Facility provided by such Credit Facility Provider has been drawn upon and such Credit Facility Provider has not been fully reimbursed for costs related to such withdrawal.

The foregoing notwithstanding, the Issuer may issue Additional Obligations, all or a portion of the proceeds of which are to be used to refund all of the outstanding Parity Obligations, without the necessity of satisfying the provisions of clause (ii) of this subsection.

(e) Any installment, series or issue of Additional Obligations may be issued in such a manner that such Additional Obligations would qualify as obligations described by Section 103(a) of the Code, without regard as to whether any other obligations of the Issuer then outstanding were so issued.

**SECTION 20. GENERAL COVENANTS.** The Issuer further covenants and agrees that in accordance with and to the extent required or permitted by law:

(a) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution, each resolution authorizing the issuance of Additional Obligations, and in each and every Parity Obligation; it will promptly pay or cause to be paid the principal of and interest on every Parity Obligation, on the dates and in the places and manner prescribed in such resolutions and Parity Obligations; and it will, at the times and in the manner prescribed, deposited or cause to be deposited the amounts required to be deposited into the Debt Service Fund and the Reserve Fund; and any registered owner of the Parity Obligations may require the Issuer, its officials and employees to carry out, respect or enforce the covenants and obligations of this Resolution, or any resolution authorizing the issuance of Additional Obligations, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent

jurisdiction, against the Issuer, its officials and employees, or by the appointment of a receiver in equity.

(b) Legal Authority. It is a duly created and existing industrial development corporation, and is duly authorized under the laws of the State of Texas, including the Act, to create and issue the Parity Obligations; that all action on its part for the creation and issuance of the Parity Obligations has been duly and effectively taken, and that the Parity Obligations in the hands of the registered owners thereof are and will be valid and enforceable special obligations of the Issuer in accordance with their terms.

(c) Further Encumbrance. It, while the Parity Obligations are outstanding and unpaid, will not additionally encumber the Pledged Revenues in any manner, except as permitted in this Resolution in connection with Additional Obligations, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants and agreements of this Resolution; but the right of the Issuer to issue revenue bonds payable from a subordinate lien on the Pledged Revenues, in accordance with the provisions of the Act, is specifically recognized and retained.

(d) Collection of Sales Tax. The Issuer will take all steps necessary in any action at law or in equity to ensure that, for so long as the Parity Obligations are outstanding, that the City will levy, charge and collect the Sales Tax as required by the Transfer Agreement and the Act.

(e) Records. It will keep proper books of record and account in which full, true and correct entries will be made of all dealings, activities and transactions relating to the Project, the Pledged Revenues and the Funds created or maintained pursuant to this Resolution, and all books, documents and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any bondholders.

**SECTION 21. DEFEASANCE OF PARITY OBLIGATIONS.** (a) Any Parity Obligation and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "*Defeased Parity Obligation*") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Parity Obligation, 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 and/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 Parity Obligations shall have become due and payable. At such time as a Parity Obligation shall be deemed to be a Defeased Parity Obligation hereunder, as aforesaid, such Parity Obligation and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the taxes or revenues herein levied and pledged as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Parity Obligations 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 Parity Obligations for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Parity Obligations 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 Parity Obligations 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 Parity Obligations 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 Parity Obligations, 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 (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Parity Obligations.

(d) Until all Defeased Parity Obligations shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Parity Obligations 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 Resolution.

(e) In the event that the Issuer elects to defease less than all of the principal amount of Parity Obligations of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Parity Obligations by such random method as it deems fair and appropriate.

(e) Notwithstanding the foregoing, no defeasance shall be deemed to occur until all costs (including draws, expenses and accrued interest) due to a Credit Facility Provider for a draw on a Credit Facility have been paid in full.

**SECTION 22. RESOLUTION A CONTRACT; AMENDMENTS.** (a) This Resolution shall constitute a contract with the registered owners of the Parity Obligations, binding on the Issuer and its successors and assigns, and shall not be amended or repealed by the Issuer as long as any Parity Obligations remain outstanding except as permitted in this Section.

(b) The Issuer may, with notice to each Credit Facility Provider but without the consent of or notice to any registered owners, amend, change, or modify this Resolution (i) as may be required by the provisions hereof, (ii) as may be required for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (iii) in connection with any other change (other than any change described in clauses (i) through (iv) of the first sentence in subsection (c) below) with respect to which the Issuer receives written confirmation from each rating agency then maintaining a rating on the Parity Obligations at the request of the Issuer that such amendment would not cause such rating agency to withdraw or reduce its then current rating on the Parity Obligations.

