



# CITY COUNCIL REGULAR MEETING CITY OF BAY CITY

Tuesday, April 28, 2020 at 6:00 PM  
COUNCIL CHAMBERS | 1901 5th Street

Due to the City of Bay City practicing social distancing, City Hall Council Chambers will not be open to the public. Citizens may call (979) 323-1125 to listen and participate during the live meeting (i.e. public comments and to speak on agenda items). You can watch the live meeting by clicking on the following link: [City Council Meeting - Live](#)

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## COUNCIL MEMBERS

**Mayor:** Robert K Nelson

**Mayor Pro Tem:** Jason W. Childers

**Council Members:** William Cornman, Brent P. Marceaux, Becca Sitz, Julie Estlinbaum

*Bay City is committed to developing and enhancing the long-term prosperity, sustainability, and health of the community.*

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## AGENDA

### CALL TO ORDER

### INVOCATION & PLEDGE

Texas State Flag Pledge: *"Honor The Texas Flag; I Pledge Allegiance To Thee, Texas, One State Under God, One And Indivisible."*

(Councilman Brent Marceaux)

### CERTIFICATION OF QUORUM

### MISSION STATEMENT

The City of Bay City is a community that fosters future economic growth, strives to deliver superior municipal services, invests in quality of life initiatives and is the Gateway to the Great Outdoors. We encourage access to our unique historical and eco-cultural resources while maintaining our small-town Texas charm.

(Councilman Brent Marceaux)

### APPROVAL OF AGENDA

### PUBLIC COMMENTS

State Law prohibits any deliberation of or decisions regarding items presented in public comments. City Council may only make a statement of specific factual information given in response to the inquiry; recite an existing policy; or request staff places the item on an agenda for a subsequent meeting.

**CONSENT AGENDA ITEMS FOR CONSIDERATION AND/OR APPROVAL**

- 1. DISCUSS, CONSIDER AND/OR APPROVE THE MINUTES OF THE WORKSHOP HELD ON APRIL 7, 2020.**  
(Rhonda Clegg, Acting Deputy City Secretary)
- 2. DISCUSS, CONSIDER AND/OR APPROVE THE MINUTES OF THE REGULAR COUNCIL MEETING HELD ON APRIL 7, 2020.**  
(Rhonda Clegg, Acting Deputy City Secretary)
- 3. DISCUSS, CONSIDER AND/OR APPROVE THE MINUTES OF THE WORKSHOP HELD ON APRIL 17, 2020.**  
(Rhonda Clegg, Acting Deputy City Secretary)
- 4. DISCUSS, CONSIDER AND/OR APPROVE ACCOUNTS PAYABLE, DIRECT PAYABLE AND UTILITY REFUNDS FOR JANUARY, FEBRUARY AND MARCH 2020.**  
(Scotty Jones, Finance Director)

**REGULAR ITEMS FOR DISCUSSION, CONSIDERATION AND/OR APPROVAL**

- 5. DISCUSS, CONSIDER AND/OR APPROVE THE CITY OF BAY CITY WAIVING THE BAY CITY HOUSING AUTHORITY PAYMENT IN LIEU OF TAXES (PILOT) FEES FOR FISCAL YEARS ENDING MARCH 31, 2016 THROUGH MARCH 31, 2019, NOT TO EXCEED \$68,009.25.**  
(Mayor Robert K. Nelson)
- 6. DISCUSS, CONSIDER AND/OR APPROVE AMENDING THE RENTAL TERMS FOR THE HOUSE OF REFUGE.**  
(Mayor Robert K. Nelson)
- 7. DISCUSS, CONSIDER AND/OR APPROVE THE UPDATED DISCLOSURE PROCEDURES.**  
(Scotty Jones, Finance Director)
- 8. CONSIDER THE ADOPTION OF ORDINANCE NO. 1646: AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF BAY CITY, TEXAS, TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2020; LEVYING A TAX AND PROVIDING THE SECURITY AND PAYMENT THEREOF; AND ENACTING OTHER PROVISIONS RELATING THERETO.**  
(Scotty Jones, Finance Director)
- 9. DISCUSS, CONSIDER AND/OR APPROVE THE QUARTERLY FINANCIALS AND INVESTMENT REPORT FOR THE PERIODS ENDING MARCH 31, 2020.**

(Scotty Jones, Finance Director)

- 10. DISCUSS, CONSIDER AND/OR APPROVE AN ORDINANCE OF THE CITY OF BAY CITY, TEXAS, ADOPTING A "BUDGET AMENDMENT #2 TO THE "ANNUAL BUDGET OF THE CITY OF BAY CITY, TEXAS, FOR THE FISCAL YEAR 2020"; PROVIDING FOR SUPPLEMENTAL APPROPRIATION AND/OR TRANSFER OF CERTAIN FUNDS; PROVIDING FOR SEVERABILITY; AND PROVIDING OTHER MATTERS RELATED TO THE SUBJECT.**

(Scotty Jones, Finance Director)

- 11. DISCUSS, CONSIDER AND/OR APPROVE THE RESOLUTION OF DENIAL OF AEP'S APPLICATION FOR APPROVAL OF A DISTRIBUTION COST RECOVERY FACTOR.**

(Scotty Jones, Finance Director)

- 12. DISCUSS, CONSIDER AND/OR APPROVE A RESOLUTION AUTHORIZING THE MAYOR TO APPLY FOR FUNDS THROUGH THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS FOR A HOME PROGRAM CONTRACT AND/OR RESERVATION AGREEMENT, AND DIRECT STAFF AS NECESSARY.**

(Scotty Jones, Finance Director)

- 13. DISCUSS, CONSIDER AND/OR APPROVE DISCOUNTING THE CITY'S WATER BILLS FOR FUTURE BILLING PERIOD(S) AS DETERMINED BY COUNCIL.**

(Councilman Bill Cornman)

- 14. DISCUSS, CONSIDER AND/OR RATIFY THE MAYOR'S DISASTER DECLARATION OF MARCH 16, 2020 AND ALL SUBSEQUENT DISASTER DECLARATIONS.**

(Mayor Robert K. Nelson)

- 15. DISCUSS, CONSIDER AND/OR APPROVE AN ORDINANCE AMENDING SECTION 6.11 THE CITY OF BAY CITY PERSONNEL GUIDELINES TO BE EFFECTIVE IMMEDIATELY.**

(Shawna Burkhart, City Manager)

#### **CLOSED / EXECUTIVE SESSION**

- 16. TO DISCUSS PERSONNEL MATTERS IN ACCORDANCE WITH TITLE 5, SECTION 551.074 OF THE TEXAS GOVERNMENT CODE (TO DISCUSS APPOINTMENT, EMPLOYMENT, EVALUATION, RESPONSIBILITIES AND DUTIES, REASSIGNMENT, COMPENSATION, DISCIPLINE OR DISMISSAL OF AN OFFICER OR EMPLOYEE, OR TO HEAR A COMPLAINT OR CHARGE AGAINST AN OFFICER OR EMPLOYEE [MAYOR]).**

(Councilman Bill Cornman)

**OPEN SESSION****17. DISCUSS, CONSIDER AND/OR TAKE ACTION ON ITEM(S) LISTED IN EXECUTIVE/CLOSED SESSION, (IF ANY).**

(Mayor Robert K. Nelson)

**ITEMS / COMMENTS & MAYOR AND COUNCIL MEMBERS****ADJOURNMENT****AGENDA NOTICES:**

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

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

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

**CERTIFICATION OF POSTING**

This is to certify that the above notice of a Regular Called Council Meeting was posted on the front window of the City Hall of the City of Bay City, Texas on **Thursday, April 23, 2020**

**before 6:00 p.m.** Any questions concerning the above items, please contact Mayor Robert K. Nelson at (979) 245-2137.

**CITY OF BAY CITY**  
MINUTES • APRIL 07, 2020

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<b>COUNCIL CHAMBERS   1901 5th Street</b>	City Council Workshop	5:00 PM
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1901 5TH STREET  
BAY CITY TX,77414



**Mayor**

Robert K. Nelson

**Councilman**

William Cornman

**Councilman**

Brent P. Marceaux

**Councilwoman**

Becca Sitz

**Mayor Pro Tem**

Jason W. Childers

**Councilwoman**

Julie Estlinbaum

*Bay City is committed to developing and enhancing the long-term prosperity, sustainability, and health of the community.*

**CALL TO ORDER**

The Mayor called the meeting to order at 5:06 p.m.

**CERTIFICATION OF QUORUM**

There was a quorum.

Motion made by Councilwoman Estlinbaum, Seconded by Councilman Marceaux.  
Voting Yea: Mayor Nelson, Councilman Cornman, Councilman Marceaux, Councilwoman Estlinbaum, Councilwoman Sitz  
Voting Abstaining: Mayor Pro Tem Childers

**PUBLIC COMMENTS**

No public comments.

**REGULAR ITEMS FOR DISCUSSION, CONSIDERATION AND / OR APPROVAL**

- 1. **DISCUSS, CONSIDER AND/OR APPROVE DISCOUNTING THE CITY'S WATER BILLS FOR FUTURE BILLING PERIOD(S) AS DETERMINED BY COUNCIL.**

(Councilman Bill Cornman)

Councilman Cornman stated that the current situation would probably go into May. The City needed to see if there was something that it could do to help the commercial customers.

Finance Director Scotty Jones provided Mayor and Council with a handout which outlined the revenues from residential and commercial accounts, with some discount options. She stated that she had reached out to TML and other cities to see what they were doing. Currently they are doing what the City is doing—no disconnects, payment plans and no fees. She added that her staff has only received concerns from residential customers.

Mrs. Jones went on to explain the other information contained in the handout. Currently available for operations in reserves is \$1.9 million. Mrs. Jones pointed out that those reserves were to help with cash funding projects. She added that she has seen invoices and statements coming in for water projects. There was also \$870,000 set aside in CIP.

Councilman Cornman clarified that the numbers in red were numbers coming from Utility, and what was not in those numbers was Sanitation because it comes from the General Fund.

City Attorney Anne Marie Odefey wanted to clarify that the City would need to define a public purpose behind doing this. She spoke about concern with the term "Public Forgiveness". She pointed out that partnering with the CDC would be a great idea for the business side. Mrs. Odefey stated that the City could not give away free stuff, because it was a constitutional thing. She stated that if the City wanted to provide some assistance, the public purpose would be the City giving this to the citizens to get them back on their feet.

Mayor Nelson asked if the discount had to be across the board, or just for those in trouble, and Mrs. Odefey stated it would have to be across the board.

Councilwoman Estlinbaum stated that she would be find with a discount across the board. Councilman Marceaux stated that we would be doing this for the economic stability of our citizens, and Mrs. Odefey stated yes. The City would be using built up funds to stabilize the economy.

Mayor Nelson stated that he would like to see the CDC Board help, and Councilwoman Estlinbaum stated that she could bring it up to the board. The Mayor continued by stating that the CDC loans money to businesses, but they typically have to wait 60 days. However, he believed that had been waived so that they can lend sooner.

Councilwoman Sitz questioned if doing this would cause a tax increase, and Mrs. Jones stated no if they are taking from Utility. Mrs. Jones reminded Mayor and Council that the Texas Water Development Board would be looking at the City's finances to see how we are.

Councilman Cornman asked how Finance would be affected if the City discounted for a period of time. Mrs. Jones state that she had spoken with the City's software company, Tyler Technology, and they are able to assist with that. Mrs. Odefey offered another option to think over, deferring payment. The citizen would have to come in and ask for it. Councilman Marceaux stated the issue with that is deferring would not help the group that would need it.

City Manager Shawna Burkhart recommended that the discount be stair stepped, 50% one month and 25% the next.

There was discussion about including sanitation dollars in the equation, as well as whether to implement the discount for one month then evaluate that information.

It was the consensus of Council to table the item until the April 28<sup>th</sup> Council Meeting.

**ADJOURNMENT**

Motion made by Councilman Marceaux, Seconded by Councilwoman Sitz.  
Voting Yea: Mayor Nelson, Mayor Pro Tem Childers, Councilman Cornman, Councilman Marceaux, Councilwoman Estlinbaum, Councilwoman Sitz

Meeting adjourned at 6:02 p.m.

**CITY OF BAY CITY**  
MINUTES • APRIL 07, 2020

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<b>COUNCIL CHAMBERS   1901 5th Street</b>	<b>City Council Regular Meeting</b>	<b>6:00 PM</b>
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1901 5TH STREET  
BAY CITY TX, 77414



**Mayor**

Robert K. Nelson

**Councilman**

William Cornman

**Councilman**

Brent P. Marceaux

**Councilwoman**

Becca Sitz

**Mayor Pro Tem**

Jason W. Childers

**Councilwoman**

Julie Estlinbaum

*Bay City is committed to developing and enhancing the long-term prosperity, sustainability, and health of the community.*

**CALL TO ORDER**

The Mayor called the meeting to order at 6:05 p.m.

**INVOCATION & PLEDGE**

Texas State Flag Pledge: *"Honor The Texas Flag; I Pledge Allegiance To Thee, Texas, One State Under God, One And Indivisible."*

(Councilwoman Julie Estlinbaum)

Councilwoman Estlinbaum read the pledges.

**CERTIFICATION OF QUORUM**

There was a quorum.

Motion made by Councilman Marceaux, Seconded by Councilwoman Sitz.

Voting Yea: Mayor Nelson, Mayor Pro Tem Childers, Councilman Cornman, Councilman Marceaux, Councilwoman Sitz, Councilwoman Estlinbaum

**MISSION STATEMENT**

The City of Bay City is a community that fosters future economic growth, strives to deliver superior municipal services, invests in quality of life initiatives and is the Gateway to the Great Outdoors. We encourage access to our unique historical and eco-cultural resources while maintaining our small-town Texas charm.

(Councilwoman Julie Estlinbaum)

Councilwoman Estlinbaum read the City's Mission Statement.

**APPROVAL OF AGENDA**

Motion made by Councilman Cornman.

Voting Yea: Mayor Nelson, Mayor Pro Tem Childers, Councilman Cornman, Councilman Marceaux, Councilwoman Sitz, Councilwoman Estlinbaum

**PUBLIC COMMENTS**

State Law prohibits any deliberation of or decisions regarding items presented in public comments. City Council may only make a statement of specific factual information given in response to the inquiry; recite an existing policy; or request staff places the item on an agenda for a subsequent meeting.

There were no comments.

**CONSENT AGENDA ITEMS FOR CONSIDERATION AND/OR APPROVAL****1. DISCUSS, CONSIDER AND/OR APPROVE THE MINUTES FROM THE WORKSHOP HELD MARCH 24, 2020.**

(Rhonda Clegg, Acting Deputy City Secretary)

Motion made by Councilman Cornman, Seconded by Councilwoman Estlinbaum.  
Voting Yea: Mayor Nelson, Mayor Pro Tem Childers, Councilman Cornman,  
Councilman Marceaux, Councilwoman Sitz, Councilwoman Estlinbaum

**2. DISCUSS, CONSIDER AND/OR APPROVE THE MINUTES FROM THE REGULAR COUNCIL MEETING HELD MARCH 24, 2020.**

(Rhonda Clegg, Acting Deputy City Secretary)

Motion made by Councilman Cornman, Seconded by Councilwoman Estlinbaum.  
Voting Yea: Mayor Nelson, Mayor Pro Tem Childers, Councilman Cornman,  
Councilman Marceaux, Councilwoman Sitz, Councilwoman Estlinbaum

**3. DISCUSS, CONSIDER AND/OR APPROVE THE MAYOR'S APPOINTMENT OF WILLIAM (BILL) BELL, JR. TO THE BAY CITY HOUSING AUTHORITY BOARD OF COMMISSIONER.**

(Mayor Robert K. Nelson)

Motion made by Councilman Cornman, Seconded by Councilwoman Estlinbaum.  
Voting Yea: Mayor Nelson, Mayor Pro Tem Childers, Councilman Cornman,  
Councilman Marceaux, Councilwoman Sitz, Councilwoman Estlinbaum

**REGULAR ITEMS FOR DISCUSSION, CONSIDERATION AND/OR APPROVAL****4. DISCUSS, CONSIDER AND/OR APPROVE DISCOUNTING THE CITY'S WATER BILLS FOR FUTURE BILLING PERIOD(S) AS DETERMINED BY COUNCIL.**

(Councilman Bill Cornman)

Tabled until the April 28<sup>th</sup> Council Meeting.

Motion made by Councilman Marceaux, Seconded by Mayor Pro Tem Childers.  
Voting Yea: Mayor Nelson, Mayor Pro Tem Childers, Councilman Cornman,  
Councilman Marceaux, Councilwoman Sitz, Councilwoman Estlinbaum

**5. DISCUSS, CONSIDER AND/OR APPROVE A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BAY CITY, TEXAS AUTHORIZING THE BAY CITY COMMUNITY DEVELOPMENT CORPORATION TO ENTER INTO AN INTERLOCAL**

**COOPERATION AGREEMENT WITH THE CITY OF BAY CITY FOR THE NILE VALLEY ROAD PROJECT AND OTHER ROAD PROJECTS (PUBLIC HEARING AND SECOND READING).**

(Mayor, Robert K. Nelson)

Mayor Nelson opened it for public comments. There were none.

Motion made by Mayor Pro Tem Childers, Seconded by Councilwoman Sitz.  
Voting Yea: Mayor Nelson, Mayor Pro Tem Childers, Councilman Cornman, Councilman Marceaux, Councilwoman Sitz, Councilwoman Estlinbaum

**6. DISCUSS, CONSIDER AND/OR APPROVE A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BAY CITY, TEXAS AUTHORIZING THE BAY CITY COMMUNITY DEVELOPMENT CORPORATION TO ENTER INTO A PERFORMANCE AGREEMENTS WHICH PROVIDE ECONOMIC INCENTIVES UNDER A BUSINESS RETENTION AND EXPANSION PROGRAM (SECOND READING).**

(Jessica Russell, BCCDC Executive Director)

Motion made by Councilwoman Estlinbaum, Seconded by Councilwoman Sitz.  
Voting Yea: Mayor Nelson, Mayor Pro Tem Childers, Councilman Cornman, Councilman Marceaux, Councilwoman Sitz, Councilwoman Estlinbaum

**ITEMS / COMMENTS & MAYOR AND COUNCIL MEMBERS**

Councilwoman Estlinbaum asked everyone to stay safe.

Mayor Nelson asked the citizens to continue to follow the plans put in place—stay at home, practice social distancing—we are doing this for you.

**ADJOURNMENT**

Motion made by Councilman Marceaux, Seconded by Mayor Pro Tem Childers.  
Voting Yea: Mayor Nelson, Mayor Pro Tem Childers, Councilman Cornman, Councilman Marceaux, Councilwoman Sitz, Councilwoman Estlinbaum

Mayor Nelson adjourned the meeting at 6:15 p.m.

**CITY OF BAY CITY**  
MINUTES • APRIL 17, 2020

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<b>COUNCIL CHAMBERS   1901 5th Street</b>	City Council Workshop	6:00 PM
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1901 5TH STREET  
BAY CITY TX,77414



**Mayor**

Robert K. Nelson

**Councilman**

William Cornman

**Councilman**

Brent P. Marceaux

**Councilwoman**

Becca Sitz

**Mayor Pro Tem**

Jason W. Childers

**Councilwoman**

Julie Estlinbaum

*Bay City is committed to developing and enhancing the long-term prosperity, sustainability, and health of the community.*

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**CALL TO ORDER**

Mayor Nelson called the meeting to order at 6:01 p.m.

**CERTIFICATION OF QUORUM**

Motion made by Councilwoman Estlinbaum, Seconded by Mayor Pro Tem Childers.  
Voting Yea: Mayor Nelson, Mayor Pro Tem Childers, Councilman Cornman, Councilman Marceaux, Councilwoman Estlinbaum, Councilwoman Sitz

**PUBLIC COMMENTS**

There were no public comments.

**REGULAR ITEMS FOR DISCUSSION, CONSIDERATION AND / OR APPROVAL**

- 1. CONSIDER AND TAKE ACTION DEEMED NECESSARY TO RATIFY CITY MANAGER'S DECISION TO SUSPEND SECTION 6.11 OF THE CITY OF BAY CITY EMPLOYEE GUIDELINES DUE TO ABILITY TO MITIGATE RISKS TO EMPLOYEES AND PUBLIC WITH PROPER DISTANCING, HYGIENE, PERSONAL PROTECTIVE EQUIPMENT (PPE), AND TELEWORKING AS NECESSARY.**

City Manager Shawna Burkhart went through the City's Emergency Policy. She explained that the Mayor declared a disaster and the City went into the Emergency Policy. As of right now we are currently in the exigency period as well as the emergency period. Mrs. Burkhart stated that the City has been paying the overtime rate for the skeleton crew and it is driving up our numbers. Mrs. Burkhart provided Mayor and Council with a handout that outlined updated payroll numbers. She went on to explain that the City has the appropriate PPE and has also distributed to Department Directors protocols to follow so that we can move forward. Mrs. Burkhart added that she did not believe that the City can sustain paying at the overtime rate.

Mayor Pro Tem Childers asked about the exigency period. Mrs. Burkhart explained that it was the middle period. Mayor Nelson added that we did not have that period within our current policy, and it would increase the number of periods we currently have from 3 to 4. Mrs. Burkhart continued by stating that the policy needed to be suspended so that we could create something that would work in all scenarios. She pointed out that they were not sure how much would be reimbursed by FEMA.

Finance Director Scotty Jones informed Mayor and Council that she had been talking with TDEM and FEMA since all of this was been underway, and currently they are only reimbursing for Category B, which Public Safety falls in. Category B is a small period, but we are also in the exigency period. She pointed out that the impact to payroll would be about \$70,000 a pay period.

Mayor Pro Tem Childers asked if the overtime salaries were mostly from PD, and Mrs. Jones stated yes. Councilman Cornman wanted to clarify that the typical overtime for the month is \$16,000 and the amount for emergency is \$70,000.

Mrs. Burkhart stated that she had spoken with Anne Marie, and she suggested that we re-write it. Councilman Cornman asked what the County was doing and if they had a policy. Mayor Nelson stated he spoke with Palacios and they use the County's policy, and they do not have this.

Mrs. Odefey informed everyone of comments posted on Facebook and asked about employees wearing face masks. Mayor Nelson stated that currently the CDC is not making it mandatory for the use face masks. Another Facebook user asked if employees would be required to come back to work on Monday. That was the recommendation.

Mayor Pro Tem Childers asked if the Library would be included, and the Mayor stated it would be all facilities. Councilman Cornman commented that he believed that it should be Shawna's determination of which departments were to return.

Facebook user, Simon DeSoto, asked if the employees would have their temperature taken, prior to starting work. Mrs. Burkhart stated yes. We have 5 thermometers and employee temperatures would be taken prior to the start of their day.

## ADJOURNMENT

Motion made by Councilwoman Estlinbaum, Seconded by Councilwoman Sitz.  
Voting Yea: Mayor Nelson, Mayor Pro Tem Childers, Councilman Cornman, Councilman Marceaux, Councilwoman Estlinbaum, Councilwoman Sitz

**AGENDA ITEM REQUEST  
FOR  
CITY COUNCIL APPROVAL**

PER CHARTER SECTION 4.10 (C) - AT LEAST ONCE A QUARTER, COUNCIL SHALL VOTE TO APPROVE THE CITY EXPENDITURES MADE SINCE THE LAST QUARTER. EXPENDITURE DETAIL CAN BE FOUND ON THE CITY'S WEB. <https://cityofbaycity.mygovcenter.com>

<b>ACCOUNTS PAYABLE</b>	<b>01/06/20</b>
<b>ACCOUNTS PAYABLE</b>	<b>01/10/20</b>
<b>ACCOUNTS PAYABLE</b>	<b>01/16/20</b>
<b>ACCOUNTS PAYABLE</b>	<b>01/24/20</b>
<b>ACCOUNTS PAYABLE</b>	<b>01/31/20</b>
<b>ACCOUNTS PAYABLE</b>	<b>02/07/20</b>
<b>ACCOUNTS PAYABLE</b>	<b>02/13/20</b>
<b>ACCOUNTS PAYABLE</b>	<b>02/20/20</b>
<b>ACCOUNTS PAYABLE</b>	<b>02/27/20</b>
<b>ACCOUNTS PAYABLE</b>	<b>03/05/20</b>
<b>ACCOUNTS PAYABLE</b>	<b>03/11/20</b>
<b>ACCOUNTS PAYABLE</b>	<b>03/20/20</b>
<b>ACCOUNTS PAYABLE</b>	<b>03/26/20</b>

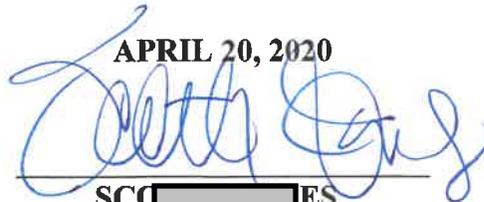
<b>DIRECT PAYABLES</b>	<b>01/02/20</b>
<b>DIRECT PAYABLES</b>	<b>01/07/20</b>
<b>DIRECT PAYABLES</b>	<b>02/07/20</b>
<b>DIRECT PAYABLES</b>	<b>02/10/20</b>
<b>DIRECT PAYABLES</b>	<b>02/13/20</b>
<b>DIRECT PAYABLES</b>	<b>02/27/20</b>
<b>DIRECT PAYABLES</b>	<b>03/03/20</b>

<b>UTILITY REFUNDS</b>	<b>01/10/20</b>
<b>UTILITY REFUNDS</b>	<b>01/28/20</b>
<b>UTILITY REFUNDS</b>	<b>02/04/20</b>
<b>UTILITY REFUNDS</b>	<b>02/10/20</b>
<b>UTILITY REFUNDS</b>	<b>03/06/20</b>
<b>UTILITY REFUNDS</b>	<b>03/20/20</b>

**RESPECTFULLY SUBMITTED**

**FINANCE DIRECTOR**

**APRIL 20, 2020**



SCOTT ES

**Computation of Payments  
in Lieu of Taxes**

**U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing**

For Fiscal Year Ended 3/31/2016

OMB Approval No. 2577-0026 (Exp. 10/31/2009)

Public reporting burden for the collection of information is estimated to average .4 hours. This includes the time for collecting, reviewing, and reporting the data. The information will be used for HUD to ascertain compliance with requirements of Section 6(D) of the U.S. Housing Act, which provides for PHA exemptions from real and personal property taxes, and inclusion in the formula data used to determine public housing operating subsidies. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

<b>Name of Local Agency:</b> Bay City Housing Authorit	<b>Location:</b> 3012 Sycamore Street	<b>Contract Number:</b> FW259	<b>Project Number:</b> TX24P035001
<b>Part I - Computation of Shelter Rent Charged.</b>			
1. Tenant Rental Revenue (FDS Line 703)		\$172,516.15	
2. Tenant Revenue Other (FDS Line 704)			
3. Total Rental Charged (Lines 1 & 2)			<u>\$172,516.15</u>
4. Utilities Expense (FDS Line 931 - 939)			<u>\$10,212.67</u>
5. Shelter Rent Charged (Line 3 minus Line 4)			<u>\$162,303.48</u>
<b>Part II - Computation of Shelter Rent Collected.</b> To be completed only if Cooperation Agreement provides for payment of PILOT on basis of Shelter Rent Collected.)			
1. Shelter Rent Charged (Line 5 of Part I, above)			_____
2. Add: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at beginning of fiscal year			_____
3. Less: Tenant Bad Debt Expense (FDS Line 964)			_____
4. Less: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at end of fiscal year			_____
5. Shelter Rent Collected (Line 1 plus Line 2 minus Lines 3 & 4)			_____
<b>Part III - Computation of Approximate Full Real Property Taxes.</b>			
(1) Taxing Districts	(2) Assessable Value	(3) Tax Rate	(4) Approximate Full Real Property Taxes
County	\$649,690.00	0.004200	\$2,728.70
City	\$649,690.00	0.006000	\$3,898.14
School	\$649,690.00	0.013300	\$8,640.88
<b>Total</b>			<b>\$15,267.72</b>
<b>Part IV - Computation of Approximate Full Real Property Taxes.</b> (To be completed if Cooperation Agreement limits PILOT to an amount by which real property taxes exceed 20% of annual contribution.)			
1. Approximate full real property taxes			_____
2. Accruing annual contribution for all projects under the contract			_____
3. Prorate share of accruing annual contribution*			_____
4. 20% of accruing annual contribution (20% of Line 3)			_____
5. Approximate full real property taxes Less 20% of accruing annual contribution (Line 1 minus Line 4, if Line 4 exceeds Line 1, enter zero)			_____
<b>Part V - Computation of Approximate Full Real Property Taxes.</b>			
1. 10% of shelter rent (10% of Line 5 of Part I or 10% of Line 5 of Part II, whichever is applicable)**			<u>\$16,230.35</u>
2. Payments in Lieu of Taxes (If Part IV is not applicable, enter the amount shown on Line 1, above, or the total in Part III, whichever is the lower. If Part IV is applicable, enter the amount shown on Line 1, above, or the amount shown on Line 5 of Part IV, whichever is lower.)			<u>\$15,267.72</u>
* Same as Line 2 if the statement includes all projects under the Annual Contributions Contract. If this statement does not include all projects under the Annual Contributions Contract, enter prorata share based upon the development cost of each project.			
** If the percentage specified in the Cooperation Agreement or the Annual Contributions Contract with HUD is lower, such lower percentage shall be used.			
<b>Warning:</b> HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012: 31 u.s.c 3729, 3802).			
<b>Prepared By:</b>	<b>Approved By:</b>		
<b>Name:</b> Lindsey & Company, Inc.	<b>Name:</b> LaWanda Davis		
<b>Title:</b> Fee Accountant	<b>Date:</b> 12/30/1899	<b>Title:</b> Executive Director	<b>Date:</b> 12/30/1899

**Computation of Payments  
in Lieu of Taxes**

**U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing**

For Fiscal Year Ended 3/31/2017

OMB Approval No. 2577-0026 (Exp. 10/31/2009)

Public reporting burden for the collection of information is estimated to average .4 hours. This includes the time for collecting, reviewing, and reporting the data. The information will be used for HUD to ascertain compliance with requirements of Section 6(D) of the U.S. Housing Act, which provides for PHA exemptions from real and personal property taxes, and inclusion in the formula data used to determine public housing operating subsidies. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

<b>Name of Local Agency:</b> Bay City Housing Authorit	<b>Location:</b> 3012 Sycamore Street	<b>Contract Number:</b> FW259	<b>Project Number:</b> TX24P035001
<b>Part I - Computation of Shelter Rent Charged.</b>			
1. Tenant Rental Revenue (FDS Line 703)		<u>\$186,332.26</u>	
2. Tenant Revenue Other (FDS Line 704)			
3. Total Rental Charged (Lines 1 & 2)			<u>\$186,332.26</u>
4. Utilities Expense (FDS Line 931 - 939)			<u>\$9,030.77</u>
5. Shelter Rent Charged (Line 3 minus Line 4)			<u>\$177,301.49</u>
<b>Part II - Computation of Shelter Rent Collected.</b> To be completed only if Cooperation Agreement provides for payment of PILOT on basis of Shelter Rent Collected.)			
1. Shelter Rent Charged (Line 5 of Part I, above)			_____
2. Add: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at beginning of fiscal year			_____
3. Less: Tenant Bad Debt Expense (FDS Line 964)			_____
4. Less: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at end of fiscal year			_____
5. Shelter Rent Collected (Line 1 plus Line 2 minus Lines 3 & 4)			_____
<b>Part III - Computation of Approximate Full Real Property Taxes.</b>			
(1) Taxing Districts	(2) Assessable Value	(3) Tax Rate	(4) Approximate Full Real Property Taxes
County	\$649,690.00	0.004200	\$2,728.70
City	\$649,690.00	0.006600	\$4,287.95
School	\$649,690.00	0.014400	\$9,355.54
<b>Total</b>			<b>\$16,372.19</b>
<b>Part IV - Computation of Approximate Full Real Property Taxes.</b> (To be completed if Cooperation Agreement limits PILOT to an amount by which real property taxes exceed 20% of annual contribution.)			
1. Approximate full real property taxes			_____
2. Accruing annual contribution for all projects under the contract			_____
3. Prorate share of accruing annual contribution*			_____
4. 20% of accruing annual contribution (20% of Line 3)			_____
5. Approximate full real property taxes Less 20% of accruing annual contribution (Line 1 minus Line 4, if Line 4 exceeds Line 1, enter zero)			_____
<b>Part V - Computation of Approximate Full Real Property Taxes.</b>			
1. 10% of shelter rent (10% of Line 5 of Part I or 10% of Line 5 of Part II, whichever is applicable)**			<u>\$17,730.15</u>
2. Payments in Lieu of Taxes (If Part IV is not applicable, enter the amount shown on Line 1, above, or the total in Part III, whichever is the lower. If Part IV is applicable, enter the amount shown on Line 1, above, or the amount shown on Line 5 of Part IV, whichever is lower.)			<u>\$16,372.19</u>
* Same as Line 2 if the statement includes all projects under the Annual Contributions Contract. If this statement does not include all projects under the Annual Contributions Contract, enter prorata share based upon the development cost of each project, ** If the percentage specified in the Cooperation Agreement or the Annual Contributions Contract with HUD is lower, such lower percentage shall be used.			
<b>Warning:</b> HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012: 31 u.s.c 3729, 3802).			
<b>Prepared By:</b>	<b>Approved By:</b>		
<b>Name:</b> Lindsey & Company, Inc.	<b>Name:</b> LaWanda Davis		
<b>Title:</b> Fee Accountant	<b>Date:</b> 12/30/1899	<b>Title:</b> Executive Director	<b>Date:</b> 12/30/1899

Previous Editions are Obsolete

**Computation of Payments  
in Lieu of Taxes**

**U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing**

For Fiscal Year Ended 3/31/2018

OMB Approval No. 2577-0026 (Exp. 10/31/2009)

Public reporting burden for the collection of information is estimated to average .4 hours. This includes the time for collecting, reviewing, and reporting the data. The information will be used for HUD to ascertain compliance with requirements of Section 6(D) of the U.S. Housing Act, which provides for PHA exemptions from real and personal property taxes, and inclusion in the formula data used to determine public housing operating subsidies. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