(c) In addition, the Issuer may, with the written consent of each Credit Facility Provider and the registered owners of at least a majority in aggregate principal amount of the Parity Obligations then outstanding affected thereby, amend, change, modify, or rescind any provisions of this Resolution; provided that without the consent of all of the registered owners affected, no such amendment, change, modification, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Parity Obligations, reduce the principal amount thereof or the rate of interest thereof, (ii) give any preference to any Parity Obligations over any other Parity Obligation, (i) extend any waiver of default to subsequent defaults, or (iv) reduce the aggregate principal amount of Parity Obligations required for consent to any such amendment, change, modification, or rescission.

(d) Whenever the Issuer shall desire to make any amendment or addition to or rescission of this Resolution requiring consent of each Credit Facility Provider and/or the registered owners of the Parity Obligations, the Issuer shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to (i) each Credit Facility Provider, and (ii) the registered owners (if the registered owners of all Parity Obligations or at least a majority in aggregate principal amount of the Parity Obligations are required to consent) at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, the Issuer shall receive an instrument or instruments in writing executed by each Credit Facility Provider and the registered owners of all or a majority (as the case may be) in aggregate principal amount of the Parity Obligations then outstanding affected by any such amendment, addition, or rescission requiring the consent of the registered owners, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Issuer may adopt such amendment, addition, or rescission in substantially such form, except as herein provided.

(e) No Registered Owner may thereafter object to the adoption of any amendment, addition, or rescission which is accomplished pursuant to and in accordance with the provisions of this Section, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

**SECTION 23. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.** (a) Replacement Bonds. 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 Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds 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 which 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 Bonds. 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 Resolution equally and proportionately with any and all other Bonds duly issued under this Resolution.

(e) Authority for Issuing Replacement Bonds. In accordance with Chapter 1201, Texas Government Code, as amended, this Section 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 bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 4(d) of this Resolution, for Bonds issued in conversion and exchange for other Bonds.

**SECTION 24. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND BOND INSURANCE, IF OBTAINED.** The President of the Board of the Issuer is hereby authorized to have control of each Bond issued hereunder and all necessary records and proceedings pertaining to each Bond pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the

State of Texas. Upon registration of each 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 on each Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on each Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on each Bond or on any Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. In addition, the printer of the Bonds is hereby directed to print on the Bonds the form of bond counsel's opinion relating thereto, and is hereby authorized to print on the Bonds an appropriate statement of insurance supplied by a municipal bond insurance company providing insurance, if any, covering all or any part of the Bonds.

**SECTION 25. COVENANTS REGARDING TAX-EXEMPTION OF INTEREST ON THE BONDS.** (a) *Covenants*. The Issuer covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations 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 Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds of the Bonds or the projects financed therewith 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 Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, 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 Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

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

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

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

(A) proceeds of the Bonds invested for a reasonable temporary period,

(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 Bonds;

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

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) 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 Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

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

(c) Proceeds. The Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. 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. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, 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 Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, 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 Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and

directs the President, Vice President, and Secretary of the Board of Directors of the Issuer, and the General Manager of the Issuer, to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(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 purposes described in Section 1 of this Resolution (collectively referred to herein as the "**Project**") on its books and records in accordance with the requirements of the Internal Revenue Code. The Issuer recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Issuer recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Issuer agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. 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 projects financed or refinanced with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that 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) Written Procedures. Unless superseded by another action of the Issuer, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the Board of Directors hereby adopts and establishes the instructions attached hereto as Exhibit B as the Issuer's written procedures.

(g) Designation as Qualified Tax-Exempt Obligations. The Issuer hereby designates the Bonds as "qualified tax-exempt obligations" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the Issuer represents, covenants and warrants the following: (i) that during the calendar year in which the Bonds are issued, the City (including any subordinate entities such as the Issuer) has not designated nor will designate bonds, which when aggregated with the Bonds, will result in more than \$10,000,000 of "qualified tax-exempt obligations" being issued; (ii) that the Issuer reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Bonds are issued, by the City (or any subordinate



entities, including the Issuer) will not exceed \$10,000,000; and (iii) that the City will take such action or refrain from such action as necessary, and as more particularly set forth in this Section, in order that the Bonds will not be considered "private activity bonds" within the meaning of section 141 of the Code.