<b>Name of Local Agency:</b> Bay City Housing Authorit		<b>Location:</b> 3012 Sycamore Street		<b>Contract Number:</b> FW259		<b>Project Number:</b> TX24P035001	
<b>Part I - Computation of Shelter Rent Charged.</b>							
1. Tenant Rental Revenue (FDS Line 703)				\$196,210.49			
2. Tenant Revenue Other (FDS Line 704)							
3. Total Rental Charged (Lines 1 & 2)						<b>\$196,210.49</b>	
4. Utilities Expense (FDS Line 931 - 939)						\$11,322.40	
5. Shelter Rent Charged (Line 3 minus Line 4)						<b>\$184,888.09</b>	
<b>Part II - Computation of Shelter Rent Collected.</b> To be completed only if Cooperation Agreement provides for payment of PILOT on basis of Shelter Rent Collected.)							
1. Shelter Rent Charged (Line 5 of Part I, above)							
2. Add: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at beginning of fiscal year							
3. Less: Tenant Bad Debt Expense (FDS Line 964)							
4. Less: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at end of fiscal year							
5. Shelter Rent Collected (Line 1 plus Line 2 minus Lines 3 & 4)							
<b>Part III - Computation of Approximate Full Real Property Taxes.</b>							
(1) Taxing Districts		(2) Assessable Value		(3) Tax Rate		(4) Approximate Full Real Property Taxes	
County		\$649,690.00		0.004200		\$2,728.70	
City		\$649,690.00		0.006600		\$4,287.95	
School		\$649,690.00		0.015500		\$10,070.20	
<b>Total</b>						<b>\$17,086.85</b>	
<b>Part IV - Computation of Approximate Full Real Property Taxes.</b> (To be completed if Cooperation Agreement limits PILOT to an amount by which real property taxes exceed 20% of annual contribution.)							
1. Approximate full real property taxes							
2. Accruing annual contribution for all projects under the contract							
3. Prorate share of accruing annual contribution*							
4. 20% of accruing annual contribution (20% of Line 3)							
5. Approximate full real property taxes Less 20% of accruing annual contribution (Line 1 minus Line 4, if Line 4 exceeds Line 1, enter zero)							
<b>Part V - Computation of Approximate Full Real Property Taxes.</b>							
1. 10% of shelter rent (10% of Line 5 of Part I or 10% of Line 5 of Part II, whichever is applicable)**						<b>\$18,488.81</b>	
2. Payments in Lieu of Taxes (If Part IV is not applicable, enter the amount shown on Line 1, above, or the total in Part III, whichever is the lower. If Part IV is applicable, enter the amount shown on Line 1, above, or the amount shown on Line 5 of Part IV, whichever is lower.)						\$17,086.85	
* Same as Line 2 if the statement includes all projects under the Annual Contributions Contract. If this statement does not include all projects under the Annual Contributions Contract, enter prorata share based upon the development cost of each project.							
** If the percentage specified in the Cooperation Agreement or the Annual Contributions Contract with HUD is lower, such lower percentage shall be used.							
<b>Warning:</b> HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012: 31 u.s.c 3729, 3802).							
<b>Prepared By:</b>				<b>Approved By:</b>			
Name: Lindsey & Company, Inc.				Name: LaWanda Davis			
Title: Fee Accountant		Date: 12/30/1899		Title: Executive Director		Date: 12/30/1899	

**Computation of Payments  
in Lieu of Taxes**

**U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing**

For Fiscal Year Ended 3/31/2019

OMB Approval No. 2577-0026 (Exp. 10/31/2009)

Public reporting burden for the collection of information is estimated to average .4 hours. This includes the time for collecting, reviewing, and reporting the data. The information will be used for HUD to ascertain compliance with requirements of Section 6(D) of the U.S. Housing Act, which provides for PHA exemptions from real and personal property taxes, and inclusion in the formula data used to determine public housing operating subsidies. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

<b>Name of Local Agency:</b> Bay City Housing Authorit	<b>Location:</b> 3012 Sycamore Street	<b>Contract Number:</b> FW259	<b>Project Number:</b> TX24P035001
<b>Part I - Computation of Shelter Rent Charged.</b>			
1. Tenant Rental Revenue (FDS Line 703)		<u>\$168,975.50</u>	
2. Tenant Revenue Other (FDS Line 704)			
3. Total Rental Charged (Lines 1 & 2)			<u>\$168,975.50</u>
4. Utilities Expense (FDS Line 931 - 939)			<u>\$13,376.13</u>
5. Shelter Rent Charged (Line 3 minus Line 4)			<u>\$155,599.37</u>
<b>Part II - Computation of Shelter Rent Collected.</b> To be completed only if Cooperation Agreement provides for payment of PILOT on basis of Shelter Rent Collected.)			
1. Shelter Rent Charged (Line 5 of Part I, above)			
2. Add: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at beginning of fiscal year			
3. Less: Tenant Bad Debt Expense (FDS Line 964)			
4. Less: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at end of fiscal year			
5. Shelter Rent Collected (Line 1 plus Line 2 minus Lines 3 & 4)			
<b>Part III - Computation of Approximate Full Real Property Taxes.</b>			
(1) Taxing Districts	(2) Assessable Value	(3) Tax Rate	(4) Approximate Full Real Property Taxes
County	\$649,690.00	0.004300	\$2,793.67
City	\$649,690.00	0.006600	\$4,287.95
School	\$649,690.00	0.015400	\$10,005.23
<b>Total</b>			<b>\$17,086.85</b>
<b>Part IV - Computation of Approximate Full Real Property Taxes.</b> (To be completed if Cooperation Agreement limits PILOT to an amount by which real property taxes exceed 20% of annual contribution.)			
1. Approximate full real property taxes			
2. Accruing annual contribution for all projects under the contract			
3. Prorate share of accruing annual contribution*			
4. 20% of accruing annual contribution (20% of Line 3)			
5. Approximate full real property taxes Less 20% of accruing annual contribution (Line 1 minus Line 4, if Line 4 exceeds Line 1, enter zero)			
<b>Part V - Computation of Approximate Full Real Property Taxes.</b>			
1. 10% of shelter rent (10% of Line 5 of Part I or 10% of Line 5 of Part II, whichever is applicable)**			<u>\$15,559.94</u>
2. Payments in Lieu of Taxes (If Part IV is not applicable, enter the amount shown on Line 1, above, or the total in Part III, whichever is the lower. If Part IV is applicable, enter the amount shown on Line 1, above, or the amount shown on Line 5 of Part IV, whichever is lower.)			<u>\$15,559.94</u>
* Same as Line 2 if the statement includes all projects under the Annual Contributions Contract. If this statement does not include all projects under the Annual Contributions Contract, enter prorata share based upon the development cost of each project. ** If the percentage specified in the Cooperation Agreement or the Annual Contributions Contract with HUD is lower, such lower percentage shall be used.			
<b>Warning:</b> HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012: 31 u.s.c 3729, 3802).			
<b>Prepared By:</b>		<b>Approved By:</b>	
Name: Lindsey & Company, Inc.		Name: LaWanda Davis	
Title: Fee Accountant	Date: 12/30/1899	Title: Executive Director	Date: 12/30/1899

Previous Editions are Obsolete

## House of Refuge Success Stories

### 17 Year Old Boy-

- Received his High School Diploma through our Diploma Testing Program
- Obtained a job working at a local fast-food restaurant & is currently still employed at said restaurant
- Obtained an apartment locally

### Family of 4 (mom, dad, and 2 children)-

- Able to assist in finding a living place
- Assisted in furnishing home

### Elder Male (veteran)-

- Able to assist in receiving government benefits
- Able to have him housed in the Veteran's home in West Columbia, TX

### 2 Sisters (ages 19-21)-

- Both became employed at Power Church through local job program
- Both opened checking/savings accounts & saved money
- Both able to obtain a home
- Both became employed at a local plant

### Female Cancer Patient-

- Saw her through cancer treatments
- Was able to recover from cancer
- Currently employed locally, fulltime
- Able to obtain an apartment locally

### Elder Female-

- Able to assist in receiving government benefits
- Able to find a living place and begin a new journey on her own



**CITY OF BAY CITY**

1901 FIFTH STREET  
BAY CITY, TEXAS 77414  
(979) 245-2137  
FAX: (979) 323-1626

**AGENDA ITEM SUBMISSION FORM**

Any item(s) to be considered for action by the City Council, must be included on this form, and be submitted along with any supporting documentation. Completed Agenda Item Submission forms must be submitted to the City Secretary's Office no later than 4:00 p.m. on the Monday of the week prior to the Regular Council meeting.

Citizen  City Staff  Council Member

Requestor Name: Scotty Jones

Date Submitted: 4-20-20

Position Title (If City Staff): Director of Finance

Council Meeting Date: 4-28-20

Type of Agenda Item:

- Consent Agenda  Presentation
- Regular Item for Discussion
- Public Hearing
- Executive Session

Agenda Wording:

Consider the approval of updated Disclosure Procedures.

Executive Summary of Item:

**BACKGROUND:**  
The City's Disclosure Procedures are for the purpose of maintaining and evidencing the City's internal procedures for ensuring compliance with federal and state securities laws, preparing and reviewing its disclosures in connection with the issuance of debt obligations, and complying with its continuing disclosure obligations each year. The adoption of Disclosure Procedures is a best practice recommended by the United States Securities and Exchange Commission (the "SEC"). After consultation with the City's bond counsel and financial advisors, city staff is recommending updates to the City's current Disclosure Procedures in order to address recent changes in SEC regulations regarding continuing disclosure obligations.

**FINANCIAL IMPLICATIONS:**  
N/A

**RECOMMENDATION:**  
Staff recommends approval of the updated Disclosure Policy.

**ATTACHMENTS:**  
Disclosure Policy

**CITY OF BAY CITY, TEXAS**

**DISCLOSURE PROCEDURES**

Updated as of this 28th day of April, 2020.

We hereby acknowledge that these Disclosure Procedures were approved by the City Council of the City of Bay City, Texas on this 28th day of April, 2020.

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Secretary

## **CITY OF BAY CITY, TEXAS**

### **DISCLOSURE PROCEDURES**

#### **GENERAL**

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

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

It is the intention of the City to modify or amend these Procedures in the future in order to comply with any legal or regulatory requirements to the extent they may apply to the City and its obligations.

#### **GENERAL OVERSIGHT**

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

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

#### **PREPARATION OF OFFERING DOCUMENTS AND RATINGS AGENCY PRESENTATIONS**

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

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

### **COMPLIANCE WITH CONTINUING DISCLOSURE UNDERTAKINGS**

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

- **Updating Its Continuing Disclosure Undertakings**
  - The City, with the assistance of the Financial Advisor (if requested by the City), will review its outstanding continuing disclosure undertakings in connection with each financing and identify any failures to comply with such undertakings. Any material failures to comply with such undertakings in the five years preceding the

financing must be described in the final official statement. The City will review its disclosure regarding any such failures with Bond Counsel.

- **Annual Filing Requirements**

- The City's annual filing requirements in connection with its current continuing disclosure undertakings are outlined in Exhibit A. It is the City's intention to update Exhibit A each year upon the adoption of the City's annual budget or in connection with the issuance of a series of obligations.

- **Audited Financial Statements or Comprehensive Annual Financial Statements**

- The Finance Director will make arrangements with the City's outside auditors to schedule the preparation and presentation to the City of the City's annual Audited Financial Statements in time to allow the City to meet its continuing disclosure obligations described in Exhibit A.

- If the City's annual Audited Financial Statements are not available in sufficient time to meet its obligations described in Exhibit A, the Finance Director, or his or her designee, will arrange for the filing of unaudited financial statements by the time period specified in Exhibit A, if such filing is required, and will file an event notice stating that the audited financial statements are not yet available and will not be filed by the deadline. The event notice should indicate the approximate timeframe for when the audited financial statements will be provided.

- If the City does not file audited or unaudited financial statements by the time period specified in Exhibit A, the Finance Director, or his or her designee, will file a notice of failure to provide required annual financial information, if required by the applicable continuing disclosure undertakings.

- The Finance Director will seek review by and comments from appropriate City staff of City's annual Audited Financial Statements prior to the dissemination of such materials.

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

- For so long as the City is required to annually file schedules containing agreed upon financial information and operating data in connection with its continuing disclosure undertakings, the Finance Director, or his or her designee, will arrange for the schedules to be prepared on an annual basis in time to allow the City to meet its obligations as described in Exhibit A. The schedules currently required to be filed as part of the City's annual reports, if any, are described in Exhibit A. The schedules containing the required financial information and operating data may be incorporated into the City's Audited Financial Statements.

- The Finance Director will seek review by and comments from appropriate City staff regarding the City's schedules containing the required financial information and operating data prior to the dissemination of such materials.

➤ **Responsible Party**

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

• **Event Notices**

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

➤ **Responsible Party**

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

• **Event Notices – Financial Obligations**

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

- The Finance Director is expected to have a complete understanding of new events (15) and (16) under the Rule. If the Finance Director has not received training on new events (15) and (16), the Finance Director should request training from Bond Counsel or other competent counsel.
- The Finance Director will, in consultation with Bond Counsel, be responsible for: (i) identifying existing material Financial Obligations; (ii) tracking new material Financial Obligations and amendments to new or existing Financial Obligations; and (iii) monitoring Financial Obligations for events which may reflect financial difficulties.
- To assist in monitoring compliance with new events (15) and (16), the Finance Director or his or her designee will create a list of the City’s Financial Obligations (the “Financial Obligations Master List”), with the assistance of the Financial Advisor, Bond Counsel, and other outside consultants, as appropriate.
- The Financial Obligations Master List should at a minimum provide information similar in content to the recommended format that was provided by the Government Finance Officers Association in January 2019.<sup>1</sup>
- The Finance Director will maintain and update the Financial Obligations Master List, and the City, may retain a Financial Advisor or other outside consultants, as may be necessary, to effectively maintain and continuously

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

update such Master List as well as to make all filings required to be made by the City under the Continuing Disclosure Undertakings.

- The Finance Director or his or her designee shall review City agenda items in order to identify potential Financial Obligations (or a modification of an existing Financial Obligation) and shall follow up with the individual responsible for the agenda item to determine if the item rises to the level of disclosure. For purposes of this section, at a minimum, items to be considered by the Finance Director as a potential “Financial Obligation” shall include, but are not limited to:
  1. A debt obligation;
  2. A derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation;
  3. A guarantee of (1) or (2);
  4. A financing agreement, financing lease or energy savings performance contract where the City effectively borrows money at a rate of interest and pays back such borrowing over a number of years, such as for the purchase of vehicles and equipment;
  5. A line of credit, credit agreement or commercial paper program; and
  6. Any other instrument that contains “debt-like” features or terms.
  
- The Finance Director shall review all potential Financial Obligations for materiality, with the assistance of the Financial Advisor or Bond Counsel, as necessary, to determine whether filing is required. For purposes of this section, a determination as to the materiality of a potential Financial Obligation involves a determination as to whether a financial obligation or the terms of a financial obligation, if they affect security holders, would be important to the total mix of information made available to a reasonable investor when making an investment decision.

### **FINANCIAL AND OPERATING INFORMATION LISTED ON THE CITY’S WEBSITE**

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

## EXHIBIT A

ANNUAL FILING REQUIREMENTS UNDER CONTINUING DISCLOSURE UNDERTAKINGS<sup>2</sup>

I. **Tax and Revenue Certificates of Obligation, Series 2010 (the “Series 2010 Certificates”)**: The final maturity date of the Series 2010 Certificates is September 1, 2030. Other than any event filings that may be required while the Series 2010 Certificates are outstanding, if the Series 2010 Certificates remain outstanding, the last filing required under the undertaking related to the Series 2010 Certificates is the audited financial statements and the annual report consisting of operating and financial information related to the fiscal year ending September 30, 2029, which will be due to the MSRB through the EMMA system not later than on March 31, 2030.

A. **Audited Financial Statements:**

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

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

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

B. **Annual Reports:**

In addition to the audited financial statements, the City is obligated to annually update financial information and operating data of the City of the general type included in the Official Statement for the Series 2010 Certificates under the following schedules (Excerpts from the Official Statement for the Series 2010 Certificates showing the listed schedules are attached hereto):

---

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

Schedule 1: Outstanding Debt	Schedule 9: Tax Rate Distribution
Schedule 2: Self-Supporting Debt	Schedule 10: Estimated Overlapping Taxes
Schedule 3: Debt Service	Schedule 11: Principal Taxpayers
Schedule 4: Estimated Overlapping Debt	Schedule 12: Municipal Sales Tax History
Schedule 7: Historical Analysis of Tax Rate, Levy and Collection	Schedule 13: Historical Operations of the General Fund
Schedule 8: Taxable Assessed Valuation by Category	Schedule 14: Historical Operations of the Water and Sewer Fund
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II. **Tax and Revenue Certificates of Obligation, Series 2012 (the “Series 2012 Certificates”)**: The final maturity date of the Series 2012 Certificates is September 1, 2027. Other than any event filings that may be required while the Series 2012 Certificates are outstanding, if the Series 2012 Certificates remain outstanding, the last filing required under the undertaking related to the Series 2012 Certificates is the audited financial statements and the annual report consisting of operating and financial information related to the fiscal year ending September 30, 2026, which will be due to the MSRB through the EMMA system not later than on March 31, 2027.

A. **Audited Financial Statements:**

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

B. **Annual Reports:**

In addition to the audited financial statements, the City is obligated to annually update financial information and operating data of the City of the general type included in the Official Statement for the Series 2012 Certificates under the following schedules (Excerpts from the Official Statement for the Series 2012 Certificates showing the listed schedules are attached hereto):

Schedule 1: Outstanding Debt	Schedule 8: Tax Rate Distribution
Schedule 2: Outstanding Revenue Obligations	Schedule 10: Municipal Sales Tax History
Schedule 3: Debt Service Requirements	Schedule 11: Historical Operations of the Debt Service Fund
Schedule 4: Financial Ratios	Schedule 12: Historical Operations of the General Fund
Schedule 6: Taxable Assessed Valuation	Schedule 13: Historical Operations of the Water and Sewer System
Schedule 7: Ten Largest Taxpayers	

III. **Tax Note, Series 2013 (the “Series 2013 Tax Note”):**

The Series 2013 Tax Note was a direct purchase and did not have a continuing disclosure undertaking associated with it. Please refer to the Ordinance and Purchase Letter for information regarding documents that must be provided to the Purchaser (Houston Community Bank, N.A.) on an annual basis.

IV. **General Obligation Refunding Bonds, Series 2013 (the “Series 2013 Bonds”):** The final maturity date of the Series 2013 Bonds is September 1, 2024. Other than any event filings that may be required while the Series 2013 Bonds are outstanding, if the Series 2013 Bonds remain outstanding, the last filing required under the undertaking related to the Series 2013 Bonds is the audited financial statements and the annual report consisting of operating and financial information related to the fiscal year ending September 30, 2023, which will be due to the MSRB through the EMMA system not later than on March 31, 2024.

A. **Audited Financial Statements:**

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

B. Annual Reports:

In addition to the audited financial statements, the City is obligated to annually update financial information and operating data of the City of the general type included in the Official Statement for the Series 2013 Bonds under the following schedules (Excerpts from the Official Statement for the Series 2013 Bonds showing the listed schedules are attached hereto):

Schedule 1: Outstanding Debt	Schedule 8: Tax Rate Distribution
Schedule 2: Outstanding Revenue Obligations	Schedule 10: City Sales Tax Collections
Schedule 3: Debt Service Requirements	Schedule 11: Historical Operations of the Debt Service Fund
Schedule 4: Financial Ratios	Schedule 12: Historical Operations of the General Fund
Schedule 6: Taxable Assessed Valuation	Schedule 13: Historical Operations of the Water and Sewer System
Schedule 7: Ten Largest Taxpayers	

V. **Tax and Revenue Certificates of Obligation, Series 2014 (the “Series 2014 Certificates”)**: The final maturity date of the Series 2014 Certificates is September 1, 2034. Other than any event filings that may be required while the Series 2014 Certificates are outstanding, if the Series 2014 Certificates remain outstanding, the last filing required under the undertaking related to the Series 2014 Certificates is the audited financial statements and the annual report consisting of operating and financial information related to the fiscal year ending September 30, 2033, which will be due to the MSRB through the EMMA system not later than on March 31, 2034.

A. Audited Financial Statements:

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

B. Annual Reports:

In addition to the audited financial statements, the City is obligated to annually update financial information and operating data of the City of the general type included in the Official Statement for the Series 2014 Certificates under the following schedules (Excerpts from the Official Statement for the Series 2014 Certificates showing the listed schedules are attached hereto):

Schedule 1: Outstanding Obligations	Schedule 7: Tax Rate Distribution
Schedule 2: Self-Supporting Debt	Schedule 8: Municipal Sales Tax History
Schedule 3: Debt Service Requirements	Schedule 9: Historical Operations of the Debt Service Fund
Schedule 4: Financial Ratios	Schedule 10: Historical Operations of the General Fund
Schedule 5: Taxable Assessed Valuation	Schedule 11: Historical Operations of the Water and Sewer System
Schedule 6: Ten Largest Taxpayers	

VI. **Tax and Revenue Certificates of Obligation, Series 2016 (the “Series 2016 Certificates”)**: The final maturity date of the Series 2016 Certificates is September 1, 2036. Other than any event filings that may be required while the Series 2016 Certificates are outstanding, if the Series 2016 Certificates remain outstanding, the last filing required under the undertaking related to the Series 2016 Certificates is the audited financial statements and the annual report consisting of operating and financial information related to the fiscal year ending September 30, 2035, which will be due to the MSRB through the EMMA system not later than on March 31, 2036.

A. Audited Financial Statements:

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

B. Annual Reports:

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

Schedule 1: Outstanding Obligations	Schedule 8: Largest Assessed Valuations
Schedule 2: Self-Supporting Debt	Schedule 9: Tax Rate Distribution
Schedule 3: Debt Service Requirements	Schedule 11: Municipal Sales Tax History
Schedule 4: Financial Ratios	Schedule 12: Historical Operations of the Debt Service Fund
Schedule 5: Tax Adequacy for Estimated Debt Service	Schedule 13: Historical Operations of the General Fund
Schedule 7: Historical Analysis of Ad Valorem Taxation	Schedule 14: Historical Operations of the Water and Sewer Fund

VII. **Tax Note, Series 2018 (the “Series 2018 Tax Note”):**

The Series 2018 Tax Note was a direct purchase and did not have a continuing disclosure undertaking associated with it. Please refer to the Ordinance and Purchase Letter for information regarding documents that must be provided to the Purchaser (ZB, N.A.) on an annual basis.

VIII. **Tax and Revenue Certificates of Obligation, Series 2020 (the “Series 2020 Certificates”):** The final maturity date of the Series 2020 Certificates is September 1, 2045. Other than any event filings that may be required while the Series 2020 Certificates are outstanding, if the Series 2020 Certificates remain outstanding, the last filing required under the undertaking related to the Series 2020 Certificates is the audited financial statements and the annual report consisting of operating and financial information related to the fiscal year ending September 30, 2044, which will be due to the MSRB through the EMMA system not later than on March 31, 2045.

A. Audited Financial Statements:

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

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

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

B. Annual Reports:

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

Schedule 1: Outstanding Obligations	Schedule 8: Largest Assessed Valuations
Schedule 2: Self-Supporting Debt	Schedule 9: Tax Rate Distribution
Schedule 3: Debt Service Requirements	Schedule 11: Municipal Sales Tax History
Schedule 4: Tax Adequacy for Estimated Debt Service	Schedule 12: Historical Operations of the Debt Service Fund
Schedule 6: Historical Analysis of Ad Valorem Taxation	Schedule 13: Historical Operations of the General Fund
Schedule 7: Historical Analysis of the Assessed Valuation by Category	Schedule 14: Historical Operations of the Water and Sewer Fund

**EXHIBIT B**  
**EVENT NOTICES<sup>3</sup>**

**I. Tax and Revenue Certificates of Obligation, Series 2010 (the “Series 2010 Certificates”):**

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

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

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

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

<sup>4</sup> Ratings changes may include changes in the ratings of any bond insurers.

**II. Tax and Revenue Certificates of Obligation, Series 2012 (the “Series 2012 Certificates”); General Obligation Refunding Bonds, Series 2013 (the “Series 2013 Bonds”) Tax and Revenue Certificates of Obligation, Series 2014 (the “Series 2014 Certificates”), and Tax and Revenue Certificates of Obligation, Series 2016 (the “Series 2016 Certificates”):**

The City is required to provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the City’s Series 2012 Certificates, Series 2013 Bonds, Series 2014 Certificates, and Series 2016 Certificates:

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

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

or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

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

**II. Tax and Revenue Certificates of Obligation, Series 2020 (the “Series 2020 Certificates”):**

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

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

- (11) Rating changes;<sup>5</sup>
- (12) Bankruptcy, insolvency, receivership or similar event of the City;

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

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

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

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

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<sup>5</sup> Ratings changes may include changes in the ratings of any bond insurers.

ORDINANCE NO. \_\_\_\_\_

AUTHORIZING THE  
ISSUANCE OF

CITY OF BAY CITY, TEXAS  
TAX AND REVENUE CERTIFICATES OF OBLIGATION  
SERIES 2020

Adopted: April 28, 2020

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

THE STATE OF TEXAS	§
COUNTY OF MATAGORDA	§
CITY OF BAY CITY	§

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

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

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

WHEREAS, pursuant to a resolution previously passed by this governing body, notice of intention to issue of certificates of obligation of the City payable as provided in this Ordinance was published in a newspaper of general circulation in the City and posted to the City’s website in accordance with the laws of the State of Texas, which notice provided that the principal amount of such certificates of obligation would not exceed \$9,400,000 and the proceeds would be used for the purpose of paying contractual obligations to be incurred for the purposes set forth in Section 3.1 hereof; and

WHEREAS, such notice provided that the City tentatively planned to consider the passage of an ordinance authorizing the issuance of the certificates of obligation on April 28, 2020; and

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

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

WHEREAS, the meeting at which this Ordinance is considered is open to the public as required by law, and public notice of the time, place, and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended; therefore,

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

## ARTICLE I

### DEFINITIONS AND OTHER PRELIMINARY MATTERS

#### Section 1.1. Definitions.

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

“Attorney General” means the Attorney General of the State.

“Bond Counsel” means Bracewell LLP.

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

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

“City” means the City of Bay City, Texas.

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

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

“Comptroller” means the Comptroller of Public Accounts of the State.

“Dated Date” means May 1, 2020.

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

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Ordinance, the Designated Payment/Transfer Office as designated in the Paying Agent/Registrar Agreement, or at such other location designated by the Paying

Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

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

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

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

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

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

“Initial Purchaser” means the initial purchaser of the Certificates identified in Section 7.1 of this Ordinance.

“Interest Payment Date” means the date or dates upon which interest on the principal of the Certificates is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being March 1 and September 1 of each year, commencing on September 1, 2020.

“MSRB” means the Municipal Securities Rulemaking Board.

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

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

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

“Paying Agent/Registrar” means initially Zions Bancorporation, National Association, Amegy Bank Division or any successor thereto as provided in this Ordinance.

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

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

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

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

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

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

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

“State” means the State of Texas.

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

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

#### Section 1.2. Findings.

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

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

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

#### Section 1.4. Interpretation.

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

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

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

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

## ARTICLE II

### TAX LEVY; DEBT SERVICE FUND; PLEDGE OF REVENUES

#### Section 2.1. Tax Levy.

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

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

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

#### Section 2.2. Debt Service Fund.

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

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

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

#### Section 2.3. Pledge of Revenues.

The Net Revenues to be derived from the operation of the System in an amount not to exceed \$1,000 are hereby pledged to the payment of the principal of and interest on the Certificates

as the same come due; provided, however, that such pledge is and shall be junior and subordinate in all respects to the pledge of the Net Revenues to the payment of all outstanding obligations of the City and any obligation of the City, whether authorized heretofore or hereafter, that the City designates as having a pledge senior to the pledge of the Net Revenues to the payment of the Certificates. The City also reserves the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind payable in whole or in part from the Net Revenues, secured by a pledge of the Net Revenues that may be prior and superior in right to, on a parity with, or junior and subordinate to the pledge of Net Revenues securing the Certificates. The revenues of the System available after the payment of all operation and maintenance expenses of the System, any debt service payable from gross revenues or Net Revenues of the System, if any, as well as other payments, costs or expenses designated in an ordinance authorizing the issuance of System revenue obligations may be used for any lawful purpose of the City.

### ARTICLE III

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

##### Section 3.1. Authorization.

The City's "City of Bay City, Texas Tax and Revenue Certificates of Obligation, Series 2020" are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, specifically Subchapter C, Chapter 271, Texas Local Government Code, as amended. The Certificates shall be issued in the aggregate principal amount of [\$ \_\_\_\_\_] for costs associated with (i) the acquisition of a fire truck and fire protection equipment, (ii) the acquisition of road equipment, (iii) the acquisition, construction, repair, replacement and equipment of municipal airport facilities, (iv) the construction and equipment of streets, sidewalks and related infrastructure, and (v) the costs of professional services related thereto.

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$ _____	_____ %	2034	\$ _____	_____ %
2022	_____	_____	2035	_____	_____
2023	_____	_____	2036	_____	_____
2024	_____	_____	2037	_____	_____
2025	_____	_____	2038	_____	_____
2026	_____	_____	2039	_____	_____
2027	_____	_____	2040	_____	_____
2028	_____	_____	2041	_____	_____
2029	_____	_____	2042	_____	_____
2030	_____	_____	2043	_____	_____
2031	_____	_____	2044	_____	_____
2032	_____	_____	2045	_____	_____
2033	_____	_____			

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

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

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

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

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

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

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

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

#### Section 3.4. Execution and Registration of Certificates.

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

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

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

(d) On the Closing Date, one initial Certificate (the “Initial Certificate”), representing the entire principal amount of the Certificates, payable in stated installments to the Initial Purchaser or its designee, executed by manual or facsimile signature of the Mayor or Mayor Pro Tem and the [Interim] City Secretary of the City, approved by the Attorney General, and registered and manually signed by the Comptroller, will be delivered to the Initial Purchaser or its designee. Upon payment for the Initial Certificate, the Paying Agent/Registrar shall cancel such Initial Certificate and deliver to DTC on behalf of the Underwriter registered definitive Certificates as described in Section 3.9. To the extent the Paying Agent/Registrar is eligible to participate in DTC’s FAST System, as evidenced by an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

### Section 3.5. Ownership.

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

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

### Section 3.6. Registration, Transfer, and Exchange.

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

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

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

(d) The Paying Agent/Registrar is hereby authorized to authenticate and deliver Certificates transferred or exchanged in accordance with this Section. A new Certificate or Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificate being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail,

first class, postage prepaid, to the Owner or his designee. Each Certificate delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such Certificate is delivered.

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

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

#### Section 3.7. Cancellation.

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

#### Section 3.8. Replacement Certificates.

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

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

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

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

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

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

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

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

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

### Section 3.9. Book-Entry-Only System.

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

(b) With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates, except as provided in this Ordinance. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Register as the absolute Owner of such Certificate for the purpose of payment of principal of, premium, if any, and interest

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

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

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

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

Section 3.11. Payments to Cede & Co.

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

## ARTICLE IV

### REDEMPTION OF CERTIFICATES BEFORE MATURITY

#### Section 4.1. Limitation on Redemption.

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

#### Section 4.2. Optional Redemption.

(a) The City has reserved the right to redeem at its option the Certificates maturing on and after September 1, 20[30], in whole or from time to time in part before their respective scheduled maturity dates, on September 1, 20[29], or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption.

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

#### Section 4.3. [Mandatory Sinking Fund Redemption.

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

(b) Prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Certificates equal to the aggregate principal amount of such Term Certificates to be redeemed, shall call such Term Certificates for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.5.

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

#### Section 4.4. Partial Redemption.

(a) If less than all of the Certificates are to be redeemed pursuant to Section 4.2 hereof, the City shall determine the maturity or maturities (or mandatory sinking fund payment with

respect to the Term Certificates) and the principal amount thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot, or other customary method that results in random selection, the Certificates, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

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

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

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

#### Section 4.5. Notice of Redemption to Owners.

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

(b) The notice shall state the redemption date, the redemption price, the place at which the Certificates are to be surrendered for payment, and, if less than all the Certificates outstanding are to be redeemed and subject to Section 4.4 hereof, an identification of the Certificates or portions thereof to be redeemed.

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

available in part or in whole on or before the redemption date shall not constitute an event of default.

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

Section 4.6. Payment Upon Redemption.

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

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

Section 4.7. Effect of Redemption.

(a) When Certificates have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Certificates or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Certificate or portion thereof called for redemption shall terminate on the date fixed for redemption. If the City shall fail to make provision for payment of all sums due on a redemption date, then any Certificate or portion thereof called for redemption shall continue to bear interest at the rate stated on the Certificate until due provision is made for the payment of same.

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

Section 4.8. Lapse of Payment.

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

**ARTICLE V**  
**PAYING AGENT/REGISTRAR**

Section 5.1. Appointment of Initial Paying Agent/Registrar.

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

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

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

Section 5.2. Qualifications.

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

Section 5.3. Maintaining Paying Agent/Registrar.

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

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

Section 5.4. Termination.

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

Section 5.5. Notice of Change to Owners.

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

Section 5.6. Agreement to Perform Duties and Functions.

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

Section 5.7. Delivery of Records to Successor.

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

## ARTICLE VI

### FORM OF THE CERTIFICATES

Section 6.1. Form Generally.

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

(b) Any portion of the text of any Certificates may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Certificates.

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

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

Section 6.2. Form of the Certificates.

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

(a) Form of Certificate.

REGISTERED NO. _____	UNITED STATES OF AMERICA STATE OF TEXAS COUNTY OF MATAGORDA  CITY OF BAY CITY, TEXAS TAX AND REVENUE CERTIFICATE OF OBLIGATION SERIES 2020	REGISTERED \$ _____
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<u>INTEREST RATE:</u> _____ %	<u>MATURITY DATE:</u> September 1, 20__	<u>CLOSING DATE:</u> May 21, 2020	<u>CUSIP NUMBER:</u> _____
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The City of Bay City (the "City"), in the County of Matagorda, State of Texas, for value received, hereby promises to pay to

\_\_\_\_\_

or registered assigns, on the maturity date specified above, the sum of

\_\_\_\_\_ DOLLARS

and to pay interest on such principal amount from the later of the Closing Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on September 1 and March 1 of each year, commencing on September 1, 2020.

The principal of this Certificate shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Certificate at the corporate trust office of Zions Bancorporation, National Association, Amegy Bank Division,

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

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

This Certificate is dated May 1, 2020 and is one of a series of fully registered certificates specified in the title hereof issued in the aggregate principal amount of [\$ \_\_\_\_\_], (herein referred to as the “Certificates”), issued pursuant to a certain ordinance of the City (the “Ordinance”) for the costs associated with the acquisition of a fire truck and fire protection equipment, the acquisition of road equipment, the acquisition, construction, repair, replacement and equipment of municipal airport facilities, the construction and equipment of streets, sidewalks and related infrastructure, the costs of professional services related thereto, and the costs of issuing the Certificates

The City has reserved the right to redeem the Certificates maturing on and after September 1, 20[30], in whole or from time to time in part before their respective scheduled maturity dates, on September 1, 20[29], or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Certificates, or portions thereof, within such maturity and in such principal amounts, for redemption.

[Certificates maturing on September 1, 20\_\_, (the “Term Certificates”) are subject to mandatory sinking fund redemption prior to their scheduled maturity, and will be redeemed by the

City, in part at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the redemption date, on the dates and in the principal amounts shown in the following schedule:

**\$ Term Certificates Maturing September 1, 20**

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 20__	\$ _____
September 1, 20__ (maturity)	\$ _____

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

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

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

Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the City in the notice, the

Certificates called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Certificate or portion thereof has not been surrendered for payment, interest on such Certificates or portions thereof shall cease to accrue.

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

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

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

IT IS FURTHER certified, recited and represented that the revenues to be derived from the operation of the City's water and sewer system, after the payment of all operation and maintenance expenses thereof (the "Net Revenues"), are pledged to the payment of the principal of and interest on the Certificates in an amount not to exceed \$1,000; provided, however, that such pledge is junior and subordinate in all respects to the pledge of the Net Revenues to the payment of all outstanding obligations of the City and any obligation of the City, whether authorized heretofore or hereafter, which the City designates as having a pledge senior to the pledge of the Net Revenues to the payment of the Certificates. The City also reserves the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind payable in whole or in part from the Net Revenues, secured by a pledge of the Net Revenues that may be prior and superior in right to, on a parity with, or junior and subordinate to the pledge of the Net Revenues securing the Certificates.