**SECTION 26. SALE OF BONDS; USE OF PROCEEDS.** (a) *Sale of Bonds.* The Bonds are hereby authorized to be sold and shall be delivered to \_\_\_\_\_ (the "*Underwriter*") of the Bonds at a price equal to \$\_\_\_\_\_ (which amount is equal to par, plus/less net original issue premium/discount of \$\_\_\_\_\_, and less Underwriter's discount of \$\_\_\_\_\_), plus accrued interest to date of delivery, all pursuant to the terms and provisions of a Purchase Contract in substantially the form attached hereto as *Exhibit C* which the President or Vice President is hereby authorized and directed to execute and deliver. In satisfaction of Section 1201.022(a)(3), Texas Government Code, and upon consultation with the Issuer's Financial Advisor, the Board of Directors hereby determines that the final terms of the Bonds as set forth in this Resolution are in the Issuer's best interests. The Issuer will deliver to the Underwriter an Initial Bond in the aggregate principal amount of \$\_\_\_\_\_ payable in principal installments on the dates and in the principal amounts shown in Section 2 hereof, and bearing interest at the rates for each respective maturity as shown in Section 3 hereof. The Bonds shall initially be registered in the name of \_\_\_\_\_.

(b) *Use of Proceeds.* The proceeds from the sale of the Bonds shall be deposited to the credit of the various Funds created by this Resolution as follows:

- (1) In the Debt Service Fund, the accrued interest to be paid by the Purchaser of the Bonds, if any;
- (2) In the Reserve Fund, an amount equal to \$\_\_\_\_\_ to cause the amount on deposit therein to equal the Required Reserve Amount; and
- (3) In the Construction Fund, the balance of said proceeds.

**SECTION 27. APPROVAL OF OFFICIAL STATEMENT.** The Board of Directors hereby approves the form and content of the Official Statement relating to the Bonds and any addenda, supplement, or amendment thereto, and approves the distribution of the Official Statement in the reoffering of the Bonds by the Underwriters in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The distribution and use of the Preliminary Official Statement for the Bonds, dated \_\_\_\_\_, 2014, prior to the date hereof is hereby ratified and confirmed. The Board of Directors finds and determines that the Preliminary Official Statement and the Official Statement were and are "deemed final" as of each of their respective dates within the meaning, and for the purpose, of Rule 15c2-12 promulgated under authority granted by the federal Securities and Exchange Act of 1934.

**SECTION 28. AUTHORITY AND APPROVAL FOR OFFICERS TO EXECUTE OTHER DOCUMENTS AND APPROVE CHANGES.** The President, Vice President, and Secretary of the Board of the Issuer, and the General Manager of the Issuer, are each hereby authorized to execute, deliver, attest and affix the seal of the Issuer to all documents and instruments necessary and appropriate in connection with the issuance, sale and delivery of the Bonds, including, without limitation, the Paying Agent/Registrar Agreement and the Purchase Contract and Investment Letter. In addition, prior to the initial delivery of the Bonds, the President, Vice President, and Secretary of the Board of the Issuer, the General Manager of the Issuer, and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Resolution or to any instruments authorized and approved by this Resolution necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Resolution, (ii) obtain a rating from any of the national bond rating agencies or satisfy any requirements of the provider of a municipal bond insurance policy, if any, or (iii) obtain the approval of the Bonds by the Attorney General's office. 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 29. INTERESTED PARTIES.** Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Issuer and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer and the registered owners of the Bonds.

**SECTION 30. COMPLIANCE WITH RULE 15c2-12.**

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

"**EMMA**" means the Electronic Municipal Market Access system being established by the MSRB.

"**MSRB**" means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports. The Issuer shall provide annually to the MSRB through EMMA within six months after the end of each fiscal year ending in or after 2014, financial information and operating data with respect to the Issuer of the general type included in the final Official Statement authorized by this Resolution being the information described in Exhibit D hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit D hereto, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Issuer shall provide (1) unaudited financial statements for such fiscal year within such six month period, and (2) audited financial statements for the applicable fiscal year to the MSRB through EMMA when and if the audit report on such statements become available.

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

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

(c) Event Notices.

(i) The Issuer shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

1. Non-payment related defaults;
2. Modifications to rights of holders;
3. Redemption calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
6. Appointment of a successor or additional trustee or the change of name of a trustee.

(ii) The Issuer shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Bonds, without regard to whether such event is considered material within the meaning of the federal securities laws:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701BTEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
6. Tender offers;
7. Defeasances;
8. Rating changes; and
9. Bankruptcy, insolvency, receivership or similar event of an obligated person.

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

(d) *Limitations, Disclaimers, and Amendments.* The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Issuer in any event will give notice of any deposit made in accordance with Section 21 of this Resolution that causes Bonds no longer to be outstanding.

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

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

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

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

The provisions of this Section may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the holders and beneficial owners of the

Bonds. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided.

**SECTION 31. REMEDIES IN EVENT OF DEFAULT.** In addition to all the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the Issuer (i) defaults in the payment of the principal, premium, if any, or interest on the Bonds, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Resolution and the continuation thereof for 30 days after the Issuer has received written notice of such defaults, the Holders of any of the Bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the Issuer and other officers of the Issuer to observe and perform any covenant, condition or obligation prescribed in this Resolution. Notwithstanding the foregoing, the Insurer shall have the right to direct all remedies upon an event of default, and the Insurer shall be recognized as the registered owner of the Bonds for the purposes of exercising all rights and privileges available to the Bondholders.