IN WITNESS WHEREOF, the City has caused this Certificate to be executed by the manual or facsimile signature of the Mayor or Mayor Pro Tem of the City and countersigned by

the manual or facsimile signature of the [Interim] City Secretary, and the official seal of the City has been duly impressed or placed in facsimile on this Certificate.

\_\_\_\_\_  
[Interim] City Secretary  
City of Bay City, Texas

\_\_\_\_\_  
Mayor [Pro Tem]<sup>1</sup>  
City of Bay City, Texas

[SEAL]

(b) Form of Comptroller's Registration Certificate.

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

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

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

WITNESS MY SIGNATURE AND SEAL OF OFFICE this \_\_\_\_\_.

[SEAL]

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

<sup>1</sup> Delete of the Mayor executes the Certificates.

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

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

CERTIFICATE OF PAYING AGENT/REGISTRAR

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

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, AMEGY BANK DIVISION, as Paying Agent/Registrar

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

By: \_\_\_\_\_  
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

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

\_\_\_\_\_  
\_\_\_\_\_

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

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

Signature Guaranteed By: \_\_\_\_\_

\_\_\_\_\_

Authorized Signatory

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

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

(i) immediately under the name of the Certificate the headings “INTEREST RATE” and “MATURITY DATE” shall both be completed with the expression “As Shown Below”; and

(ii) in the first paragraph of the Certificate, the words “on the maturity date specified above, the sum of \_\_\_\_\_ DOLLARS” shall be deleted and the following will be inserted: “on September 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:”

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

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

#### Section 6.3. CUSIP Registration.

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

#### Section 6.4. Bond Insurance.

If bond insurance is obtained by the Initial Purchaser (hereinafter defined), the certificates may bear an appropriate legend as provided by the insurer.

#### Section 6.5. Legal Opinion.

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

## ARTICLE VII

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

#### Section 7.1. Sale of Certificates.

The sale and delivery of the Certificates, having been duly advertised and offered for sale at competitive bid, are hereby sold and awarded to [ ] (the “Initial Purchaser”) for a purchase price equal to the principal amount thereof plus a cash premium of [ \$ ], being the bid which produced the lowest true interest cost, subject to the approving opinion as to the legality of the Certificates of the Attorney General and the opinion of Bond Counsel. The Initial Certificate shall be registered in the name of the Initial Purchaser or its designee. The Mayor, City Manager, and all other officers, agents and representatives of the City are hereby authorized to do any and all things necessary or desirable to satisfy the conditions to and to provide for the issuance and delivery of the Certificates.

#### Section 7.2. Deposit of Proceeds.

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

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

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

(c) Any amounts remaining after accomplishing such purposes and paying costs of issuance shall be applied for the purposes described in subsection (a).

#### Section 7.3. Control and Delivery of Certificates.

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

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

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

Section 7.4. Official Statement.

The form and substance of the Preliminary Official Statement, and any addenda, supplement or amendment thereto, is hereby ratified and approved, and has been deemed final as of its date within the meaning and for the purposes of paragraph (b)(1) of the Rule. The City hereby authorizes and approves the preparation of a final Official Statement to add the terms of the Initial Purchaser's bid and other relevant information. The use of such final Official Statement in the reoffering of the Certificates by the Initial Purchaser is hereby approved and authorized. The proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Certificates.

**ARTICLE VIII  
PARTICULAR REPRESENTATIONS AND COVENANTS**

Section 8.1. Payment of the Certificates.

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

Section 8.2. Other Representations and Covenants.

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

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

Section 8.3. Qualified Tax-Exempt Obligations.

The City hereby designates the Certificates as "qualified tax-exempt obligations" for purposes of section 265(b) of the Code. In connection therewith, the City represents that (a) the aggregate amount of tax-exempt obligations issued by the City during calendar year 2020, including the Certificates, that have been designated as "qualified tax-exempt obligations" under section 265(b)(3) of the Code does not exceed \$10,000,000, and (b) the reasonably anticipated

amount of tax-exempt obligations which will be issued by the City during calendar year 2020, including the Certificates, will not exceed \$10,000,000. For purposes of this Section, the term “tax-exempt obligation” does not include (i) “private activity bonds” within the meaning of section 141 of the Code, other than “qualified 501(c)(3) bonds” within the meaning of section 145 of the Code or (ii) obligations issued to currently refund any obligation to the extent that the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation. In addition, for purposes of this Section, the City includes all entities which are aggregated with the City under the Code.

Section 8.4. Provisions Concerning Federal Income Tax Matters.

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE IX

### DISCHARGE

#### Section 9.1. Discharge.

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

## ARTICLE X

### CONTINUING DISCLOSURE UNDERTAKING

#### Section 10.1. Annual Reports.

(a) The City shall provide annually to the MSRB, (i) within six (6) months after the end of each Fiscal Year of the City ending in or after 2020, financial information and operating

data with respect to the City of the general type included in the Official Statement under Tables 1 through 4, Tables 6 through 9 and Tables 11 through 14, and including financial statements of the City if audited financial statements of the City are then available, and (ii) if not provided as part such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in the rules to the financial statements for the most recently concluded Fiscal Year, or such other accounting principles as the City may be required to employ, from time to time, by State law or regulation, and (ii) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such financial statements becomes available.

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

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

#### Section 10.2. Event Notices.

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

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

- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Certificates, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;

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

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

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

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

Section 10.3. Limitations, Disclaimers and Amendments.

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

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

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

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

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

(e) The provisions of this Article may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (i) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (A) the Owners of a majority in aggregate principal amount (or any

greater amount required by any other provisions of this Ordinance that authorizes such an amendment) of the outstanding Certificates consent to such amendment or (B) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Certificates. The provisions of this Article may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent the [Initial Purchaser] of the initial public offering of the Certificates from lawfully purchasing or selling Certificates in such offering. If the City so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 10.1 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

## ARTICLE XI

### MISCELLANEOUS

#### Section 11.1. Changes to Ordinance.

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

#### Section 11.2. Partial Invalidity.

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

#### Section 11.3. Repealer.

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

#### Section 11.4. Individuals Not Liable.

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

#### Section 11.5. Related Matters.

To satisfy in a timely manner all of the City's obligations under this Ordinance, the Mayor, the Mayor Pro Tem, City Manager, the [Interim] City Secretary and all other appropriate officers

and agents of the City are hereby authorized and directed to do any and all things necessary and/or convenient in order to consummate the delivery of the Certificates, pay the costs of issuance on the Certificates, and effectuate the terms and purposes of this Ordinance.

Section 11.6. Force and Effect.

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

*[Signature Page Follows]*

PASSED AND APPROVED this 28<sup>th</sup> day of April, 2020, by the City Council of the City of Bay City, Texas.

<u>Council Member:</u>	<u>Voted Aye</u>	<u>Voted No</u>	<u>Absent</u>
Julie Estinbaum	_____	_____	_____
William Cornman	_____	_____	_____
Brent Marceaux	_____	_____	_____
Becca Sitz	_____	_____	_____
Jason W. Childers	_____	_____	_____

\_\_\_\_\_  
Robert K. Nelson, Mayor  
City of Bay City

ATTEST:

[SEAL]

\_\_\_\_\_  
Lillie Norris, [Interim] City Secretary  
City of Bay City

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney,  
City of Bay City

CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS §  
COUNTY OF MATAGORDA §  
CITY OF BAY CITY §

We, the undersigned officers of the City Council of the City of Bay City, Texas, hereby certify as follows:

1. The City Council of the City of Bay City, Texas, convened in a regular meeting on the 28<sup>th</sup> day of April, 2020, [at the regular meeting place thereof, within said City,][by video conference/teleconference pursuant to the March 16, 2020 action by the Governor of the State of Texas under Section 418.016 of the Texas Government Code suspending certain provisions of the Texas Open Meetings Act,] and the roll was called of the duly constituted officers and members of said City Council, to wit:

- |                  |  |
|------------------|--|
| Robert K. Nelson | Mayor  |
| Jason Childers   | Mayor Pro Tem and Council Member, Position No. 5 |
| Julie Estlinbaum | Council Member, Position No. 1                   |
| Bill Cornman     | Council Member, Position No. 2                   |
| Brent Marceaux   | Council Member, Position No. 3                   |
| Becca Sitz       | Council Member, Position No. 4                   |

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

ORDINANCE NO. \_\_\_\_\_

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

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

\_\_\_\_\_ Member(s) of City Council shown present voted "Aye."

\_\_\_\_\_ Member(s) of City Council shown present voted "No."

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

SIGNED AND SEALED this 28<sup>th</sup> day of April, 2020.

[SEAL]

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[Interim] City Secretary  
City of Bay City, Texas



## EXECUTIVE SUMMARY

### QUARTERLY FINANCIAL & INVESTMENT REPORT

**BACKGROUND:** Quarterly financial reports provide the most accurate reflection of the quarter activity for each major fund. Reports are provided to City Council via email with a formal presentation at the next available Council meeting. In addition, the Finance Committee meets quarterly to review the Investment Report in detail. This time also serves as an opportunity to discuss the City's finances. In the event that financial decisions or budgetary amendments need attention prior to this date-the Finance Director shall request a Special Called Meeting. All reports are posted to the City's website along with other financial information.

**FINANCIAL IMPLICATIONS:** Timely financial data provides City Council time to make informed decisions to prevent any negative financial implications.

**IMPACT ON COMMUNITY SUSTAINABILITY:** The report provides financial information to the public. (i.e., costs of services, revenue sources)

**RECOMMENDATION:** Staff recommends City Council approve the Quarterly Financial & Investment Report.

**ATTACHMENTS:** Quarterly Financial Report for Quarter Ending March 31, 2020



## CITY OF BAY CITY

### FY 2020 2nd Quarter Financial Report

#### As of March 31, 2020

The City of Bay City Finance Department is dedicated to excellence in local government, comprehensive fiscal management, compliance and reporting. The Monthly Report is used to provide our internal and external customers financial reporting with easy to read narratives regarding the City's financial position.

This report represents a general overview of financial operations through **March 2020**, the sixth month, and **50.00%** of FY 2020.

1. The **Financial Summaries** provide comparative data for revenues and expenditures by fund. Data shows current monthly and year to date information as it relates to budget. Beginning fund balances are estimates until the final audit is complete.
  - The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those accounted for in other specific funds. This fund includes all general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund. General operating expenditures, fixed charges and capital improvement costs not paid through other funds are paid from this fund.
  - The **Public Utility Fund** accounts for the operations costs to provide water and sewer services to the citizens of Bay City.
  - The **Airport Fund** is used to account for the operations of the Airport, and to account for the rent generated from its T-hangers and fuel sold.
  - The **Hotel/Motel Occupancy Tax Fund** was established to directly enhance and promote tourism and the convention and hotel industry or other expenses as approved by State Law.
2. The **Investment Report** provides a description of investment activity during the quarter.

*This report does not include all funds related to the City of Bay City's Operations—please refer to the City's Comprehensive Annual Financial Report & the City's Annual Budget available on the City's website ([www.cityofbaycity.org](http://www.cityofbaycity.org)).*

*Go to the Finance Department's Web Page for all financial transparency information. This includes audits, budgets, quarterly reports, and check registers*

## General Fund Overview

### *Revenue Highlights*

Revenues total \$9,188,506 or 61.2% of the budget.

- Property Tax. The certified value totaled \$869 million. Through March, the City received \$4,025,348 or (90.8%) of the 4.4-million-dollar property tax maintenance and operation budget. Most property taxes will be received by January to avoid penalties.
- Sales tax. Second Quarter Sales Tax Allocation (Jan-March) to the City is up 7.47% or \$108,717 as compared to the second quarter in prior year. Sales tax is up over prior year (Oct-March) by \$162,142.
- Franchise fees are in line with budget. Licenses & Permits exceed the budget target due to large value commercial permits pulled.
- Fines and penalties (Court Fines) are above budget expectations by \$41,000.
- Charges for services represents sanitation fees - \$1,255,469 (50% of budget).
- Miscellaneous Revenue appears below budget; however this is due to the timing of grant payments and/or interlocal agreements. (i.e. Bay City Gas Company, County, BCCDC)

### *General Fund Expenditure Highlights*

Expenditures total 6,643,833 or 44.3% of budget.

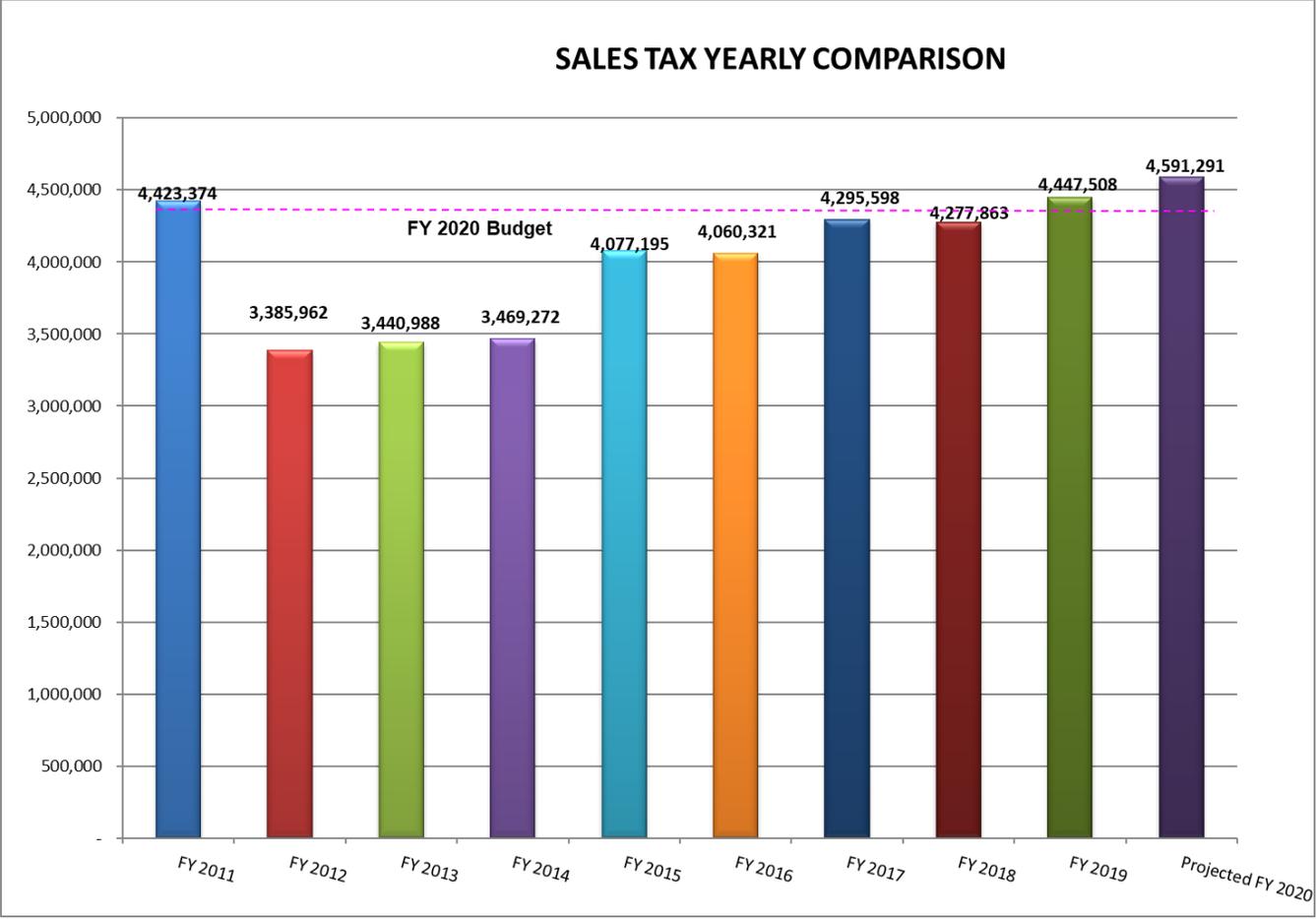
Most departments are under the 50% budget target. Budgets that are over the budget target are primarily due to the following:

- Human Resource- timing of payments for City Manager search firm (amendment needed)
- Parks- timing of the Dreamscape Project

The General Fund's fund balance is budgeted to increase by \$34,195. **The city reserve level currently is below the minimum policy of 25%.** See bottom of page 3 for more clarification. The audited beginning cash position (October 1, 2019) was 3.2 million which represents approximately 22% operating reserve including transfers. Transfers include departments/funds such as Information Technology, Facilities/Equipment Maintenance, and the Bay City Airport. The City plans to build reserve over the next year to meet or exceed the minimum 25% reserve requirement. Sales tax and departmental savings should aide in the building of the reserve by fiscal year end.

## GENERAL FUND FINANCIAL SUMMARY

General Fund (Fund 11)					
Percent of Fiscal Year Complete		50%			
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2020 Budget	
<b>Beginning Fund Balance (Unaudited)</b>	\$ 3,210,330	\$ 3,210,330			
<b>REVENUES</b>					
Property Taxes	4,434,737	4,025,348	409,389	90.8%	
Sales Tax	4,350,000	2,323,296	2,026,704	53.4%	
Other Local Taxes (Franchise)	1,321,000	651,881	669,119	49.3%	
Charges for Services (Sanitation)	2,527,000	1,255,469	1,271,531	49.7%	
Fines & Penalties	203,000	139,284	63,717	68.6%	
Licenses & Permits	196,000	158,345	37,655	80.8%	
Miscellaneous	1,343,763	318,135	1,025,628	23.7%	
Transfers	643,500	316,750	326,750	49.2%	
<b>Total Revenues</b>	\$ 15,019,000	\$ 9,188,506	\$ 5,830,494	<b>61.2%</b>	
<b>EXPENDITURES</b>					
City Secretary	153,269	50,020	103,249	32.6%	
City General Services	2,498,547	1,227,308	1,271,239	49.1%	
Administrative Council	318,192	151,788	166,404	47.7%	
Main Street	58,000	29,420	28,580	50.7%	
Human Resources	251,930	161,782	90,148	64.2%	
Municipal Court	328,673	152,587	176,086	46.4%	
Finance	337,281	158,065	179,216	46.9%	
Police	4,618,763	2,137,927	2,480,836	46.3%	
Animal Impoundment	167,892	68,773	99,119	41.0%	
Fire Department	199,319	73,227	126,092	36.7%	
Street and Bridgne	3,461,184	1,037,287	2,423,897	30.0%	
Recycling Center	161,926	81,537	80,389	50.4%	
Parks	1,405,308	925,134	480,174	65.8%	
Riverside Park	184,103	73,987	110,116	40.2%	
Recreation	99,823	32,536	67,287	32.6%	
Pool Operations	275,841	60,491	215,350	21.9%	
Library	464,754	221,965	242,789	47.8%	
<b>Total Expenditures</b>	\$ 14,984,805	\$ 6,643,833	\$ 8,340,972	<b>44.3%</b>	
*YTD does not includes encumbrances					
<b>Net Revenue (Expenditures)</b>	\$ 34,195	\$ 2,544,674			
Ending Fund Balance	\$ 3,244,525	\$ 5,755,004			
% of Operating Reserves	22%	40%			
Fund Balance Target 90 days (25%)	\$ 3,606,502				
<b>Over/(Under) min Policy Level (25%)</b>	\$ (361,977)				



	<i>2nd Quarter</i>		<i>% Change from</i>	
	<i>Fiscal Year 2019</i>	<i>Fiscal Year 2020</i>	<i>Prior Year</i>	<i>Variance</i>
<b>January</b>	420,788.91	477,720.61	<b>13.53%</b>	<b>56,931.70</b>
<b>February</b>	568,926.16	611,567.87	<b>7.50%</b>	<b>42,641.71</b>
<b>March</b>	465,438.78	474,582.44	<b>1.96%</b>	<b>9,143.66</b>
<b>Total</b>	<b>1,455,153.85</b>	<b>1,563,870.92</b>	<b>7.47%</b>	<b>108,717.07</b>

<b>Budget 2020</b>	<b>Projected Sales Tax</b>	<b>Exceeding Budget</b>
<b>4,350,000</b>	<b>4,591,291</b>	<b>241,291</b>

## Public Utility Fund Overview

### Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 48% appearing to be slightly below budget expectations. (City bills one month in arrears)

### Expenditure Highlights

- Total expenditures for the Utility Fund are 50% of budget.
- Utility Maintenance Department is at 100% of budget due to an extreme amount of emergency repairs of water and/or sewer lines (amendment needed)

### PUBLIC UTILITY FUND FINANCIAL SUMMARY

Utility Fund (Fund 61)					
Percent of Fiscal Year Complete	50%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2020 Budget	
<b>Beginning Fund Balance</b>	\$ 3,756,008	\$ 3,756,008			
<b>REVENUES</b>					
Charges for Services	7,698,000	3,668,136	4,029,864	48%	
Fines & Penalties	145,000	57,216	87,784	39%	
Miscellaneous	35,000	52,756	(17,756)	151%	
<b>Total Revenues</b>	<b>7,878,000</b>	<b>3,778,108</b>	<b>4,099,892</b>	<b>48%</b>	
<b>EXPENDITURES</b>					
Utility General	4,322,738	1,808,292	2,514,446	42%	
Utility Maintenance	1,576,330	1,577,609	(1,279)	100%	
Water & WWTP Division	2,696,432	926,631	1,769,801	34%	
Warehouse Operations	154,500	42,102	112,398	27%	
<b>Total Expenditures</b>	<b>\$ 8,750,000</b>	<b>\$ 4,354,635</b>	<b>\$ 4,395,365</b>	<b>50%</b>	
*YTD does not include encumbrances					
<b>Net Revenue (Expenditures)</b>	<b>\$ (872,000)</b>	<b>\$ (576,527)</b>			
<b>Ending Fund Balance</b>	<b>\$ 2,884,008</b>	<b>\$ 3,179,481</b>			
% of Operating Reserves	40%	44%			
<b>Target 90 days (25%)</b>	<b>1,820,599</b>				
<b>Over/(Under) Target</b>	<b>\$ 1,063,409</b>				
<i>Designated for capital projects or Emergency Infrastructure Repairs</i>					

## Airport Fund Overview

### Revenue Highlights

- As a percentage of budget, core Airport revenues (fuel and rentals) are near budget expectations.
- Timing of TXDOT RAMP Grant causes “Miscellaneous” revenue to appear below the budget target.
- General Fund (Transfers In) subsidizes the Airport by \$255,000, an increase of \$105,000 over prior years to support new personnel and various capital projects associated with the “runway project”. Support for the airport is also coming in from the Bay City Community Development Corporation in the form of a grant match for the generator project (\$75,000). This is part of the \$330,000 transfer.

### Expenditure Highlights

- As a percentage of budget, total expenditures are 70%. This is due to the final payment of the fuel trucks. (amendment needed)

### AIRPORT FUND FINANCIAL SUMMARY

Municipal Airport Fund (Fund 64)					
Percent of Fiscal Year Complete	50%				
	<b>Total Budget</b>	<b>YTD Actual*</b>	<b>(Over)Under Budget to Date</b>	<b>% FY 2020 Budget</b>	
<b>Beginning Fund Balance</b>	\$ 394,987	\$ 318,567			
<b>REVENUES</b>					
Charges for Services	-	150	(150)	0%	
Miscellaneous (Rentals, Grants)	153,300	59,930	93,370	39%	
Transfers (General Fund)	330,000	165,000	165,000	50%	
Other Revenue (Fuel Sales)	180,500	94,896	85,604	53%	
<b>Total Revenues</b>	<b>\$ 663,800</b>	<b>\$ 319,977</b>	<b>\$ 343,823</b>	<b>48%</b>	
<b>EXPENDITURES</b>					
Personnel	213,217	87,907	125,310	41%	
Supplies & Materials	174,600	77,923	96,677	45%	
Other Charges & Services	79,550	46,321	33,229	58%	
Repairs & Maintenance	126,900	27,165	99,735	21%	
Capital Expenditures	44,200	266,979	(222,779)	604%	
Transfers	86,301	-	86,301	0%	
<b>Total Expenditures</b>	<b>\$ 724,768</b>	<b>\$ 506,295</b>	<b>\$ 218,473</b>	<b>70%</b>	
*YTD does not include encumbrances					
<b>Net Revenue (Expenditures)</b>	<b>\$ (60,968)</b>	<b>\$ (186,318)</b>			
<b>Ending Fund Balance</b>	<b>\$ 334,019</b>	<b>\$ 132,249</b>			
<i>No minimum Fund Balance Policy</i>					
<i>General Fund subsidizes \$250,000</i>					
<i>Reserve encumbered for fuel trucks</i>					

## Civic & Cultural Arts Fund (Hotel /Motel Fund) Overview

### Revenue Highlights

- As a percentage of budget, total Hotel/Motel Fund is below budget target of 50%, this is due the timing of hotel payments. Most hotels remit tax on a monthly or quarterly basis. (January-March receipts will not be remitted until April)
- Miscellaneous Income: Civic Center rentals & special event income are above the budget target by \$12,000.

### Expenditure Highlights

- Total expenditures are below the budget target; however this is due to the timing of various expenditures within the Hotel / Motel Fund including the timing of the theatre project

### HOTEL/MOTEL FUND FINANCIAL SUMMARY

Civic & Cultural Arts Fund (Fund 25)				
Percent of Fiscal Year Complete		50%		
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2020 Budget
<b>Beginning Fund Balance</b>	\$ 487,418	\$ 487,418		
<b>Revenues</b>				
Hotel Occupancy Tax	\$ 750,000	\$ 206,570	\$ 543,430	28%
Miscellaneous	101,000	61,556	\$ 39,444	61%
<b>Total Revenues</b>	\$ 851,000	268,126	\$ 582,874	<b>32%</b>
<b>Expenditures</b>				
Hotel General	\$ 108,000	85,520	22,480	79%
Tourism Department	292,000	135,359	156,641	46%
Civic Center	350,000	103,825	246,175	30%
Bay City Theatre	150,000	36,251	113,749	24%
<b>Total Expenditures</b>	\$ 900,000	\$ 360,955	\$ 539,045	<b>40%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	\$ (49,000)	\$ (92,829)		
Ending Fund Balance	\$ 438,418	\$ 394,589		
<i>Proposed to maintain \$50,000</i>				

# Departmental Highlights - Quarterly Activity

## Building Department New Residential Homes



7 NEW RESIDENTIAL HOMES (1<sup>st</sup> and 2<sup>nd</sup> Qtr)

Value Added: Unknown

## Commercial Permits

**BUSINESS** 6

1<sup>st</sup> Qtr Value Added: \$1.7 million (Family Dollar 650K; Plant Nursery 46K; Starbucks 1M)  
Total Estimated Taxes= \$11,135

2<sup>nd</sup> Qtr Value Added: \$ 335K (Lennie Roberts (tax exempt); Berkley Eye Center; Dollar General= \$2,194

	1 <sup>st</sup> Qtr FY 19	1 <sup>st</sup> Qtr FY 20
Building Inspections	494	433
	2 <sup>nd</sup> Qtr FY 19	2 <sup>nd</sup> Qtr FY 20
Building Inspections	453	446
<b>Total</b>	<b>947</b>	<b>879</b>

Street and Bridge	2 <sup>nd</sup> Qtr 2019	2 <sup>nd</sup> Qtr 2020	Utility	2 <sup>nd</sup> Qtr 2019	2 <sup>nd</sup> Qtr 2020
Concrete Pavement Repair	6	4	Water Leaks	98	103
Ditch Cleaning	28	12	Meter Leaks	50	29
Asphalt Pavement Repair	73	46	Sewer Repairs	258	149
Utility/Asphalt/Concrete Repair	36	17	Low Pressure Reads	47	7
Signs	24	5	Meter Swaps	269	144
Traffic Control Devices	8	10	Water/Sewer Taps	8	4

## Police Statistics

	2 <sup>nd</sup> Qtr FY 19	2 <sup>nd</sup> Qtr FY 20
Calls for service	7308	8433
Arrests	340	288
Cases assigned to CID	449	547
Cases cleared by CID	613	775

## Civic Center

	Oct- March '19	Oct-March '20
Total Revenue	\$47,317	\$43,875
Total Expenditures	\$126,648	\$103,825

## FINANCIAL CHALLENGES OF THE CITY

### *Governmental Funds*

#### General Fund

Reserve Levels-The City needs to build reserves up to policy level over next year. It is anticipated to meet or exceed our minimum reserve requirement by fiscal year end. GREAT NEWS!!

COVID-19 and its effect on sales tax (unknown)

### *Proprietary Funds*

#### Public Utility Fund

Extreme amount of infrastructure repairs (amendment needed)

#### Airport

None

### **Monitoring:**

**Sales Tax** – very good trend (relying on additional sales tax to boost the reserve and offset future sales tax loss (if any) due to COVID-19.

**Hotel Tax Revenue-** Anticipate some loss due to COVID-19 if travel restrictions remain in effect. However, Industrial activity in the area may offset some loss.

# Investment Report 2nd Quarter Fiscal Year 2020

The City has a weighted average portfolio of 45 days with an average book yield of 1.64%. The City is relatively liquid with 91% of the portfolio in a 0-1-year maturity. Average interest rates have declined since prior quarter except for the banks. All short-term investments average less than 2%. Investment earnings are \$31,702 for the quarter and down \$28,936 as compared to the same quarter last year. The investment strategy currently is to stay short with diversification (Checking, Investment Pools, and Securities less than 3 years to maturity) to minimize interest rate risk in the future.

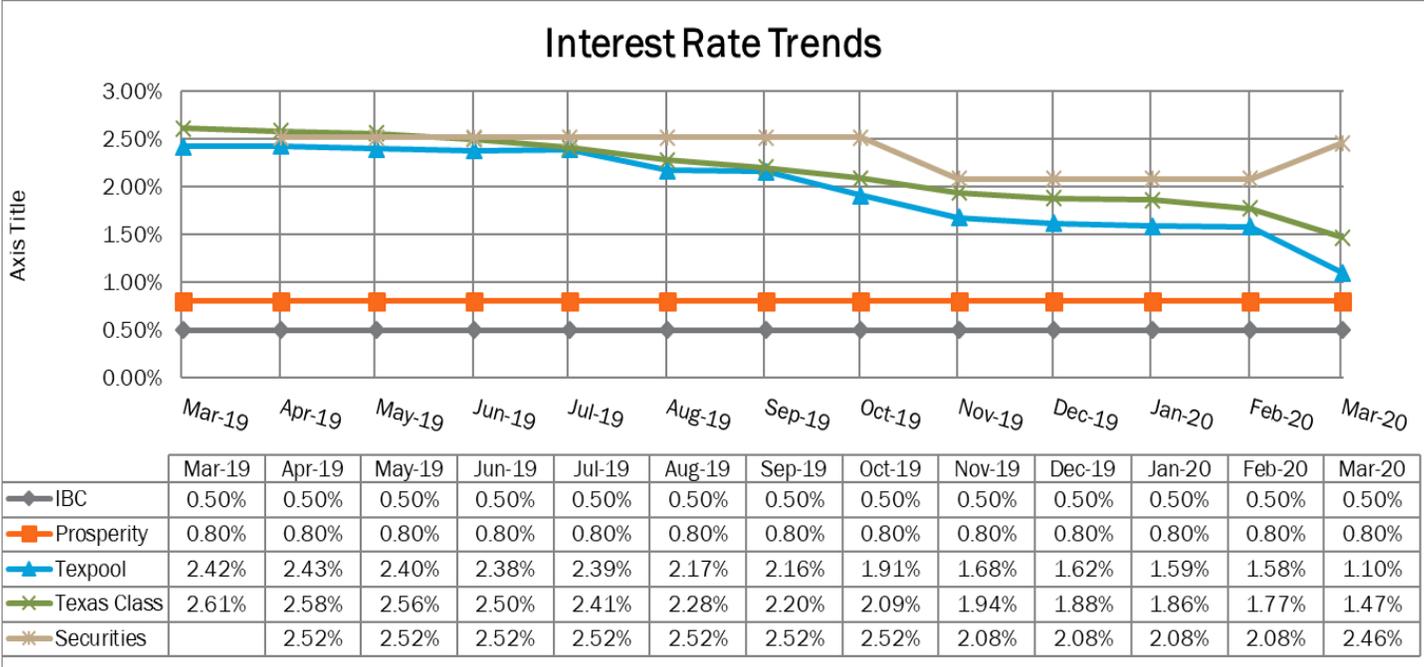
## March 31, 2020 Balances

	Total Bal by Type	% of Portfolio
IBC	\$1,373,250.28	13%
Prosperity Bank	\$477,144.22	4%
Petty Cash/Cash Drawers	\$3,612.00	0%
Texpool	\$3,051,329.18	28%
Texas Class	\$3,897,906.41	36%
CD's	\$-	0%
Securities	\$1,995,130.00	19%
	<b>\$10,798,372.09</b>	<b>100 %</b>

## Interest Earnings

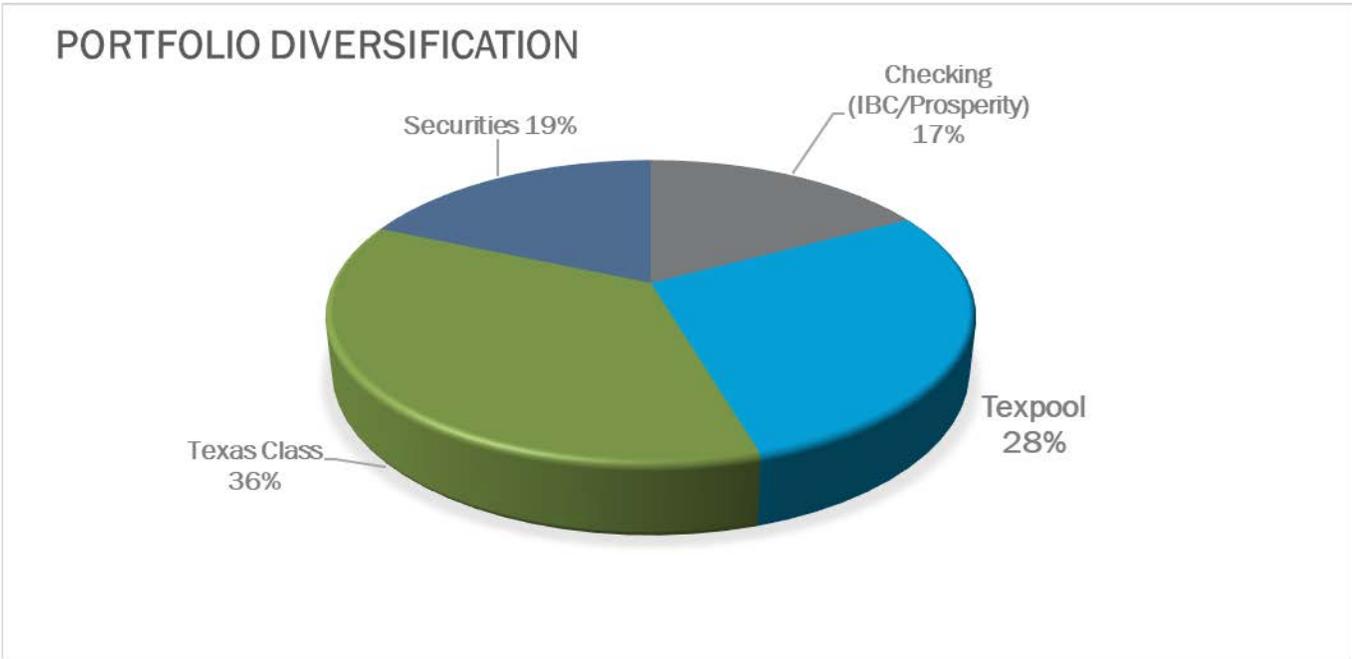
Interest received during the 2<sup>nd</sup> quarter totaled \$ 31,702 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 3-31-19	Qtr 3-31-20	Over Prior Year
Interest Received	60,638	\$31,702	<\$28,936>



**Portfolio Diversification**

Portfolio Diversification is used to create a structure to reduce investment risks and a portfolio that will experience minimal volatility during economic cycles.