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

**SECTION 32. INCORPORATION OF RECITALS.** The findings and preambles set forth in this Resolution are hereby incorporated into this Resolution and made a part hereof for all purposes.

**SECTION 33. EFFECTIVE DATE.** Pursuant to the provisions of Section 1201.028, Texas Government Code, this Resolution shall become effective immediately after it is approved by the Board of Directors.

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

***PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE LIBERTY COMMUNITY DEVELOPMENT CORPORATION AT A REGULAR MEETING ON THE 11<sup>TH</sup> DAY OF FEBRUARY, 2014, AT WHICH MEETING A QUORUM WAS PRESENT.***

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

\_\_\_\_\_  
President, Board of Directors

(ISSUER SEAL)

\*\* \*\* \* \* \*

**EXHIBIT A**

**FORM OF PAYING AGENT/REGISTRAR AGREEMENT**

THE PAYING AGENT/REGISTRAR AGREEMENT IS OMITTED AT THIS POINT  
AS IT APPEARS IN EXECUTED FORM ELSEWHERE IN THIS TRANSCRIPT.

**EXHIBIT B**

**WRITTEN PROCEDURES RELATING TO  
CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS**

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Bonds, the Issuer's chief financial officer (the "**Responsible Person**"), which currently is the City's Finance Director, will:

- (i) instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Bonds will be entered into within six (6) months of the date of delivery of the Bonds (the "**Issue Date**");
- (ii) monitor that at least 85% of the proceeds of the Bonds to be used for the construction, renovation or acquisition of any facilities are expended within three (3) years of the Issue Date;
- (iii) restrict the yield of the investments to the yield on the Bonds after three (3) years of the Issue Date;
- (iv) monitor all amounts deposited into a sinking fund or funds (e.g., the Interest and Sinking Fund), to assure that the maximum amount invested at a yield higher than the yield on the Bonds does not exceed an amount equal to the debt service on the Bonds in the succeeding 12 month period plus a carryover amount equal to one-

twelfth of the principal and interest payable on the Bonds for the immediately preceding 12-month period;

- (v) ensure that no more than 50% of the proceeds of the Bonds are invested in an investment with a guaranteed yield for 4 years or more;
- (vi) maintain any official action of the Issuer (such as a reimbursement resolution) stating its intent to reimburse with the proceeds of the Bonds any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
- (vii) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and
- (viii) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every 5 years after the Issue Date and (B) within 30 days after the date the Bonds are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Bonds the Responsible Person will:

- (i) monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- (ii) monitor whether, at any time the Bonds are outstanding, any person, other than the Issuer, the City, the employees of the City, the agents of the Issuer or the City or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
- (iii) monitor whether, at any time the Bonds are outstanding, any person, other than the Issuer, the City, the employees of the City, the agents of the Issuer or the City or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);
- (iv) monitor whether, at any time the Bonds are outstanding, any person, other than the Issuer, the City, the employees of the City, the agents of the City or the City or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;
- (v) determine whether, at any time the Bonds are outstanding, any person, other than the Issuer or City, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- (vi) determine whether, at any time the Bonds are outstanding, the facilities are sold or otherwise disposed of; and



- (vii) take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Ordinance related to the public use of the facilities.

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 Bonds and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Bonds. If any portion of the Bonds is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Person. The Responsible Person shall receive appropriate training regarding the Issuer's or the City'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 facilities financed or refinanced with the proceeds of the Bonds. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

### **EXHIBIT C**

#### **FORM OF PURCHASE CONTRACT**

THE PURCHASE CONTRACT AND INVESTMENT LETTER IS OMITTED AT THIS POINT  
AS IT APPEARS IN EXECUTED FORM ELSEWHERE IN THIS TRANSCRIPT.

### **EXHIBIT D**

#### **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 30 of this Resolution.

#### **Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the Issuer to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

1. The annual audited financial statements of the Issuer or the unaudited financial statements of the Issuer in the event audited financial statements are not completed within six months after the end of any fiscal year.
2. All quantitative financial information and operating data with respect to the Issuer of the general type included in the Official Statement in Appendix B under Tables 1 through 4.

#### **Accounting Principles**

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in paragraph 1 above.



**The City of Liberty**

City Council  
1829 Sam Houston  
Liberty, TX 77575

4.C.1

Meeting: 01/28/14 06:00 PM

Department: Administration  
Category: Executive Session Items

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**COUNCIL ACTION (ID # 2922)**

DOC ID: 2922