**Portfolio Maturity Schedule**

The goal is to ladder the City’s portfolio. Due to some economic uncertainty and low interest rates, staying short for investment purposes is the strategy for any investments.

Years to Maturity	Face Value	% Total
0-1	\$9,809,372	91%
1-2	\$ 989,000	9%
<b>Total</b>	<b>\$10,798,372</b>	<b>100%</b>

	City of BAY CITY vs. Benchmarks for Quarter Ending March 31, 2020					
	BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill
	\$ 10,798,372	\$ 10,816,395	18,023.00	1.64%	1.56%	0.96%
	<b>Weighted Average</b>					
	<b>Maturity</b>	45.57 Day(s)		1.64%	Yield	

## ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY OF BAY CITY, TEXAS, ADOPTING A "BUDGET AMENDMENT #2 TO THE "ANNUAL BUDGET OF THE CITY OF BAY CITY, TEXAS, FOR THE FISCAL YEAR 2020"; PROVIDING FOR SUPPLEMENTAL APPROPRIATION AND/OR TRANSFER OF CERTAIN FUNDS; PROVIDING FOR SEVERABILITY; AND PROVIDING OTHER MATTERS RELATED TO THE SUBJECT.**

**WHEREAS**, by Ordinance No. 1638, the City of Bay City, Texas, adopted its "Annual Budget" for Fiscal Year 2020;

**WHEREAS**, the City Council has determined the revenues and/or reserves are available for supplement appropriation and/or transfer of certain funds interdepartmentally is economically feasible and in the best interest of prudent budgeting; and

**WHEREAS**, the City Council desires to amend said Original General Budget to reflect such supplemental appropriation and/or transfer in the fiscal year 2020; now, therefore,

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BAY CITY, STATE OF TEXAS:**

**Section 1.** The facts and matters set forth in the preamble of this Ordinance are hereby to be true and correct.

**Section 2.** The "Annual Budget" of the City of Bay City, Texas, for the Fiscal Year 2020, is hereby amended as shown on "Budget Amendment #2" to the Original Budget of the City of Bay City, Texas, for the Fiscal Year 2020, attached hereto. These amendments are for municipal purposes. Said Budget Amendment shall be attached to and made a part of such Annual Budget by the City Secretary and shall be filed as required by state law, a true ad correct copy of which is attached hereto as Exhibit "A" and made a part hereof for all purposes.

**Section 3.** In the event any clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held constitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Bay City, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or constitutional, whether there be one or more parts.

**PASSED AND APPROVED on first and final reading this 28th day of April 2020.**

**CITY OF BAY CITY, TEXAS**

\_\_\_\_\_  
Robert K. Nelson, Mayor

ATTEST:

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

APPROVED as to FORM:

\_\_\_\_\_  
Anne Marie Odefey, City Attorney

<u>Council Member:</u>	<u>Voted Aye</u>	<u>Voted No</u>	<u>Absent</u>
Brent Marceaux	_____	_____	_____
Bill Cornman	_____	_____	_____
Julie L. Estlinbaum	_____	_____	_____
Becca Sitz	_____	_____	_____
Jason Childers Mayor Pro-Tem	_____	_____	_____

\_\_\_\_\_  
Robert K. Nelson, Mayor

ATTEST:

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

APPROVED AS TO FORM AND SUBSTANCE:

\_\_\_\_\_  
Anne Marie Odefey, City Attorney













An AEP Company

BOUNDLESS ENERGY

April 3, 2020

Robert Nelson  
Mayor, City Of Bay City  
1901 5th Street  
Bay City, TX, 77414

Dear Mayor Nelson:

On April 3, 2020, AEP Texas Inc. (AEP Texas) is filing a request with the Public Utility Commission of Texas (PUCT) and your city to amend its Distribution Cost Recovery Factor (DCRF). This filing has not yet been assigned a docket number. Attached to this letter is a copy of the Application. Included on the enclosed flash drive is the entire filing package for your information.

Your city is not required to take action on this filing. Pursuant to the DCRF Rule adopted by the PUCT (16 Tex. Admin. Code § 25.243), if your city does not make a final decision within 60 days after this filing, the application is deemed denied. Whether your city approves or denies the application, it will be deemed appealed to the PUCT and consolidated with the proceeding at the PUCT 60 days from the date of this filing. Consequently, your city is not required to take any action.

Approval of the DCRF filing will allow AEP Texas to recover distribution capital investments made since January 1, 2019, and allow the company to continue to invest in similar distribution infrastructure. The DCRF is a mechanism that allows utilities to recover investment in distribution infrastructure in a timely manner.

AEP Texas has invested approximately \$440.5 million in distribution infrastructure during calendar year 2019. These investments are indicative of the growth experienced within our service territory, which required increased capital investment in electric distribution to meet the needs created by this growth. Additionally, the replacement of aging infrastructure necessitates this investment. As distribution assets approach the end of their designed life-cycle, it is necessary to proactively replace these assets to maintain reliable service.

BOUNDLESS ENERGY

If the request is approved by the PUCT, the monthly wires charges billed to the Retail Electric Providers (REPs) for residential customers in the AEP Texas service territory using 1,000 kilowatt-hours (kWh) of electricity will increase by approximately \$1.83 with rates effective on September 1, 2020.

If you need additional information or have any questions, please call me at (361) 574-2236.

Sincerely,

A handwritten signature in black ink that reads "Vee Strauss". The signature is fluid and cursive, with a long horizontal stroke at the end.

Vee Strauss  
AEP Texas Community Affairs Manager

Attachments



## EXECUTIVE SUMMARY

### RESOLUTION TO DENY THE DISTRIBUTION COST RECOVERY FACTORS (DCRF) BY AEP

#### BACKGROUND:

*In June 2018, the City joined the Texas Coalition for Affordable Power (“TCAP”) which is a non-profit political subdivision corporation established by the 2010 merger of Cities Aggregation Power Project, Inc. (“CAPP”) and South Texas Aggregation Project, Inc. (“STAP”), both created in 2001 to aggregate members’ power needs in order to negotiate better electric prices for their members. TCAP is one of the largest political subdivision aggregation groups in Texas with political subdivision members that purchase approximately 1.3 billion kWh annually.*

On April 3, 2020, AEP Texas Inc. (“AEP” or “Company”) filed an Application to Amend its Distribution Cost Recover Factors (“DCRF”) to Increase Distribution Rates with each of the cities in their service area. In the filing, the Company asserts that it is seeking an increase in distribution revenues of approximately \$39.87 million (an approximately \$1.83 increase to the average residential customer’s bill from the rates just approved in the Company’s rate case).

The resolution authorizes the City to join with the Cities Served by AEP (“Cities”) to evaluate the filing, determine whether the filing complies with law, and if lawful, to determine what further strategy, including settlement, to pursue. **The purpose of the Resolution is to deny the DCRF application proposed by AEP.**

#### **Explanation of “Be It Resolved” Paragraphs:**

1. This section authorizes the City to participate with Cities as a party in the Company’s DCRF filing, PUC Docket No. 50733.
2. This section authorizes the hiring of Lloyd Gosselink and consultants to review the filing, negotiate with the Company, and make recommendations to the City regarding reasonable

rates. Additionally, it authorizes Cities to direct any necessary administrative proceedings or court litigation associated with an appeal of this application filed with the PUC.

3. This paragraph finds that the Company's application is unreasonable and should be denied.

4. This section states that the Company's current rates shall not be changed.

5. The Company will reimburse Cities for their reasonable rate case expenses. Legal counsel and consultants approved by Cities will submit monthly invoices that will be forwarded to AEP for reimbursement.

6. This section recites that the Resolution was passed at a meeting that was open to the public and that the consideration of the Resolution was properly noticed.

7. This section provides that AEP and counsel for Cities will be notified of the City's action by sending a copy of the approved and signed Resolution to counsel.

**FINANCIAL IMPLICATIONS:** According to section 5 of the resolution, all reasonable rate case expenses would be reimbursed within 30 days by AEP.

**RECOMMENDATION:** Staff recommends approval of the Resolution as stated.

**ATTACHMENTS:** Resolution

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY OF \_\_\_\_\_, TEXAS FINDING THAT AEP TEXAS INC.’S APPLICATION TO AMEND ITS DISTRIBUTION COST RECOVERY FACTORS TO INCREASE DISTRIBUTION RATES WITHIN THE CITY SHOULD BE DENIED; AUTHORIZING PARTICIPATION WITH THE CITIES SERVED BY AEP TEXAS; AUTHORIZING HIRING OF LEGAL COUNSEL; FINDING THAT THE CITY’S REASONABLE RATE CASE EXPENSES SHALL BE REIMBURSED BY THE COMPANY; FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; REQUIRING NOTICE OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL.**

WHEREAS, the City of Bay City, Texas (“City”) is an electric utility customer of AEP Texas Inc. (“AEP” or “Company”), and a regulatory authority with an interest in the rates and charges of AEP; and

WHEREAS, the City is a member of the Cities Served by AEP (“Cities”), a membership of similarly situated cities served by AEP that have joined together to efficiently and cost effectively review and respond to electric issues affecting rates charged in AEP’s service area; and

WHEREAS, on or about April 3, 2020 AEP filed with the City an Application to Amend its Distribution Cost Recovery Factor (“DCRF”), PUC Docket No. 50733, seeking to increase electric distribution rates by approximately \$39.87 million (an approximately \$1.83 increase to the average residential customer’s bill from the rates just approved in the Company’s rate case); and

WHEREAS, all electric utility customers residing in the City will be impacted by this ratemaking proceeding if it is granted; and

WHEREAS, Cities are coordinating its review of AEP’s DCRF filing with designated attorneys and consultants to resolve issues in the Company’s application; and

WHEREAS, Cities members and attorneys recommend that members deny the DCRF.

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

Section 1. That the City is authorized to participate with Cities in PUC Docket No. 50733.

Section 2. That subject to the right to terminate employment at any time, the City of hereby authorizes the hiring of the law firm of Lloyd Gosselink and consultants to negotiate with

the Company, make recommendations to the City regarding reasonable rates, and to direct any necessary administrative proceedings or court litigation associated with an appeal of this application filed with the PUC.

Section 3. That the rates proposed by AEP to be recovered through its DCRF charged to customers located within the City limits, are hereby found to be unreasonable and shall be denied.

Section 4. That the Company shall continue to charge its existing rates to customers within the City.

Section 5. That the City's reasonable rate case expenses shall be reimbursed in full by AEP within 30 days of presentation of an invoice to AEP.

Section 6. That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law and the public notice of the time, place, and purpose of said meeting was given as required.

Section 7. That a copy of this Resolution shall be sent to Melissa Gage, American Electric Power Service Corporation, 400 West 15<sup>th</sup> Street, Suite 1520, Austin, Texas 78701 and to Thomas Brocato, General Counsel to the Cities, at Lloyd Gosselink Rochelle & Townsend, 816 Congress Ave., Suite 1900, Austin, Texas 78701.

PASSED AND APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Robert K. Nelson, Mayor

ATTEST:

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

APPROVED AS TO FORM:

\_\_\_\_\_  
Anne Marie Odefey, City Attorney



## EXECUTIVE SUMMARY

### RESOLUTION TO APPLY FOR NEW RESERVATION AGREEMENT (HOME PROGRAM)

**BACKGROUND:** The City approved applying for federal grant funds through the Texas Department of Housing and Community Affairs on September 22, 2016. This grant is to assist lower income homeowners by rehabilitating or rebuilding their homes. This step needs to happen again in order to execute a new Reservation Agreement. The City currently has 5 households that have been approved for assistance. The City has 6 others in the pipeline pending environmental clearance.

**FINANCIAL IMPLICATIONS:** The City would have to pay 15% match per unit if under the Home Program Rehabilitation Assistance (HRA) General "set-aside" Funds.

However, there is no match requirement under "set-aside" funds for Persons with Disabilities (HRA-PWD) and Disaster Relief (HRA-DR). The City can still assist homeowners affected by Hurricane Harvey.

**IMPACT ON COMMUNITY SUSTAINABILITY:** This grant will assist our lower income homeowners while simultaneously enhancing the health, economic, and aesthetic quality of the community, thereby improving of life for our citizens.

**RECOMMENDATION:** Staff recommends approval of the Resolution

**ATTACHMENTS:** Resolution

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION AUTHORIZING THE MAYOR TO APPLY FOR FUNDS THROUGH THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS FOR A HOME PROGRAM CONTRACT AND/OR RESERVATION AGREEMENT.**

**WHEREAS**, the Texas Department of Housing and Community Affairs (TDHCA) has notified the public of a funding availability to benefit low-income residents of the State of Texas communities through the Texas HOME Investment Partnerships Program; and

**WHEREAS**, the City of Bay City continues Hurricane Harvey recovery efforts and has identified significant housing needs, particularly for the rehabilitation or reconstruction of owner-occupied housing, and the City of Bay City desires to improve accessibility to services for persons with limited English proficiency; and

**WHEREAS**, the City of Bay City wishes to assist low-income homeowners with safe, decent, sanitary and affordable housing, and at the same time enhance the health, economic, and aesthetic quality of the community:

**NOW, THEREFORE, BE IT RESOLVED THAT**

**ONE**, the City of Bay City acknowledges and approves that an application be completed and submitted to the TDHCA to participate in the HOME Investment Partnerships Program, Homeowner Rehabilitation Assistance Program.

**TWO**, the City of Bay City will utilize general funds in the amount of \$40,000 as cash reserve to utilize during the agreement term for eligible program costs before reimbursements are received from the State of Texas HOME Program.

**THREE**, HOME Program Match, if applicable, will be provided in accordance to 10 TAC 23 in the amount of Fifteen Thousand and no/100 Dollars (\$15,000) or 15 percent (15 %) of project hard costs, whichever is less, per household assisted through the Texas HOME Program, in the form of waived fees, cash, leverage, and other forms of eligible match.

**FOUR**, The City of Bay City designates Mayor Robert K. Nelson as the person authorized to represent the City of Bay City in all matters related to the HOME Program and, with signature authority to sign all forms and documents related to the administration of the HOME Program, including loan documents, grant agreements and the Reservation System Participation Agreement and/or Contract, unless otherwise stated.

Adopted this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by the Bay City, City Council

Attest:

\_\_\_\_\_  
Robert K. Nelson, Mayor

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



1901 FIFTH STREET ★ BAY CITY, TEXAS 77414  
(979) 245-2137 ★ FAX (979) 323-1626  
cityofbaycity.org

**ROBERT K. NELSON**  
MAYOR

**DECLARATION OF LOCAL STATE OF DISASTER**

WHEREAS, the novel coronavirus (COVID-19) has been recognized globally as a contagious respiratory virus; and

WHEREAS, as of March 16, 2020, in the state of Texas there are at least 24 confirmed cases with at least one being in Matagorda County; and

WHEREAS, schools businesses and other governmental entities are beginning to alter their schedules, and some venues are beginning to temporarily close, as precautionary responses to the increasing presence of COVID-19 in the City of Bay City as well as Matagorda County; and

WHEREAS, costs incurred to prepare for and respond to COVID-19 are beginning to mount;

WHEREAS, it is critical to take additional steps to prepare for, respond to, and minimize the spread of COVID-19 to protect the health and welfare of residents of the City of Bay City; and

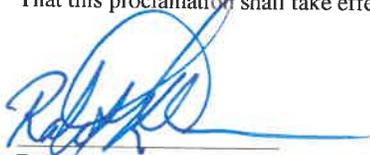
WHEREAS, declaring a local disaster will facilitate and expedite the use and deployment of resources to enhance preparedness and response.

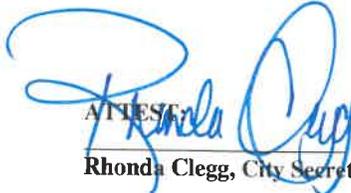
WHEREAS, Robert K. Nelson, Mayor of the City of Bay City is following the extraordinary measures put forth by the Matagorda County Judge to help alleviate the suffering of people and to protect or rehabilitate property,

Now, THEREFORE, I Robert K. Nelson the Mayor of the City of Bay City, Texas do hereby proclaim as certified by Nate McDonald, Matagorda County Judge that COVID-19 poses and imminent threat of disaster.

1. That a local state of disaster is hereby declared for Matagorda County, Texas, pursuant to section 418.108 (a) of the Texas Government Code.
2. Pursuant to section 418.108(b) of the Government Code, the state of disaster shall continue for a period of not more than seven days from the date of this declaration unless continued or renewed by the Commissioners Court of Matagorda County, Texas.
3. Pursuant to section 418.108(c) of the Government Code, this declaration of a local state of disaster shall be given prompt and general publicity and shall be filed promptly with the County Clerk.
4. Pursuant to section 418.108(d) of the Government Code, this declaration of a local state of disaster activates the Matagorda County emergency management plan.

That this proclamation shall take effect immediately from and after its issuance. DECLARED this 16<sup>th</sup> day of March 2020.

  
Robert K. Nelson, Mayor

  
ATTEST:  
Rhonda Clegg, City Secretary



ROBERT K. NELSON  
MAYOR

# CITY OF BAY CITY

1901 FIFTH STREET ★ BAY CITY, TEXAS 77414  
(979) 245-2137 ★ FAX (979) 323-1626  
cityofbaycity.org

April 3, 2020

## UPDATE ON LATEST OFFICIAL ACTIONS TAKEN IN RESPONSE TO THE CORONA VIRUS PANDEMIC.

Yesterday at 2:00 p.m. Judge Nate McDonald, acting in his role as Emergency Management Director for the County of Matagorda, issued a county-wide Shelter in Place Order. This Order went into effect immediately and will remain in effect indefinitely.

All citizens of Bay City are instructed to abide by this latest order and comply with its instructions. This Order is consistent with Governor Abbott's EO-GA-14 and does not restrict essential services allowed by EO-GA-14 or allow gatherings prohibited by EO-GA-14. This Order calls for each citizen to minimize in-person contact with people who are not in the same household and each person within the City of Bay City is instructed to stay at home except where necessary to provide or obtain "essential services" as defined by EO-GA-14 issued by Governor Abbott.

To quote the Governor's Order, "This executive order does not prohibit people from accessing essential services or engaging in essential daily activities such as going to the grocery store or gas station, providing or obtaining other essential services, visiting parks hunting or fishing, or engaging in physical activity like jogging or bicycling, so long as necessary precautions are maintained to reduce the transmission of COVID-19 and to minimize in-person contact with people who are not in the same household."

I want to also emphasize that Bay City law enforcement officers are authorized to enforce this order to the extent of their authority under state and local law and that any person who violates the Governor's Order commits an offense punishable by a fine of not more than \$1000.00 and confinement in jail for a term not to exceed 180 days.

In essence, the new Order issued by Matagorda County re-emphasizes the importance of complying with all State and Local directives as well as Federal CDC guidelines. The concept is simple, except for the accomplishment of obtaining or providing essential services, citizens are instructed to **STAY AT HOME** until further notice.

Thank you,

Robert K. Nelson

Mayor

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE CITY OF BAY CITY, TEXAS, AMENDING ORDINANCE NO. 1643, BY AMENDING THE EMPLOYEE GUIDELINES FOR CITY EMPLOYEES; PROVIDING FOR PUBLICATION OF AMENDED EMPLOYEE GUIDELINES; PROVIDING FOR A CUMULATIVE AND CONFLICT CLAUSE; PROVIDING FOR A SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the current edition of the City of Bay City Employee Guidelines for City Employees (hereinafter “Employee Guidelines”) was adopted on November 5, 2019, by passage of Ordinance No. 1643; and

**WHEREAS**, the Council finds it appropriate to revise the Employee Guidelines:

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF BAY CITY, TEXAS, THAT:**

**I.  
EMPLOYEE GUIDELINES AMENDED**

The Employee Guidelines adopted on November 5, 2019, by passage of Ordinance No. 1643 is hereby amended by replacing same in its entirety with the language set out in Exhibit “A” attached hereto and incorporated herein for all purposes.

**II.  
PUBLICATION**

The Director of Human Resources is hereby authorized and directed to revise the publication of the “City of Bay City Employee Guidelines for City Employees” to reflect the revisions adopted herein.

**III.  
CUMULATIVE & CONFLICTS**

This Ordinance shall be cumulative of all provisions of Ordinances of the City of Bay City, Texas, except where the provisions of the Ordinances are in direct conflict with the provisions of such Ordinances, in which event the conflicting provisions of such Ordinances are hereby repealed. Any and all previous versions of this Ordinance to the extent that they are in conflict herewith are repealed.

**IV.  
SEVERABILITY**

It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs, and sections of this Ordinance are severable, and if any phrase, clause sentence, paragraph or section of this Ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance, since the same would have been enacted by the City Council without the incorporation in this Ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

**V.  
EFFECTIVE DATE**

This Ordinance shall become effective immediately upon passage.

**PASSED AND APPROVED on this the 28<sup>th</sup> day of April 2020.**

\_\_\_\_\_  
Robert K. Nelson, Mayor  
City of Bay City

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
City Secretary  
City of Bay City

\_\_\_\_\_  
Anne Marie Odefey, City Attorney

<u>Council Member:</u>	<u>Voted Aye</u>	<u>Voted No</u>	<u>Absent</u>
Julie L. Estlinbaum	_____	_____	_____
Bill Cornman	_____	_____	_____
Jason Childers, Mayor Pro Tem	_____	_____	_____
Becca Sitz	_____	_____	_____
Brent Marceaux	_____	_____	_____

\_\_\_\_\_  
Robert K. Nelson, Mayor,  
City of Bay City

**ATTEST:**

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

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Anne Marie Odefey, City Attorney

**EXHIBIT "A"**  
**EMPLOYEE GUIDELINES AS ADOPTED**

## 6.10 TIMESHEETS

Hours worked should be entered into the Timeclock management system for the supervisor and/or Department Head approval. Finance will download all hours worked no later than the Monday before payroll by 10 a.m. When a City Holiday falls within a payroll week, departments will be notified by the Finance Department of submission date and time. All time entered into the Timeclock Management system must be approved by the employee and their supervisor.

All non-exempt employees are required to record their exact hours of work by completing a time sheet or by punching a time clock. After you have completed your time sheet for the work period, check it carefully to assure it is accurate. Then, approve your time if the total hours shown is correct and accurate to your understanding. If you feel the hours recorded are incorrect, do not approve your time until it has been corrected by your supervisor. **Never approve anyone else's time and never allow anyone else to approve yours. Likewise, never clock in for anyone else and never allow anyone else to clock in for you. Either of these are grounds for disciplinary action, up to and including discharge.** All time must be approved by both the employee and his or her supervisor. All employees that use Timeclock as a means to clock in and out, must approve their hours worked, in addition to their hours being approved by their immediate supervisor.

It is imperative that all employees verify their time to help avoid future corrections. It is the responsibility of the supervisor or Department Head to verify that the employee's submitted hours are in compliance with the overtime and compensatory time guidelines. If there are any corrections to be made, they will be taken care of during the following pay period.

Exempt employees are required to submit time as well. Although exempt employees may work more than their regular forty (40)-hour workweek, the completion of the timesheet aids in the tracking of employee leave and can be the basis for allowing work leave.

## 6.11 EMERGENCY POLICY

### 6.11.1 PURPOSE

Protecting the health and safety of everyone in our community is a key priority during a City Declared Disaster~~an emergency~~. The Mayor may at any appropriate time declare a City Declared Disaster based on a natural disaster or involving public health. The citizens of Bay City depend on City employees before, during and after ~~an emergency or a City Declared d~~Disaster to provide and/or restore essential public services for the health, safety, and quality of life for our community. This policy applies to all non-exempt and exempt employees, and is intended to clarify the procedures during a City Declared Disaster for an emergency and clarify the compensation policy for employees during a City Declared Disaster when a state of emergency is imminent or has been declared by the City Manager~~Mayor~~. No one will be excused from work, until the City Manager~~City Manager~~Mayor authorizes employees to ~~leave~~ be relieved of their duties.

### 6.11.2 CITY FACILITIES

In the case of a weather emergency, (e.g. snow, ice, or other weather event), ~~a disaster, or other emergency on a workday other than a City Declared Disaster, and unless a closing is announced in advance of reporting time,~~ City personnel are required to report to work as usual unless the emergency conditions make it impossible to report safely to duty.

If City facilities are not closed and if weather or other emergency conditions make it impossible for an employee to report to work, the employee must notify his or her supervisor as soon as possible, ~~that the employee finds it impossible to report to duty safely.~~ Time absent may be charged to available vacation, compensatory time, ~~personal time,~~ or leave without pay.

In the case of a weather emergency (e.g., snow, ice, or other weather event), disaster, or other emergency on a workday, the ~~City Manager~~Mayor ~~City Manager~~ is authorized to designate the closing of City facilities. The City Manager or designee is responsible for initiating the process of contacting employees. If City facilities are closed, City personnel who are not required to work that day will be paid for the actual time or day(s) that the City was officially closed.

- If an official City facility closes for weather or other emergencies occurs during an employee's scheduled vacation or personal day, that day will not count against the employee's vacation or personal leave balance.
- If an employee reports to work and the City Manager or Department Head sends the employee home because of inclement weather or other emergency, the employee will be given credit for a full workday.

### 6.11.3 RESPONSIBILITIES

In a ~~large scale emergency~~City Declared Disaster, City employees will be required to fulfill their individual responsibilities and function as a team to protect the City's vital assets, and maintain and restore essential City services.

Directors will be responsible for:

- 1) Providing training to all employees in their department regarding emergency operation procedures prior to May 31<sup>st</sup> each year.
- 2) Ensuring that employees are aware of their individual responsibilities under this policy, and that only under special circumstances will employees be allowed to be exempt from these responsibilities.
- 3) Assessing all approved vacation leave requests and advising employees of their responsibilities and when they need to return to work.
- 4) Allowing employees to secure their homes and families to prepare them to seek shelter or to evacuate when approved by the Director, or designee.
- 5) Ensuring that their departments are briefed on emergency procedures each year, to include both the City's responsibilities to the community and the employee responsibilities under the policies.

Employees will be responsible for:

- 1) Ensuring the safety and security of their families.

- 2) Ensuring that their contact information is current and up to date, so ~~that~~ the employee can be contacted when away from work.
- 3) Contacting their supervisor immediately upon knowledge of a ~~wide spread/widespread emergency in the City~~ City Declared Disaster, understanding that any preapproved leave may be subjected to postponement or cancellation.

Human Resources Department will be responsible for:

- 1) Providing Directors with current emergency information for all employees to verify.
- 2) Providing resource options to employees that may need assistance with shelter, laundry or other special needs.
- 3) Providing emergency shelter during the ~~City Declared Disaster disaster~~ City Declared Disaster for employees that remain in the City during the event(s). The Director of Human Resources will communicate this information to Department Directors with the location of the emergency shelter, by May 31<sup>st</sup> each year.

### 6.11.4 EMERGENCY PERIODS

The City Manager may require employees to work during an emergency or disaster regardless of whether City facilities are open or closed and regardless of the extent or duration of the emergency. Employees may be required to provide services to protect the public's health and safety and to assure the continuation of, or recovery of, normal City business processes.

There are ~~three-four~~ (34) defined periods associated with an emergency or natural disaster: pre-impact, emergency, exigency period and post-impact/recovery.

- 1) Pre-impact Period – This is the time period prior to the impending disaster and includes emergency response activities and ~~preventative~~ preventive measures by the City of Bay City's departments in preparing for the impending emergency. This period begins and ends as determined by the ~~City Manager~~ Mayor ~~City Manager~~.
- ~~1) Intermediate (Exigency) Period – This is the time period during which emergency response activities are in progress, but when many of the City's services are able to be maintained on a limited basis. This period begins and ends as determined by the Mayor.~~
- 2) Emergency Period – This is the time period during which emergency response activities and restoration of critical services are conducted to protect life and property, and most other regular City services are suspended. There may be more than one Emergency Period during a City Declared Disaster Declaration. These period(s) begin and end as determined by the City Manager.
- 3) Exigency Period – This is the time period during which emergency response activities are in progress, but when many of the City's services are able to be maintained on a limited basis. This period begins and ends as determined by the City Manager. There may be more than one ~~Emergency~~ Exigency Period during a City Declared Disaster Declaration. These period(s) begin and end as determined by the City Manager.
- 2) ~~Emergency Period~~ – This is the time period during which emergency response activities and restoration of critical services are conducted to protect life and property, and most other regular City services are suspended. This period begins and ends as determined by the ~~City Manager~~ Mayor.
- 34) Post/Recovery Period – This is the time period immediately following the emergency or disaster, during which the ~~City Manager~~ Mayor ~~City Manager~~ determines if

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it is safe for all employees to return to work. Activities are conducted to restore the City's infrastructure and services to pre-disaster conditions. During this period, some employees may be required to return to work to assist with restoration of critical services, conduct emergency clearance of roadways, provide damage assessment, etc. This period is determined by the ~~City Manager~~Mayor~~City Manager~~, in consultation with Department Directors.

~~Employees must return to work as directed by their Department Director soon as an emergency is over to participate in the post/recovery period. Employees dismissed relieved from duties from work during a City Declared Disaster an emergency will shall be paid: full time employees shall be paid their regular pay based on a 40 hour week; part-time employees shall be paid their hourly rate times the average hours worked in the preceding two (2) week period. These hours shall not be counted as time worked for the purpose of computing overtime for non-exempt employees on emergency paid leave. Said leave will start when the employee is dismissed relieved from duties by their Department Director and will continue until the City Manager City Manager determines it is safe and prudent for some or all employees to return to work. Employees are expected to return to work on their next scheduled work day or shift following the City Manager's determination that it is safe to return to work. If an employee fails to show up for work or cannot show up for other reasons, then the time lost will be away without pay, unless other paid leave is approved. Employees who are not able to return to work due to emergency conditions must contact their supervisor as soon as possible.~~

The City of Bay City recognizes that employees have personal and family responsibilities that are important and may conflict with the obligation to fulfill their job requirements during hazardous weather or a state or local emergency. When evacuation of personal residences is required, every effort will be made to allow employees to make arrangements for their families like any other citizen, including the use of authorized shelters.

~~Employees who are not able to return to work due to emergency conditions must contact their supervisor as soon as possible.~~

An employee who refuses a directive from the City Manager or a Department Head to report to work for all or part of an emergency period is subject to discipline by the City, up to and including termination.

### 6.11.5 COMPENSATION DURING EMERGENCY

In the event of a ~~Disaster~~City Declared Natural Disaster-disaster-DeclarationD, disaster declaration involving public health, that includes a declaration of a State of Emergency, ~~and/or a long term emergency,~~ the City Manager ~~will~~may implement the provisions of the emergency pay policy ~~and suspend all regular pay practices.~~ During this time the City Manager may also suspend the use of accrued leave, City-approved holiday(s), and Awarded Time Off, in an effort to ensure appropriate personnel is available to maintain operations. The suspension of leave may not interfere with the use of leave for purposes of family medical leave, bereavement or other such leave, including any other leave provided by State or Federal law.

In the event of a City Declared Disaster involving public health that includes a declaration of a State of Emergency, the City Manager may implement the provisions of the emergency pay policy. During this time the City Manager may also suspend the use of accrued leave, City-approved holiday(s), and Awarded Time Off, in an effort to ensure appropriate personnel is available to maintain operations in a safe and prudent manner. The suspension of leave may not interfere with the use of leave for purposes of family medical leave, bereavement or other such leave, including any other leave provided by State or Federal law.

~~During the pre-impact, emergency and post/recovery periods~~emergency periods as defined in section 6.11.4, exempt and non-exempt employees released from work or who are not required to report to work due to the emergency event City Declared Disaster shall receive pay for their normally scheduled workday(s). ~~These hours shall not be counted as time worked for the purpose of computing overtime for non-exempt employees.~~Employees relieved from duties during a City Declared Disaster shall be paid: full time employees shall be paid their regular pay based on a 40 hour week; part-time employees shall be paid their normal scheduled hours. These hours shall not be counted as time worked for the purpose of computing overtime for non-exempt employees. Said leave will start when the employee is relieved from duties by their Department Director and will continue until the City Manager determines it is safe and prudent for some or all employees to return to work. If an employee fails to show up for work, then the time lost will be without pay, unless other paid leave is approved.

~~During the pre-impact, emergency and post/recovery periods non-exempt~~emergency periods as defined in section 6.11.4, employees authorized to perform work for the benefit of the City during these periods will be paid any hours worked, in addition to any eligible overtime. ~~All exempt employee authorized to perform work for the benefit of the City during the pre-impact period will receive overtime for any hours worked in excess for forty (40) hours.~~All employees (non-exempt and exempt) authorized to work, excluding work performed under 6.12, during the emergency period any of the periods set forth will an emergency period or exigency period defined in section 6.11.4, may be paid at a rate of up to one and a half times (1.5x) their base hourly rate (overtime rate) for all hours worked during the emergency period or exigency period. Department Directors may be eligible to receive overtime for any hours worked in excess of forty (40) hours, with consent from the City Manager. This will not include hours of rest and lunch.

**6.11.6 EMPLOYEE GROUPS**

Department Directors shall designate emergency essential and non-emergency essential personnel within their departments relating to City Declared Declaration during a natural disaster. All personnel shall be advised of their status upon hire and as of May 1<sup>st</sup> of each year. An individual employee’s status may change, as the needs of the City changes, or at the discretion of the Department Director.

- Level I Personnel: Each Department Director and/or supervisor is responsible for identifying those employees who will be required to remain or respond in the event of

emergency conditions and those employees will be designated as Level I Personnel. Level I employees will be required to be available immediately before, during and after the emergency condition to perform duties directly related to emergency conditions as determined by the City Manager.

- Level II Personnel: Each Department Director and/or supervisor is responsible for identifying employees who are considered Level II Personnel. Level II employees will be required to perform pre-impact related duties prior to an incident and immediately following the incident (post/recovery).
- Level III Personnel: The remaining employees that are not classified in one of the above categories will be classified as Level III Personnel. Level III employees will be released prior to an emergency. Because it is the City’s responsibility and obligation to ensure that infrastructure and critical services are repaired, restored, tested and/or inspected prior to their return to service, Level III employees are required to remain available for recall to duty.

**6.12 TELECOMMUTING POLICY**

The City has an established an Emergency Event Telecommuting Policy that is incorporated herein. With the prior written consent of the City Manager, any hours worked under that policy shall be considered hours worked under the Bay City Employee Guidelines

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